

# 2016

Legal & General Group PLC  
Corporate Responsibility Report

Making our business socially and economically useful.



FUNDED AND OWNED BY

  
**Legal &  
General**

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SQUARE

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**Legal &  
General**

# Welcome to our CSR report for 2016

We discuss our economic, social and environmental impact and the role we play in improving lives.

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# Introduction

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## INTRODUCTION

We've an important purpose which as well as delivering growth for our investors, is designed to help customers build financial security and the whole of society to benefit from our economically and socially useful activities.

## ▶ Group CEO's statement



We've an important purpose which as well as delivering growth for our investors, is designed to help customers build financial security and the whole of society to benefit from our economically and socially useful activities.

Our **six growth drivers**, which inspire our strategy, mean we can create business opportunities directly linked to the main global trends which affect us all. These include the need to ensure that people enjoy secure and rewarding retirement years, the importance of helping people create financial resilience through insurance and saving, the urgency to build homes, improve our infrastructure, develop green energy and stimulate economic growth and the importance of harnessing digital opportunities.

### Growth drivers

#### Global demographics

Ageing populations mean that pension savings need to last longer. The number of people in the UK aged 75 and over is projected to rise to 10 million by 2040.

#### Globalisation of asset markets

Global wealth assets exceed \$70 trillion. Our share is only around 1.5%, so we're exporting more of our skills internationally.

#### Creating new real productive assets

There's an urgent need to invest in infrastructure and urban regeneration. Pension assets need to be invested over the very long term and we can improve returns and benefit the economy by investing in this way.

#### Reform the welfare state

Many families that rely on state benefits struggle to survive financially following death, disability or long-term sickness. Greater use of private insurance can help to build financial independence.

#### Technological innovation

Consumers are increasingly seeking digital access and low-cost solutions for financial services products.

#### Providing today's capital

In recent years, equity investment capital has been in short supply. Institutional funds need stable long-term returns. Investing in start-up businesses creates the companies of the future and stimulates economic growth.

I'm pleased that our achievements in 2016 were strongly aligned with our growth drivers and our aim to improve people's lives. Our annual report covers more aspects on our growth drivers.

### Growing our business

We grew our business by increasing our total assets under management to **£894billion**, making us one of Europe's largest asset managers and giving us massive responsibility to care for the savings of

people in the UK and the US, millions of whom are entrusting us with their future pensions. We also wrote record amounts of pensions risk transfer business, which means that many more people can be confident that their pensions will now be paid on time and in full.

## Direct investments

Our total direct investments reached over **£10 billion** in total. We invested in new homes to rent and to buy, we expanded our urban regeneration projects in places like Salford, East London, Bracknell, Cardiff and Leeds, we put **£250 million** into onshore wind energy projects and we made a **£500 million** investment in UK small and medium-sized businesses.

## New initiatives

I'm proud of our financial success, but I'm also delighted that 2016 saw so many new initiatives aimed at improving not only the way our business is run, but also business ethics in all the countries where we operate.

- We continued working with the **Living Wage Foundation** to ensure that we keep improving labour standards as an employer and as a procurer
- We've worked with **Anti-Slavery International** to fine tune our work around the Modern Slavery Act
- I had the privilege of chairing the '**Mission-led Business Review**', which promotes businesses that can make a positive social impact in their work
- We signed the '**Women in Finance Charter**' which aims to improve gender diversity and increase the number of women in senior leadership positions across the financial

Our people in the UK, the US and India work tirelessly to help those people in their local communities who can benefit from our financial and physical help, through our work with charities and third sector organisations. In 2016 we contributed over **£3 million** into UK and US non-profit organisations.

## Our future

Looking to the future, we've set ourselves a number of challenging **five year targets**, to take measurable action on the economy, society and the environment. These cover four priority areas of sustainable behaviour.

### 1. Shifting to a low carbon economy

We want our business, the businesses we work with and governments in all the countries we operate, to help reduce the effects of climate change through low carbon solutions. We have already invested in green energy and want to provide capital for **5% of UK clean energy by 2021**. We also aim to finance the building of low-carbon, energy efficient housing. We will engage with the boards of those companies in which we invest in the UK, the US and other regions to influence them to adopt low carbon policies.

### 2. Making society more resilient with our financial solutions

We aim to improve our insurance products and services to support emerging vulnerabilities in our customers' lives and design and distribute our products to make them more accessible, more transparent and simpler to buy. We want to invest in housing that benefits people who cannot afford to buy through institutionalising rental schemes, both through fairer private rental schemes and social housing.

### 3. Creating new investments for the future

We have already committed to invest **£15 billion** into long-term direct investments and aim to extend this further. We want to create jobs and economic growth by investing **£10 billion** of funding into small and medium-sized businesses and invest in major regeneration schemes in at least **10 UK cities**.

### 4. Running our business to a higher standard in the next 12 months

In 2017, we will start out on the journey to build an even more customer focused culture. Our investment management business will informally invite external stakeholders to review and strengthen our corporate governance and sustainability policies. At the same time we will go further on our Environmental Social Governance policies by engaging with governments and companies on **pay ratios**, engaging with US companies on gender diversity and expanding on the Future World Fund to help clients decarbonise.

In 2016 we embedded a new corporate purpose, business principles and behaviours in our employees' ways of working. In 2017, we aim to go further by linking the performance of our six businesses to these principles and behaviours.

**Nigel Wilson**

Group Chief Executive Officer

## ▶ Who we are and what we believe



### 180 years of improving lives

We first started trading in 1836, which means for over 180 years we've helped people protect against unforeseen circumstances in their lives and save for a better and happier financial future.

We're now one of the world's top ten asset management groups as well as retaining our expertise in managing risk. We're the UK's biggest provider of life insurance cover and have growing insurance businesses in the US and India. We're also expanding our international asset management businesses beyond the UK, with an already successful business in the US and growing businesses in the Gulf, Europe and Asia.

We have six businesses: Legal & General Retirement, Legal & General Investment Management, Legal & General Capital, Legal & General Insurance, Savings and General Insurance. And a joint venture with IndiaFirst Life.

At the end of 2016 we provided insurance cover or looked after the individual savings for more than **15 million people** worldwide, managing the investments of around **3,000 institutional clients**. We have over **£894 billion** in assets under management, being responsible for the savings and investments of individuals, their families, pension schemes and financial institutions. Our large scale gives us an added responsibility to use our economic expertise and investment strength and take a position of leadership in broader society. Our fundamental company purpose is to help people achieve financial resilience with the protection that insurance and savings bring, helping them build a secure and rewarding future.

We're committed to be there for our customers throughout their lives, aiming to provide products and services that give them value for money. We want to be accessible to everyone, whatever their age or wealth, as our aim is to give people real financial independence.

### Customers come first

By serving our customers' needs, we can build financial success for the Legal & General Group. Our customers come first, but there are three other core groups of stakeholders who we want to benefit from the success of our business:

- 1. Our shareholders and investors**  
 We're owned by our shareholders so it's important we give them a good return on their investments. Many institutional shareholders invest in our shares to provide investment returns on behalf of pension schemes, providing for millions of people.
- 2. Our people**  
 We employ around 7,000 people in the UK and around the world and seek to build an ever closer engagement with them, listening to their views and understanding how they contribute towards our success.
- 3. Our communities and wider society**  
 We aim to deliver real value to our communities, not only by helping people build secure financial futures, but by investing in the towns and cities we live in. We want to help the neediest in our communities through our programmes of working with Non-Government Organisations (NGOs).

The complexity of our business means that there are other groups that we engage closely with in order to create financial resilience for our customers:

#### **Our business partners and corporate clients**

We work with the majority of the UK's largest companies in all sorts of ways, for example, we provide:

1. Pension and protection schemes for their employees
2. Financial products and services for their customers
3. Services for our own businesses covering functions such as IT, office services, shareholder services and creative services.

#### **The companies we invest in**

We invest in other companies' shares, bonds and real assets to generate investment returns for our institutional and retail customers and our customer and shareholder funds.

#### **Governments and regulators**

We work with the government and regulators to help build positive solutions to many of society's major financial issues. Our policy work benefits wider society as well as our customers and shareholders.

#### **Non-government organisations (NGOs), including charities**

We work with NGOs to extend the benefits of our social responsibility campaigns beyond our own customers to the most vulnerable people in society. At the same time our people learn from each NGO's vast specialist experience, with both parties sharing experiences for mutual benefit.

### **What we believe in**

Our culture is based around a number of core beliefs which influence our behaviour in everything we do.

These are embedded into our board's and our employees' thinking, so that our strategy and actions reflect our understanding of these fundamental beliefs.

#### **Ageing population - Delivering financial resilience**

Our corporate goal is to help people achieve lifetime financial independence through personal ownership of insurance and savings products.

#### **Housing – Homes**

Our work on housing aims to improve the supply of houses in the UK, for people seeking to buy, rent or accommodation in later life.

#### **Health – Protecting families**

We aim to improve the general health and wellbeing of the population, through personal initiatives and joint campaigns in the workplace with employers.

#### **Responsibility in investment – Investing**

The scale of our business and our strength in index products means we invest in most sectors and most large companies globally. We seek to influence and hold to account boards and management to ensure companies are well positioned to create sustainable long-term value by integrating all material aspects of environmental, social and governance (ESG) factors.

**Energy - Creating a low carbon future**

We're committed to reducing our impact in environmental and climate risk. We have set ourselves low- carbon targets and have made clean energy a key part of our direct investment strategy.

**Responsible business - Diversity**

We recognise that we need to make our company more inclusive and develop greater tolerance towards all people, whatever their background.

**Vulnerable customers - Helping vulnerable customers**

Our vulnerable customer committee helps ensure that our products and the service we provide meets the needs of people with vulnerabilities, such as the elderly, people with disabilities and the recently bereaved

**Market inclusiveness - Improving social mobility and equality of opportunities**

We believe that financial services need to be more accessible and we want to encourage people to engage more closely with the financial services industry by reforming the provision of advice and guidance and by developing products which meet the needs of a very wide range of differing social groups.

**Transparency - Trust, transparency and ethical business behaviour**

We demand the highest standards of ethical behaviour from our board, employees and all our stakeholders. We work to build trust with our customers and act in a transparent way towards all our stakeholders.

**Community – Supporting wider society**

Our people in all our UK and international businesses are committed to supporting their communities through volunteering and fundraising. In this way we can reach out to some of the most vulnerable people in society.

**Living our beliefs**

Our purpose is to help our customers achieve financial security while being economically and socially useful. Our success in meeting this prime goal also enables us to reward shareholders, help our communities and invest a growing part of our overall policyholder and shareholder funds into direct investments, which help all parts of society. Our strategic actions are influenced by six growth drivers, which make sure what we do is based upon trends which affect people's lives right around the world.

**Doing the right thing**

We're convinced that corporate and social responsibility should be integrated into the 'lifblood' of companies, affecting everything they do and every relationship they have, whether with customers, with suppliers, with governments or the whole of society. We've a duty to help over 10 million of our customers in the UK who rely on us for insurance, savings and investments as well as over one million in the US and four million in India.

We work with people from the third sector, primarily by sharing expertise. This means that we help our charity partners understand more about the financial risks that consumers face in health, housing and providing retirement income. In return, our partners help us understand the key realities that people face in their daily lives. We've described this in more detail in the sections on our campaigns.

## ▶ Materiality matters



Our business is constantly part of a changing world, and we need to ensure we have the right people to manage and harness this change for the benefit of all our stakeholders. We invite our stakeholders to share issues that affect and are affected by our operations. For this reason we carry out a materiality assessment each year.

This gives us a better idea of what our stakeholders expect from us.

### How we identified material issues

We identified a number of economic, social, environmental and governance issues through internal and external information, which include:

- Legal & General Group risk register
- Media Articles
- Direct contact with internal and external stakeholders
- Sustainability frameworks
- Current and future legislation
- Customer complaints
- Employee surveys

### Engaging with stakeholders

We identified the following stakeholder groups as being key for us:

- Employees
- Customers

- Investors
- Community Groups
- Non-Government Organisations
- Governments and Regulators
- Charities and not-for-profit partners
- Suppliers

We invited representatives from these groups to participate in roundtables, on-line surveys and one to one meetings. Communicating with and listening to our stakeholders helps us understand their views and explain our perspectives.

### How materiality is reflected in our 2016 CSR report.

The material issues in this section have been reported from our stakeholders and we have addressed our engagement processes to suit each different stakeholder group. Our local markets play an important role in forming relationships with local stakeholders.

In addition, you can find out how many other issues relate to our performance as a responsible business by using our comprehensive [GRI foundation index](#).

### Looking ahead

We will continue to engage with all our stakeholders as frequently as possible and use their insight to inform our strategy and our reporting approach. This will include material issues in the US and India.

## Our most material issues in 2016

Stakeholder Group	How we engage	Outcomes and Examples for 2015/2016
Employees	We gained feedback from employees on how we are doing through the annual employee survey and forums on business principles and our culture. We engage informally through internal communications channels and regular meetings with managers.	<p>We launched our new behaviours with an internal campaign and a 'new framework' to make our culture link through to pay and bonus. With the support of <b>Institute of Business Ethics</b> and <b>Blueprint for better Business</b>.</p> <p>We continued working with the <b>Living Wage Foundation</b> to ensure that we keep improving labour standards as an employer and as a procurer.</p>
Customers	<p>At the end of transactions in our direct business, surveys are issued for feedback.</p> <p>We have meetings with community groups who represent many of our customers on our carbon commitment.</p>	We talk regularly to community groups and NGOs such as <b>ShareAction</b> and <b>Christian Aid</b> , in regards to our role in moving to a decarbonised economy. LGIM's Climate Impact Pledge is a commitment we made to ensure we are holding companies to account for their commitment to a low carbon future.
Investors	We meet with investors through events, conference calls and direct meetings to understand their concerns on where we invest funds free of tobacco.	We have been working with <b>Tobacco Free Portfolios</b> to develop investment portfolios for clients looking to reduce tobacco stock holdings in line with their mission.
Community Groups	We have contact through phone calls, roundtables and direct meetings on how our infrastructure investment affects communities.	Our work with the <b>Social Value Portal</b> helps us analyse the economic, social and environmental impacts we have on communities when building properties and managing those property portfolios.
Non-Government Organisation	We engage with NGOs when their campaign or focus is relevant to our business. We organise face-to face meetings and roundtables.	We worked closely with <b>Responsible 100</b> . They enable businesses – and civil society organisations such as charities and public bodies – to better understand the social and environmental challenges they face. They help analyse performance and benchmark against peers. Identify better and best practices, and determine how well your values are manifest in what you do across your organisation.
Governments and Regulators	We engage with regulators and governments on a wide range of issues relevant to our business..	<p>We have been working with <b>QED Group</b> and the <b>European Commission</b> in Brussels to highlight the positive role that we play in improving ESG performance of customers we directly invest in and those businesses we own on behalf of our clients.</p> <p>We are working with Open Corporates as a major FTSE company and an investor to improve standards and ultimately create a Global Open Ownership Database to help make it clear to investors and consumers alike who owns who.</p>

Stakeholder Group	How we engage	Outcomes and Examples for 2015/2016
Charities and not for profit partners	We regularly meet with charities and NGO's through meetings, conference calls. They have become our critical friends on products and services within the business.	Working with <b>Stepchange</b> we understand how our customers face financial difficulties. <b>Action for Elder Abuse</b> and <b>Elderly Accommodation Counsel</b> have reviewed our Power of attorney process.
Suppliers	We work closely with suppliers to ensure they maintain high standards by conducting assessments in line with our code of conduct. We also collaborate with key network suppliers to help us reduce climate impacts by improving the energy efficiency on our investments	With the assistance of <b>Anti-Slavery International</b> , we have been able to review our business in depth around the Modern Slavery Act.

## ▶ Delivering sustainable growth



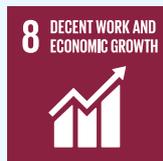
To deliver growth sustainably for the future, the company has committed to a number of Environmental, Social and Governance targets.

We also recognise that beyond our own strategy we play a wider role in the world to improve society, the economy and the environment. As such we have linked these targets to the **United Nations Sustainable Development Goals (SDGs)** where applicable.

The **Group Corporate Responsibility and Ethics Committee (GCRE)** is responsible for monitoring and delivering these targets for the Group.

### CAMPAIGN 1 - We will seek to influence stakeholders in the transition to a low carbon economy

#### Relevant SDGs



In the next five years:

- **reduce the number of carbon intensive companies** that we own in our shareholder funds and replace them with less carbon intensive companies. By the end of 2017 we will publish the carbon intensity of our own balance sheet.
- our Insurance business will deliver **insurance solutions** to support low cost energy efficient homes
- LGIM will engage with investee companies globally to build strong governance and strategies that are resilient and adaptive to changing policy and technology. In 2017 we will **engage with 84** companies as part of Climate Impact Pledge.
- LGIM will **help clients understand** better the risk and opportunities created by the low carbon transition through education and then **provide investment solutions** to finance and benefit from

the low carbon transition

- support the development of key technologies with the potential to accelerate the transition to a low carbon economy
- develop low carbon, energy efficient homes in our housing business
- Legal & General Capital will **provide capital** for up to 5% of the UK clean energy market, enough to sustainably power 5% of all UK households by 2021

Whilst our business grows we continue to monitor and seek to reduce our operational impacts (carbon, waste, water and items we procure). Our operational environmental targets:

- By 2020 the Group will **reduce carbon emission per policy** by 20% based on 2013 baseline
- By 2020 the Group will **reduce operational office water** consumption per policy by 20% based on 2013 baseline
- By 2020 the Group will reduce **total waste generation** per policy by 25% based on 2013 baseline
- By 2020 the Group will reduce **paper consumption per policy** by 30% based on 2013 baseline
- **In 2017** the Group will review the current approach to measuring resources and seek to reset these on a **scientific basis out to 2030**.

## CAMPAIGN 2 - We will make society more resilient with our financial solutions

### Relevant SDGs



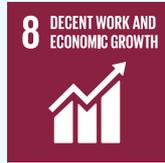
In the next five years:

- across our business, we will improve our products and services to support **emerging vulnerabilities** in our customers' lives
- we will be directly addressing the increasing **mental health problems** in the developed world through enhancing our products, services and investments available to customers
- we will design and distribute our **retail products** so they become **more accessible, transparent and simpler to purchase** by innovating product design, accessing big data and rationalising the way that we distribute products
- we aim to have 20% of the real assets we own or invest in, to have an economic and a social value generated based upon how we design and run them

- LGIM will engage with investees on **key themes** that will help to create more resilient societies, namely: diversity, health, technology, income inequality and financial inclusion. In 2017, we will: engage with governments and companies to promote more disclosure on **income ratios** and engage with US companies on **gender diversity**
- Legal & General Capital will **integrate ESG performance** into investment strategy, including investment selection, diligence and ESG policies for the companies we invest in
- the group will **institutionalise long term investment** into social housing
- by 2020 as a group we will deliver our 50:50 by 2020 gender mix through recruitment and retention initiatives

### CAMPAIGN 3 - We will create new investments for the future economy

#### Relevant SDGs



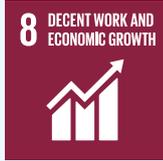
In the next five years:

- as group, continue our strategy to **invest £15 billion** into sectors of the economy that are economically, socially and environmentally useful
- develop investment solutions via LGIM that are more clearly aligned to the **UN Sustainable Development Goals (SDG's)**
- **LGIM** will **develop and enhance** long-term investment offerings which integrate ESG themes.
- Legal & General Capital will enable over **£10 billion** of funding into small to medium sized enterprises (SMEs), supporting job creation and economic growth
- as a group will expand **its divestment strategy** from shareholder funds to then invest in new economy assets
- as a group we will support at least **one development** of a **new economy asset classes** to create economic and social value into our communities through mechanisms such as Social Stock Exchanges, Incubators and Community Share Schemes
- By 2021 as a Group, invest in major **regeneration** schemes in at least **ten UK cities**

## CAMPAIGN 4 - We will run our business to a higher standard in the next 12 months

There are a number of commitments we will make on a yearly basis to simply run our business better.

### Relevant SDGs



In 2017 we will:

- **deliver employee roadshows** in all locations to test our performance with employees against business principles
- work with Open Corporates to improve our **company structure disclosure** to stay ahead of beneficial ownership transparency
- **deliver the first local sustainability report** for IndiaFirst Life and the US

- as a group we will provide financial education to **at least 200 teachers** and **3000** students to better prepare them for their future
- **communicate externally** our policy to stakeholders on **big data usage** to run our business
- LGIM will **formally invite external stakeholders** to at least two roundtables that strengthen our Corporate Governance and Sustainability policies

These targets will be reviewed on a quarterly basis by the GCRE Committee and reported on once a year in line with our sustainability report.

# Our campaigns

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## CAMPAIGNS

We campaign in important areas which reflect our core purpose of helping people achieve financial security.

While these campaigns are predominantly UK focused, we have broadened our scope to the US to better reflect our growing international focus.

## ▶ Health



### TARGET

### STATUS

Deliver at least 6 major not for profit partnerships for Legal & General group businesses that provide us with insights into emerging macro trends that our business needs to better understand in 2016

**completed**

Our campaigns



## Reducing the impact of health issues

We're the UK's largest provider of UK life insurance and critical illness cover with over **four million** individual customers and **two million people** in group protection schemes. We also protect **1.2 million people** in the US with life cover and over **four million** people in India.

Our [product performance in the data centre](#) provides information on claims and income protection.



**“When a loved one dies there is so much to do and think about. L&G were by far the easiest and best people to work with. I was amazed how easy it was to make the claim and the pay-out was much, much quicker than I expected”**

**Quote from a policy holder following a death claim**

Our **market leadership** in life insurance cover inspires us to want to improve the general health and wellbeing of the population both for individuals and through joint campaigns in the workplace with employers. We work with a number of charities who focus upon health issues.

We're a **leading provider of rehabilitation services** to employers, helping businesses manage sickness absence. Our group protection business offers all customers a free Employee Assistance Programme (EAP) provided by 'Health Assured'. EAP can help towards reducing the impact of absence and improve workplace productivity as employees have access to support and tools whilst they're at work such as telephone counselling, Cognitive Behavioural Therapy (CBT), telephone based bereavement counselling, medical information and specialist advice.

We can deliver better outcomes to people by stimulating greater ownership of protection products. We believe that the state, employers and individuals can work together more effectively to help people build financial resilience in the UK.

**In the US** we are one of the **market leaders** in term life insurance, mostly sold through the broker channel. Our vision for Legal & General Insurance is to leverage our expertise in the UK to create a market-leading direct-to-consumer life insurance business in the US.

**In India**, we now have over **four million people** who benefit from life insurance cover. IndiaFirst Life Insurance have embarked on a journey to provide fairly priced, simple, comprehensive and efficiently serviced insurance for the mass market.



Our Head of Corporate Social Responsibility, Graham Precey in the Medicare Unit in India.

IndiaFirst is one of the insurance companies that participate actively in the **financial inclusion scheme** promoted by the government of India. IndiaFirst Life

handholds these village-level entrepreneurs and hones the skills of rural India through the Common Service Centre (CSC) movement, to play a crucial role in improving social and financial development. As part of IndiaFirst's **micro and mass market insurance strategy**, IndiaFirst recently tied up with 'IFMR Rural Channels', to distribute our life insurance policies in remote rural districts in India.

This model has improved awareness levels on the significance of personal protection through insurance in remote communities in India. In 2016-2017 we insured an additional 2,500 people bringing the total number of lives insured to 6,000 since we started.

In 2016, IndiaFirst partnered with Legal & General's UK team to fund a Mobile Medicare Unit (MMU), in Mumbai. This MMU provided nearly **1,100 patients** with access to free medicines and basic healthcare. This initiative has led to **8,500 treatments**, in the last six months.

## Key health issues that we campaign on

### The impact of mental health

We know that stigma still exists around mental ill health which can lead to delays in people seeking help and support. Plus many people don't feel confident in knowing what to do if someone is experiencing mental distress or is in a mental health crisis situation. Part of our continued commitment to our **Time to Change** pledge is to raise awareness and reduce the stigma surrounding mental ill health.

Following our joining the **City Mental Health Alliance** in November 2015, in May 2016 we launched the '**1 in 4 campaign**' to support Mental Health Awareness Week.

The aim of the campaign is to end the stigma surrounding mental health by standing up and encouraging people to increase conversations about mental health. Mental health affects thousands of people in the UK, and their friends, families, work colleagues and society in general. One in four people will experience a mental health problem each year. Depression affects around **one in 12** of the whole population with **450 million people** worldwide having a mental health problem.

Most people who experience mental health problems recover fully, or are able to live with and manage them, especially if they get help early on. But even though so many people are affected, there is a strong

social stigma attached to mental ill health, and people with mental health problems can experience discrimination in all aspects of their lives.

### Rehabilitation of long-term sick and disabled employees

We're **recognised in the industry** for the great work and return to work outcomes we achieve with our **early intervention** support for our Group Income Protection customers.

On Monday 19 September, Fiona King, Head of Rehabilitation was invited to The Lord Mayor's 'Power of Diversity' breakfast series, BNY Mellon Innovation Centre, to talk about rehabilitation support, and the psychological support we offer to our Group Income Protection customers.

The Power of Diversity breakfast gave a unique opportunity to hear bite-sized presentations from a range of organisations and practitioners, who provide mental health support and interventions for employees. Based on a speed networking concept, each provider presented to five groups and gave an overview of their services in two minutes.

### What we do

**Health Talk** provides **seven million people** in the US and the UK with access to online peer advice when dealing with health conditions. We supported their website which talks about people's real life experiences dealing with Cancer and other health issues

### What we do

**Blood Pressure UK** is the only charity solely dedicated to lowering the nation's blood pressure to prevent disability and death from stroke and heart disease. Their vision is that everyone will know their blood pressure numbers, in the same way that they know their height or weight, and take steps to keep them healthy both now and in the future. We helped Blood Pressure UK, with funding for their website.

### What we do

Our funding of **Cancer Research UK's** Facilitator Programme supports healthcare professionals and organisations to increase informed uptake of cancer screening programmes and to improve their recognition of symptoms and use of referral guidelines. On average the programme reaches **over 2,000 NHS professionals** and organisations a month, including over **900 GP practices, 200 dentists** and community pharmacists and **400 commissioners** and planners of care. We funded the programme to drive improvement in prevention and earlier diagnosis of cancer in England, North Wales and urban areas in Scotland. Cancer is the single biggest claims area for our insurance business.

## What we do

On Friday 17<sup>th</sup> June, **SportInspired** delivered the Legal and General **Games Festival 2016** at our Kingswood location. This is the third year running we have supported this event.

**149 pupils** from **5 local primary** schools took part in the event, helped by **41 volunteers** from **Legal & General**, Fidelity and Just Retirement and 16 young leaders from Royal Albert and Alexandra School, Reigate, Surrey.

The games inspire both 'sporty' and 'non-sporty' primary school young people to engage in local grassroots sport by showcasing local sports and their clubs. It develops Young Leader skills through active mentoring and leadership training and provides a showcase event to attract and build corporate relationships through employee volunteering.

**We believe sport introduced at an early age is vital for children to stay healthy in body and mind.**

### The impact the games had:

- **9.5** out of 10 score by our volunteers and 95% said they would recommend it as a volunteering opportunity to other employees.
- **100%** of children found a sport they would like to play again.
- **95%** of young leaders said they developed confidence and 93% of young leaders said they improved their ability to inspire.

### Quote from one of our employees

*"At the start there was a girl who was adamant that she didn't want to play and then at the end of the day, she couldn't even wait her turn."*

## ► Ageing population



### TARGET

### STATUS

Deliver at least 6 major not for profit partnerships for Legal & General group businesses that provide us with insights into emerging macro trends that our business needs to better understand in 2016

completed

Our campaigns



## Our commitment to improving life in retirement

Helping people have a stable level of pension income in retirement is fundamental to our business and is much more than a 'campaign'. We help individual people and companies in most important areas of pension provision. Our investment management business (LGIM) is the **UK's largest manager of pension fund assets** and is a major provider of auto-enrolled pensions, a government scheme which has helped over **seven million people** in the UK save for a better retirement. We help companies reduce the risks on their corporate pension schemes, ensuring that scheme members can get their pensions paid on time and in full. We also help people manage their money in retirement, helping them make the most of their pension savings or enabling them to boost their funds through releasing money from their housing equity.

Because our business is so focused upon the needs of pensioners we want to do more to help all elderly people through working closely with organisations and charities that support people in retirement.

## The impact of increased longevity

The number of people **aged 75** in the UK is projected to **double between 2015 and 2050**. This is already impacting the affordability of state retirement pensions, where the retirement age is **increasing to 67 from 2026**. We are also seeing rapidly rising costs of elderly social care that need to be met by local authorities and families. Our position is that the state, the financial services industry and employers need to work together to help people fund retirement costs.

We are sponsors of the **International Longevity Centre – UK (ILC-UK)** who focus on some of the biggest challenges facing government and society in the context of demographic change. The **ILC host an**

annual **Future of Ageing Conference** to discuss how the UK can meet the challenges and the opportunities of a rapidly ageing society

We're associated with a number of external longevity science institutions, including **University College London**. We also support the **Longevity Science Advisory Panel (LSAP)**, an independent panel of leading authorities who are experts on longevity issues.

## What are some key issues that elderly people face?

### Poverty and debt

Pensioners in general are getting wealthier, with many recently retired 'baby boomers' benefitting from attractive defined benefit pensions and high levels of housing wealth. However, **28%** of pensioners receive **no income from private pensions**. In addition, more than **21%** of older people **over 55 have no housing wealth** at all.

Age UK report that **1.6 million or 14% of pensioners** in the UK, **live in poverty** (defined as having incomes of less than 60% of net median income), with a further 1.2 million pensioners living just above the poverty line. In addition, the **average pensioner owes** an average of **£34,000** on credit cards, outstanding mortgage balances, loans and overdrafts.

### What we do

1. We work with 'StepChange' who help us understand how vulnerable customers behave when faced with debt and insolvency.
2. Our lifetime mortgage plans enable retired people to consolidate relatively expensive short-term debt by releasing equity from their homes which is paid off on death. Paying off existing debt is the most common use our customers make from the money raised from a lifetime mortgage.
3. We have supported improvements in auto-enrolled pensions on issues of charges, contribution levels and coverage to ensure future generations have better pensions.

### Wellbeing and remaining active

Current UK Government advice recommends **150 minutes of moderate aerobic exercise** a week for older people. Research shows that elderly people who spend most of their time sitting down age significantly quicker than more active people.

It is also **vital** to keep an **active mind** in old age and become involved in **activities outside** the home. In fact nearly **4.9 million people** aged **65 and over** in England **take part in volunteering or civic engagement**. This is more than 50% of that age group.

Rehabilitation after hospital stays is vital for elderly people to ensure that they recover their health quickly. Our partnership with the **Royal Voluntary Service (RVS)** enables volunteers to help the NHS resettle older people.

### What we do

In 2016, we worked with the **RVS** in Queen Alexandra Hospital in Portsmouth. This financed volunteers to support people who are returning home from hospital. Activities included preparing the home for the return from hospital, for example putting the heating on and ensuring there is a supply of basic food, lending a hand with shopping, collecting prescriptions or just simply being there when recovering.

### Declining health

At age 65, men in the UK can expect to live on average another 10.7 years in good health. Women can expect to live 12.1 years in good health. This is just under **60%** of their expected remaining life span. Men will live their last **7.5 years** with a disability, with women living out their last **10 years** with a disability. The over 65s make up over 40% of admissions to hospital.

Dementia is one of the main causes of disability in later life and is the leading cause of death for women in the UK. The most common type of Dementia is Alzheimer's disease, which accounts for **62% of all cases** of dementia. Alzheimer's charities such as '**Alzheimer's Research UK**' not only research the causes of Alzheimer's and aim to find a cure, but also campaign to create greater public understanding.

## What we do

1. We ensure that our front-line employees, who provide customer service for elderly disabled people, understand their needs through our Vulnerable Customer training. We have extended this training to all UK employees.
2. We support organisations such as **'Alzheimer's Research UK'** who work with people with dementia.

### Our work with 'Alzheimer's Research UK' in 2016

In 2016 we helped Alzheimer's Research UK with funding to further develop a virtual reality smartphone app – A Walk Through Dementia. This training tool is aimed to help public and health professionals understand dementia.

### Finding suitable accommodation

Retired people cover many different wealth groups, social groups and life stages so their housing needs cover numerous categories.

The UK suffers from a lack of specialist accommodation suitable for people in declining health. Only 1% of 60+ people in UK live in specialist retirement housing, compared to 13% in Australia and 17% in the US. There are **3.3 million elderly people looking to downsize**, yet only 7,000 specialist homes are being delivered each year. Yet these 'last time buyers' have **£820 billion** in housing wealth, projected to reach **£1.2 trillion** in 2020.

Politicians from most parties agree that care is in a crisis, whether care in your own home or in a care home. However solutions are proving exceptionally difficult to agree upon given the growing size of the elderly population, the shortage of local authority funding for care and the increasing demands on the NHS. Our 2016 'Older People's Healthcare Survey', produced by the **Family and Childcare Trust** showed that only one in five funding authorities reported having enough older people's care in their area to meet demand.

As well as the shortage of suitable care homes, the UK also struggle to provide adequate domiciliary care. More than 300,000 carers were forced out of the workplace last year because they were not able to work flexibly. One in five people aged 50–64 in the UK are carers, with 65% of older carers (aged 60–94) having long-term health problems or a disability themselves.

## What we do

1. We support organisations that help people access specialist accommodation and campaign on housing issues, such as the **Elderly Accommodation Council**. The **Elderly Accommodation Council** help older people meet their housing needs right from suitable smaller homes in early retirement through to finding the most suitable care home.
2. We have been campaigning for many years to encourage companies that invest in housing, as well as house builders, to consider building more homes for 'last time buyers'.
3. We have invested **£350 million** in 'Finance for Care and Extra Care'.

### Our work with the Elderly Accommodation Council in 2016

Since 2010, we've been proud to sponsor the **Elderly Accommodation Council's (EAC) National Housing for Older People Awards**, which celebrate the best examples of housing for later life, including care homes. In 2016 we also carried out 'Planning ahead' research which identified trends in later life at local and national level. The survey identified that the top five family concerns were:

1. General Health
2. Physical decline
3. Possible onset of dementia
4. The effect of one on losing the other
5. Loneliness and social isolation

### Loneliness and social isolation

Older people are often excluded from social activity in society. Isolation, loneliness and poor social relations are major factors leading to the exclusion of older people. Social isolation affects about one million older people, and has a severe impact on people's quality of life in older age.

We strongly believe that better housing provision for elderly people would be positive in reducing loneliness. Living in a retirement village setting has the potential to reduce social isolation, especially for residents who move there from more rural or remote locations. In addition, our 2015 '**Last Time Buyers**'

report showed that elderly people wanted to be able to live close to family and friends, with access to good transport and health facilities.

#### What we do

1. We are developing plans to build retirement homes for older people that have the potential of reducing loneliness and social isolation.

#### Financial guidance and advice

The introduction of 'pension freedoms' in 2014 meant that many retiring people had to choose how to manage the money they had built up in the defined contribution pension pots. With very few people seeking regulated financial advice, we encouraged people to find solutions through seeking phone guidance.

More difficult is the provision of financial advice for people when their health declines and they begin to need specialist help in the home. Our lifetime

mortgage business works closely with the Retirement Lending Advisers, a separate company who have specialist advisers that advise on lifetime mortgage products.

#### What we do

1. We have been active in the FCA's Financial Advice Market Review which seeks to make financial advice more widely available for all people
2. We work with 'Tax Help for Older People' who help people with specific tax issues

#### Our work with 'Tax Help for Older People'

Tax Help for Older People help train Legal & General Retirement employees to help older people on lower incomes on their personal tax issues on pensions.

## ► Our housing campaign



### TARGET

### STATUS

Deliver at least 6 major not for profit partnerships for Legal & General group businesses that provide us with insights into emerging macro trends that our business needs to better understand in 2016

**completed**

[Our campaigns](#)



There is currently a severe housing shortfall in the UK, which is driving up house prices, so forcing a higher proportion of the population into sub-standard rental accommodation. The country needs **250,000 new homes** each year, with the average net delivery being **160,000 homes** for over 25 years. City living, modern working trends, smaller family units and the fact that people are living for longer is exacerbating the problem.

We are building more homes to provide new solutions for modern living across multiple tenures, including: Build-to-Sell; Build-to-Rent; Modular Construction; Retirement Living; Social Housing.



**"The UK rental market, compared to the US and Europe, is dysfunctional, with ever increasing rents and increasingly poor accommodation. For this to change, and renting to become more affordable, we need to invest in the 'new', and build new homes to rent, and just stop inflating the prices of old housing stock. We're going to play our part by disrupting the market, and invest significant sums of long-term institutional money to build new rental housing, and develop a UK institutional rental market."**

**Paul Stanworth, Managing Director of Legal & General Capital**

## Investing in communities

- Together with Dutch pension fund manager, PGGM, we announced the acquisition of a Build-to-Rent development site in Bristol for up to **255 homes**, as part of their newly formed joint venture. The partnership will initially invest £600m into building purpose built private rental housing across the UK, **providing over 3,000 homes**.
- We launched our **modular housing business**. Legal & General Homes Modular, which will seek to modernise the home building industry by providing modern, precision engineered factory manufactured houses through its new factory in the North of England.
- Our build-to-rent housing pipeline reached **800 homes**, with **135 additional new homes in Salford, Manchester**, bringing the **total to 225 homes**.

- We received a 'Resolution to Grant Planning' for our Walthamstow development, giving approval for **440 new homes**, bringing our committed build-to-rent pipeline to around **1,100 homes**.

Through the creation of a new build-to-rent asset class, we are looking to use its long-term capital to help address the chronic long-term lack of supply of housing and meet the **increasing demand for affordable, quality rental accommodation**.

Looking ahead, we see retirement living and affordable accommodation as further areas for development. We believe that the UK needs to widen the options available for retirement communities and are looking to **support and invest in retirement homes**, maximising the positive impact of affordable accommodation with the right home and care services.

## Modular homes

The UK has been building homes the same way for decades (primarily on-site), but labour shortages and a constant undersupply of new homes means modern techniques are required. To address this problem, we launched our **new sustainable strategy focused on modular housing**. This process seeks to modernise the industry with factory assembled homes constructed in the largest modular housing factory in the world, based in Sherburn, Yorkshire.

The operation involves several production lines fulfilling various stages of the house-build in an approach similar to car production. The homes are precision engineered and fitted out in an efficient factory-controlled process environment before being delivered to site.

This approach saves significant time and cost in the construction of new homes and the precision engineering delivers a product that is very energy efficient, thus reducing the energy intensity and long-term running costs.

We are targeting **7,000 units per year** from our factory which could **build 3,500 energy efficient modular homes**.

## What we do

We have provided **Shelter** with funding to set up a homestarter programme in Birmingham. The aim of the programme is to improve the ability of our service users to sustain their tenancies and reduce their reliance on **Shelter** services by;

- Providing a box of essential household items
- Providing a DIY assistance and up-skilled through Shelter's DIY adviser.

We continue to support **Shelter** with our fundraising and "brokering change" scheme raising over £10,000.

The L&G Mortgage Club Awards in 2016 raised **£3,245** to support Shelter.

The Brokering Change scheme is also still going strong with brokers donating over **£4,000** to Shelter over the course of the year.

## What we do

**The Bank of Mum and Dad research** in 2016 shows the role parents play in helping their children get on, or move up the property ladder. Parents will lend over **£5 billion**, providing deposits for over **300,000 mortgages**, purchasing homes worth **£77 billion** in 2016. The Bank of Mum and Dad is the equivalent of a top 10 mortgage lender in the UK and will be involved in **25%** of all property transactions that take place in the UK market this year.

The generosity being displayed by UK families doesn't make up for intergenerational unfairness – younger people today don't have the advantages the baby-boomers had, including cheap housing that delivered windfall gains. People will always want to help family members – it is a natural thing to do. Relying so heavily on the **Bank of Mum and Dad** however risks increasing inequality as many young people today are not lucky enough to be able to access parental support when buying a home, or can't afford to buy even with parental help.

## ► Our energy campaign



### TARGET

### STATUS

Increase investments into UK energy infrastructure with our own money and that of our customers that support the transition to a low carbon economy over the next three years

🔄 ongoing

By 2020 reduce carbon emission per policy by 20% based on 2013 baseline

🔄 ongoing

By 2020 reduce operational office water consumption per policy by 20% based on 2013 baseline

🔄 ongoing

By 2020 reduce total waste generation per policy by 25% based on 2013 baseline

🔄 ongoing

By 2020 reduce paper consumption per policy by 30% based on 2013 baseline

🔄 ongoing

Publish the carbon intensity of our balance sheet assets so that consumers can understand how carbon intensive we are by the end of 2017

🔄 ongoing

Environmental data



## Energy and environment

We are committed to finding innovative ways of reducing our impact as a business on the environment. The Group Environment Committee is responsible for this strategy across the Group.

We address climate change in a number of ways

- Reducing our **own direct emissions** in our buildings and the ways in which we travel
- Reducing the environmental footprint of our **commercial property** portfolio
- Investing our own profit directly into **UK and US Renewables** and reducing the carbon intensity of traded assets
- Providing financial solutions for clients to **decarbonise** their money
- Helping customers in education and product design to **adapt to climate change** in protecting their home and their health

In 2016 we have made a number of steps forward in line with our public targets

### Clean energy direct investment

The next five to ten years will see transformational change in the energy sector as technological advances and innovation deliver clean, affordable and reliable heat, power and transportation. We believe that electric vehicles, energy storage, smart grids and connected devices will optimise the use of low cost renewable power, while improvements in the energy efficiency of our buildings and local generation will reduce dependence on large expensive fossil-fuel power stations.

We encourage public policies, investment practices and corporate behaviour that address long-term risks associated with pollution, access to natural resources and impacts of climate change. We are committed to investing in clean energy, with a focus on low cost generation technologies such as wind and solar. Legal & General Capital is also looking to new technologies that are expected to bring about a significant change in the ways we will consume and pay for power in the future.

- We announced that the successful NTR **wind investment fund**, NTR Wind 1, would have the addition of a further **€50m** secured from Strathclyde Pension Fund and **€35m** from the Ireland Strategic Investment Fund, bringing the

equity in the fund to **€250m**.

- The NTR wind investment fund has acquired 10 wind power assets with a capacity of 170MW.
- We invested in **two Oxford-based businesses** that are developing innovative technologies that have the potential to transform the energy system on a global scale in the medium and longer-term.

Further capital has been invested into climate change opportunities, including modern technologies that can be deployed locally and at scale, and will support UK jobs, skills and expertise. As we look ahead, we have a target to attract sufficient funding to provide up to **5% of the UK's clean energy by 2021**.

### Climate conscious: how we are helping to tackle the impact of climate change.

Governments across the world commit to keeping the global average temperature rise below 2°C, as part of the historic [Paris Agreement](#). All companies, whether they emit carbon or not, need financing. They require banks, pension funds and insurance companies to buy their shares and debt.

Our [annual corporate governance report, Active Ownership](#) details our engagement activities with companies and other stakeholders on climate change and the energy transition.

### What did we do?

#### In the UK...

- We wrote to **84 global companies** under the Climate Impact Pledge to ask them their plans on how they will be shifting their business to prepare for a low-carbon economy
- We were elected to sit on the board of the **IIGCC** (Institutional Investor Group on Climate Change) who have been playing a pivotal role in shaping the climate and energy agenda in the UK and Europe
- We declared prior to the AGMs of Rio Tinto, Glencore and Anglo American that we were going to support the **'Aiming for A'** shareholder resolutions, which called for additional disclosure on the risk and opportunities of climate change, and held one-to-one discussions with the Chairmen of Anglo American and Rio Tinto and with the Chief Executive of Glencore on the subject of climate change

### In the US...

- We encouraged companies such as ExxonMobil to demonstrate their business plans were in accordance with the **Paris Agreement** - a pact between the world's biggest companies and governments to reduce the rise in global temperatures, which can be harmful to the environment
- We collectively published 'An Investor's Guide to Methane' through UN PRI.

### In other parts of the world...

- We have been engaging with Spanish Oil & Gas Company **Repsol** on climate change issues for several years. Repsol is now providing the market with detailed information on their innovation and technological development programmes as part of their efforts to embed sustainability into their overall strategy
- We acted on our concerns over the environmental and social issues that are associated with the production of **palm oil** and the palm oil industry by joining an investor trip to meet with the largest palm oil companies in Indonesia and Malaysia. We pushed for companies to comply with the environmental and social criteria for producing Certified Sustainable Palm Oil and we are now seeing increased commitments from these major companies to protect forests, safeguard conversation areas and meet ambitious targets for improving crop yields, rather than expanding planted areas

## The Climate Impact Pledge

Our new **Climate Impact Pledge** details LGIM's commitment towards engaging with the largest companies who hold the key to a low-carbon future. These companies will be assessed rigorously and ranked for the robustness of their strategies, governance and transparency. We will also engage directly with the companies with the aim of improving their performance.

After one year of engagement, some of the companies which fail to meet our minimum standards will be removed from our new **Future World Fund** range. In funds where we are unable to contractually divest, we will vote against the Chair of the Board of the same companies.

This Pledge will be applied to all of the assets LGIM manages globally. We believe that the combined approach of ranking, engaging, voting and divesting can send a powerful message that investors are serious about tackling climate change.

### Future World Fund

Although climate change is a global issue, it will require individual action. During 2016, we made sure to bring climate change issues to the attention of LGIM's clients, including what it is, why it matters and what you can do to address it.

In May 2016, LGIM held its first climate change seminar to explain to clients how and why they should address climate change. We held several meetings with clients and consultants to explain ways the energy transition can be addressed in the investment portfolio.

We also published a public guide on carbon footprinting and green revenue exposure to help clients assess how exposed they are to climate risks and low carbon solutions.

We have a range of investment solutions to enable our clients to protect their investments from potential climate risks.

### Our own energy usage

We have targets as a company in managing our own natural resources in the forms of energy, waste and water in our own properties and in our commercial property portfolio. In 2016 we made the following progress in these areas:

Our **performance with environmental targets** can be found in the data centre.

As a company we are committed in keeping our own house in order as well as improve the world around us moving towards a low carbon economy. Our new targets for the next five years are focussed upon providing a clear contribution to the sustainable development goals 'affordable and clean energy' and 'climate action'.

Practically that means that we are looking into some new areas in 2017 including

- How we set science based targets linked to a two degree world
- How we apply our environmental standards and principles to our new businesses Legal & General Communities and Legal & General Homes will start to push up our resource usage as a company because they are manufacturing and regeneration projects that we have direct responsibility for.
- How we directly mitigate climate change to our home insurance and life insurance customers beyond our approach and response to increased flood risk in the UK and US Markets.



management of ESG factors is valued and supported. This helps to protect and enhance long-term prospects for our clients.

Legal & General Investment Management (LGIM), one of the largest investors in the UK stock market, voted against at least one resolution at 23% of UK companies in 2016, up from 18% in 2015. Globally LGIM voted against at least one resolution at 56% of companies in the main FTSE World Indices, compared to 52% in 2015. In total, LGIM had 500 company meetings in 2016, 39% of which were held with companies based outside of the UK. The top five themes discussed were: board composition (e.g. diversity, board refreshment, quality and skills), remuneration, strategy, nomination and succession, and climate change.

## Mission Led Business Review

Nigel Wilson Group CEO led the UK governments' Mission Led Business Review looking at what it would take the UK economy to have a stronger sense of mission in its business community and the impact that would have on the economic and social prosperity of the UK.

The high calibre advisory panel included organisations such as Johnson & Johnson, McKinseys, Thomson Reuters, B-Corps, Risk Capital Partners and a number of technology entrepreneurs.

Key recommendations from the MLB review included the need to create more mission specific investment funds to solve some of the big macro issues for the UK economy. In 2016 we launched a number of new funds including: Our work with the British Business Bank and Woodford Investment to create Associated Digital Ventures (ADV) providing early funding to tech start ups.

## Alternative sources of finance

We support the development of alternative finance markets, with an investment focus on mid-market corporate debt, asset-backed lending, trade finance, property finance, infrastructure debt, leasing; venture capital and growth equity.

- We announces that Pemberton has completed the final close of its inaugural European Mid-Market Debt Fund (the Fund) with **€1.2bn** of commitments. The Fund provides funding and programmes **available for ambitious entrepreneurs running growing UK companies.**

## Supporting small and medium sized businesses

We believe UK economic growth relies on the success of small and medium sized businesses. Whether companies are looking to expand, launch new products, acquire another business or invest in new talent, growth can only come when there is investment. Despite technology and digital representing the UK's fastest growing sectors in recent years, UK start-ups and university spinouts have suffered funding gaps, disadvantaging them versus global peers, particularly from the US.

We recognise these issues and encouraged new strategies promoting responsible investment and generating attractive returns with diversified risks for shareholders.

- We invested in **Cambridge Innovation Capital (CIC)**, a preferred investor of the University of Cambridge and its commercialisation arm.
- We and our partners completed an exciting new investment in **Accelerated Digital Ventures (ADV)**, an innovative and disruptive venture capital investment platform supporting digital businesses across all stages of the funding cycle, from entry to exit.

## Urban regeneration

With a growing population which is increasingly living and working in major towns and cities, the UK needs urban centres that are fit for purpose. Infrastructure investment will be key, not least urban regeneration, to boost these areas and support the local and national economy.

### Changing places, changing lives

We are committed to investing in Britain's towns and cities, improving the quality of life and economic prosperity of local communities.

- We partnered with Newcastle City Council and Newcastle University, to help build and finance the **£350m Newcastle Science Central** development, a major UK hub for scientific research and technology businesses. The development is expected to create **4,000 additional jobs and provide 450 new homes.**
- Home to over 200 business and 7,000 workers already, MediaCityUK received planning permission in 2016 to double in size with potential for **1,800 new homes** and 500,000 sq ft of commercial space, complemented by innovative public spaces with a pedestrian promenade running through the scheme.

- Bishopsgate Long Term Property Fund Unit Trust and Vantage London LP **awarded Green Stars for sustainability in the annual Global Real Estate Sustainability Benchmark (GRESB) survey.** We aim for continuous improvement in performance, through measurement and monitoring of its sustainability activities and responsibilities.

We are involved in some of the UK's biggest regeneration projects and intend to increase its allocation to long-term investments that are mutually beneficial to our shareholders and to the economy.

## The social value of real assets

Work with the 'British Council of Offices' and the 'Social Value Portal', to establish a standard 'Social Return' on Investment calculation for the real estate sector, producing three case studies on development, refurbishment and fund management, to help demonstrate a forward for the sector - We have produced a methodology and one case study of economic and social impact for our Real Assets Business. We plan to expand the methodology to an increased number of assets in 2017

## Excluding controversial weapons companies

Working with Sustainalytics we published [our policy](#) committing to exclude investments in companies from around the world who are involved with the production of controversial weapons. So far **35 companies** have been listed in our exclusion policy. These are companies where we have decided not to hold equity, provide debt financing, provide business to business insurance, provide pension products or be a landlord.

Having boundaries of where we will and won't invest is important for our employees, customers and investors. We wanted to send a strong message to these companies that we don't agree with what they are doing. You only have to see the news on a daily basis to see the terrible impact that cluster munitions, anti-personnel landmines, and biological and chemical weapons have upon people's lives.

We had very limited exposure to the companies that we have excluded in this policy but hope that customers big and small join us in the withdrawal of support for these types of businesses.

# Responsible Business

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## RESPONSIBLE BUSINESS

We know we have a responsibility to do business better each year for our customers. We need the best solutions, the best service and crucially, the very best people.

## ▶ Improving our workplace and our culture



TARGET

STATUS

Deliver a credit union savings and loans relationship in all of our UK offices

✓ completed

Deliver a rental deposit product for all UK employees providing them with interest free finance in 2016

✓ completed

Implement a consistent global procurement code during 2016 for all our international subsidiaries

⊙ partial

### Our people are our greatest asset

Our people are dedicated and determined to give their best so we can deliver the service our customers expect. In the long term this creates long term value for our shareholders and investors while contributing to the wider society.

We believe better business decisions come from having a vibrant business that values inclusiveness and embraces difference. Our people are engaged and empowered to deliver business results because they come from a diverse set of views.

Whilst we are making good progress, we recognise we have more to do so we can achieve our goal of creating an inclusive workplace where all our employees can be themselves, realise their potential and deliver their best performance.

### Owning and Measuring our Positive, Collaborative Culture

We are confident and positive about our culture and we are determined not to be complacent. Therefore it has been important to articulate the key elements of our culture so that we can embed, measure and monitor on an ongoing basis

Our progress in 2016 focused on articulating and aligning the four key elements of our culture; our purpose, our growth drivers, our business principles and our behaviours. We also launched our more inclusive ‘speak up and speak out’ line working with the Institute of Business Ethics. This provides employees a chance to critique our Strategy, Behaviours (Individuals), Business Principles (collective decision making).

In 2017 all of our leaders will have 'owning and monitoring our culture' as one of their performance objectives.

## Employee voice

Our independent employee survey included all our business units, with a participation rate of 85%. One critical use of the data is to understand employees' views about company ethics and to monitor human rights and employee attitudes within our businesses. Our worldwide Employee Engagement Index was up nine percentage points to 76%.

As a result of colleagues improving their resilience to change around the business, we have been pleased to see employee engagement levels rebound from the drop we saw in 2015.

Our data shows there is a relatively stable and high level of belief (82%) that employees agree that they understand their role in ensuring Legal & General is an ethical company. However, 13% have a more neutral opinion, which we believe provides an environment of healthy scepticism. We also were able to discover that 83% of colleagues say they feel committed to our purpose.

## Health and wellbeing

Our aim is to deliver a wellbeing programme across the Group that demonstrates our commitment and consistent approach to wellbeing at work, sharing ideas and measures of success.

### In the UK

Over 3,000 colleagues took advantage of our free on-site BUPA health checks. Results show exercise levels are low, and over half of the people assessed are overweight. Smoking rates are also high across those screened, with higher numbers in Hove and Cardiff.

Our wellbeing programme will focus on showing how Legal & General can help people feel well and improve their performance at work.

The '1 in 4' campaign is our overarching campaign strategy for all our mental health initiatives supporting our employees. The first Mental Health First Aid courses completed at the end of December with approximately 30 first aiders now trained and able to offer support to colleagues as well as existing support systems such as our Employee Assistance Programme and our occupational health programme.

As a member of the Government's Department of Work and Pensions Mental Health and Employment Expert Advisory Group, we continue to work to inform policy on measures needed to support good mental

health in the workplace. CEO Nigel Wilson was invited to attend the Charity Commission Annual meeting at the Royal Society on 9 January 2017 where Theresa May set out her vision for a shared society, the government's role within it and how to transform mental health support.

As a member of the City Mental Health Alliance (CMHA) we continue to work with them on sharing good practices with other members regarding supporting good mental health in the workplace.

### Help our employees to be more financially resilient

During 2016 we set out to deliver two things to help our employees to become financially resilient:

- 1. Deliver a credit union savings and loans relationship** in all of our UK offices as part of our employees' benefits package in 2016 – All of our UK offices have a credit union relationship available through payroll to save and borrow money.
- 2. Deliver a Shelter designed rental deposit product** for all UK employees providing them with interest free finance in 2016 – This is now available to all UK employees.

### In the US

The goal of the Employee Wellness Program is to foster a community where every employee is encouraged to lead a healthy and enriched lifestyle.

We encourage healthy eating and weight loss, supported through 'It's a Weight of Life' (partnership with Weight Watchers) and the GET (Growing Effectively Together) programs.

Our annual health fair is an educational and interactive event designed for outreach to provide basic preventive medicine and medical screening to our employees at work.

Legal & General America was awarded the Gold Level Wellness at Work Award (previously The Healthy Workplace Award), on June 10, 2016.

## Developing our talent

Developing our talent with our new diverse leadership programme, we're encouraging our employees to be empowered to grow and thrive. Our new 'Leadership Essentials' programme combines face-to-face workshops with interactive learning resources.

Each May, we hold our Learning at Work week to raise awareness of developing skills and knowledge. Our digital commitment is highlighted by our online 'Learning Hub', for employees to access a range of e-

learning, on-line books, videos, pod-casts as well as allowing them to register for face to face workshops, training programmes and professional support. The site was accessed more than 21,000 times in 2016.

### **Behaviours and Performance Management**

We ran a campaign to help further embed our new Behaviours into the business. This campaign gave employees the opportunity to send examples of how they and their colleagues were demonstrating the Behaviours in their roles, with the best examples featuring on our Instagram and Twitter feeds. Supporting communications consisted of videos of employees across the business talking about what the Behaviours mean to them along with intranet articles and posters.

### **Supply Chain**

Our ethos is to source from the best value solution available and select suppliers who best meet our business needs. We use a fair, transparent and ethical process which doesn't put up barriers to local or rural suppliers.

In 2016 we said that we would implement a consistent global procurement code during for all of our international subsidiaries. We have partially done this. There have been a number of disposals of businesses in 2016 including the Dutch and French businesses. Our priority has been to focus upon the US and UK businesses sharing common approaches to procurement. We intend to formalise this by the end of 2017.

We do thorough checks of suppliers before we begin working with them, and ask them to sign our Supplier Code of Conduct. This also incorporates the Modern Slavery Act 2015. Annually, we validate the adherence of our Key Suppliers by requesting and reviewing their supporting evidence of compliance.

We continue to engage with our suppliers around sustainability issues over time. We also help influence our suppliers to act now around the big issues like climate change.

To further proactively monitor our supply chain for Environmental, Social and Governance issues, we now use a tool which sources real news stories on over 60,000 companies, from over 120,000 news sources, in 15 languages. This tool allows us to access visibility of supply chain risks based on real data and includes flags for Modern Slavery. A watch list of all our Key Suppliers is now shared monthly with all Supplier Relationship Managers and Procurement Managers.

CIPS (Chartered Institute of Procurement & Supply) awarded our Group Procurement and Supplier Management function a corporate accreditation for Ethical Procurement and Supply for a second year running.

### **Exit from Kingswood location**

Approximately 68% of the affected employees (855 people) are either engaged in trialling a new office location or working pattern, have chosen to follow their role, or have decided to leave. Retention is so far better than the original estimate. We expect all business divisions to exit Kingswood by the end of 2017. Legal & General Group acquired the Kingswood site as an investment property in January 2017.

### **New ways of working**

The world is changing and we need to change with it if we want to continue to grow. New ways of working are important to our future, help us connect, collaborate and manage our costs which are all critical to our future success.

How we use our locations and office space will be an important part of our new ways of working. We want our locations to become hubs for centres of excellence across our business so we can get closer to our customers and deliver a world class service.

For example we have introduced Skype for Business, Agile working contracts and increased hotdesking areas across the group.

## ► Diversity and inclusion



Difference adds value: whether it's coming up with a different way of looking at the world or the willingness to call out when something doesn't look right or fair.

Innovation and strong governance are key ingredients to the success of our business: that's the real value of diversity. We don't just get the same voices around the table. We value everyone's point of view and are open to new perspectives. We encourage a disruptive mind-set, a positive one which helps us to be thought leaders rather than followers.

Our hugely ambitious 50/50 by 2020 initiative which started in 2014, continues to push hard on gender diversity, ensuring our board is diverse and working hard to remove the barriers to women's progression throughout the organisation.

### Performance against target 2016

In 2016 our Equality, Diversity and Inclusion Committee were set a number of targets. Here's how we have done so far:

- We aspire to 50/50 by 2020 – balanced gender diversity at all levels in the organisation. We will increase gender diversity at middle and senior management grades (grade 5-8 and LGIM grade 4-7) from 35% to 40% women by the end of 2017

In 2016 our progression against the 40% target remained unchanged ([as shown in the employee data centre numbers](#)) for a number of reasons. The main one is that our closure of our Kingwood office, which has a high proportion of senior women, meant higher than average number of female leavers. We hope that the interventions we have implemented will continue to move the gender mix back to a positive manner in 2017. This will bring us back on target.

- Target: We will create diverse shortlists when recruiting

At least one woman is on every shortlist for roles at grade 5+ (LGIM grade 4+). This is now in place with our recruitment teams and suppliers. Information on employee grades can be found in the [data centre](#).

- Target: Divisional action plans will be in place for each business with gender diversity targets aimed at improving the female talent pipeline.

We encourage career sponsorship and mentoring for female talent. We have over 20 women receiving sponsorship from the leadership team. Our maternity

coaching programme supports our female talent to manage the transition from professional to parent and back into the work environment.

- Target: Roll out unconscious bias training to all employees across the group in 2016.

We have rolled this out across the group.

- Target: Improve our diversity index from 78% to 85% across the group in 2016.

Diversity index scores measured by the employee survey increased from 78% to 81% in 2016. We will be working harder this year to achieve the 85% target.

## Additional achievements

We also achieved a number of standards and joined a number of networks in 2016 to improve the diversity of our workforce.

- We achieved a BITC Gold Award in January 2016 for Gender
- We are an early signatory to the **Women in Finance Charter**. Setting gender diversity targets has ensured we remain focused, not just on board diversity but also on the diversity of our leadership teams and the pipeline of female talent within our organisation.
- We have achieved a 30% gender diversity at the senior executive level, in line with the **Hampton Alexander Review**
- We are members of both the Advisory and Steering groups of the Diversity Project – an initiative led by **Helena Morrissey** to increase diversity of all kinds in the asset and investment management industry.

## ► Vulnerable customers



### TARGET

### STATUS

Deliver an e-learning package for all Legal & General employees to understand their role in dealing with vulnerable customers in 2016

✓ **completed**

Deliver a 'critical friend' review of at least one product and process a month to improve our work with vulnerable customers by the end of 2016

🔄 **ongoing**

## The needs of vulnerable customers

As part of our commitment to doing business better we move forward with understanding customer vulnerabilities and supporting our people to better serve and support our customers.

Our research shows **25% of contacts** with our customers contain some form of vulnerability. We are ultimately judged by our customers on our ability to deal with the obvious and hidden or emerging vulnerabilities affecting their lives.

### E-Learning – Ruth's story

We have developed and delivered an e-learning, that has been completed by **88.6 %** of our people. With our design partners BYG, this was short-listed for 'Excellence in the Design of Learning Content' at the Learning Technologies Awards

We successfully build on our on-line toolkit to support employees and for team managers to embed the learning, this includes how to successfully implement your business areas strategy.

## Supporting employees with focused training.

A unique process for us is to partner with the charities to deliver training focused around the vulnerability their service user's face.

- Our Debt recovery team have worked with **Stepchange** with customers dealing with financial difficulties.
- Our Life Claims team have been working with **Marie Curie** on terminal illness and caring.
- Our Group Protection team and other relevant business areas are all involved with our "Time to Change" pledge on mental health issues.
- Our mature saving business, retirements and

claims have been working with **Silverline** for customers dealing with loneliness and isolation in older people.

- Over 200 employees attended the dementia friend's awareness sessions and became '**Dementia Friends**'.

In November 2016, we saw the Macmillian Horizon Centre open in Brighton, Mature Savings raised £33,000 to help build this non-medical support Centre for people diagnosed with cancer across East and West Sussex.

## Critical friends helping us with our processes

In 2016 we committed to get 'critical friends' to review of at least one product and process a month to improve our work with vulnerable customers. We have used a number of critical friends to help bring in challenges and ideas for serving these markets including The Age of No Retirement, Intergenerational Foundation, UK Active, Alzheimer's Research UK, Shelter, a number of Credit Unions and the Elderly Accommodation Counsel to name but a few. Our approach in 2016 has been to use this feedback to refine our existing products rather than bring out new ones.

We are particularly proud of workshops such as:

- **Saving/investments** – West Sussex Credit Union (now BOOM) / Step Change
- Age of No Retirement (AONR) – conscious and **unconscious age bias** in marketing our products
- **Social media** – Shelter, Elderly Accommodation Counsel

### Some thoughts from our 'critical friends':



**"The definition of "vulnerable" can be as simple as "I haven't been here before" or that someone is facing an unfamiliar situation. Ultimately, it's difficult to tell if people have vulnerabilities – particular via online channels – so all responses have to be robust."**

**John Galvin - Chief Executive – Elderly Accommodation Counsel**



**"We recognise that the way that we present information has got to change: people don't want to and often can't wade through pages with 2000 words on anymore. We have decided offering choice is the best approach.....give customers different ways to interact and don't force them down one particular channel."**

**Stuart Moore - Head of telephone and online advice services – Shelter**

## Market Inclusion

As a financial services business we are there to provide safety nets for the countries and populations which we serve. This currently covers the US, UK and through our joint venture in India.

We are increasingly seeing governments and shareholders asking us to play a stronger role in the provision of these safety nets to harder to reach parts of the population. We continue to track and act upon the market inclusion data in these markets, work with thought leaders typically from the not for profit sector to shape our views and deliver products and services that include more people.

### UK Market Inclusion

Since our last report on market inclusion we have had a number of changes to our business which has changed the shape of the products we offer the UK Population. For example we sold Cofunds, Suffolk Life and Legal & General International Ireland which tended to be businesses that provided financial services for higher net worth clients.

We have new business lines actively solving some of the UK's issues around health, housing and an ageing population including Legal & General Home Finance (Equity release mortgages) and Legal & General Homes (providing modular housing).

In 2016 we have taken the opportunity to relook at the segmentation of the UK population and contrasted it with how well our products provide financial safety nets serve people.

The harder to reach segments 'Struggling young families' and 'low income older couples' are a concern for us. We either do not have a suite of products to serve their needs or they are not in the market for any finance products. We are currently working with our marketing teams to challenge our distribution, product and services strategy with these groups.

**You can see our market inclusion data for 2016 here**

In the US business we are still to develop a market inclusion model but expect to see a similar analysis by the end of 2017.

From a UK government policy perspective we have been working with the **Financial Inclusion Commission** to see how we can better serve the increasing population looking to travel through cancer treatment and continue to work with UK government to bring family resilience products into the market through employer payroll to help families in work financially deal better with redundancy, illness and disability.

### Market Inclusion in India

Our joint venture business India First Life has made amazing progress at bringing traditionally under or non-insured events for rural communities into a situation where financial safety nets now exist for millions of people.

Even as financial awareness gradually takes on a more important position among the Indian urban population, much is to be achieved in terms of shifting the attitude of bulk of the population residing in the country's rural pockets.

For insurance to reach the masses, India needs a financial inclusion model that is fair, transparent, cost-effective, regulated, and one that leverages existing banking and government infrastructure.

## Where next?

Our segmentation work will continue to drive the need to innovate distribution and product design in our business. We are particularly focussed upon how we can innovate products and services to improve how people become more resilient to mental health problems.

We are looking to deliver this level of analysis for our US life Insurance Business to understand our market inclusion agenda as it grows.

There are also increasing opportunities to learn from our IndiaFirst business paying particular attention to the simplification of products and how those could be provided in UK and US markets.

## ► Community involvement



### TARGET

### STATUS

Deliver a financial education programme which provides 200 UK teachers a year with the ability to run their own financial education programme in 2016



Deliver community investment programmes around our major locations in the UK and US that get as many employees as possible involved with their money and time



Deliver a social investment fund in Wales to stimulate new forms of finance and jobs for social enterprises in 2016 and 2017



It's always been in our culture to work with the local communities around our offices. This is integral to being a responsible business and it creates value for our communities and for us.

We support our employees to help them give something back to society, by letting them volunteer during working hours. Volunteering enables our people to experience so many diverse opportunities that are available. Our research shows that volunteering improves confidence, health and engagement. For many years we've linked this to our behaviours, helping employees identify how volunteering can be a part of their overall development.

## Our community programmes

Our community programmes focus on four key areas:

1. Education
2. Social Enterprises
3. Encouraging our employees to fundraise and become active in their communities.
4. Trustees

### Our commitment to education

Education has been an important part of our involvement in our local communities. We encourage each of our locations to partner a local school, co-ordinating volunteering activities and bringing in interventions to address important issues for them.

Such activities can include:

- Facilitated workshops
- Inspirational speakers
- Acting as school governors and trustees with grants available
- Acting as role models to students through our mentoring programmes
- Supporting students with their literacy and numeracy. Giving students an insight into the world of work and business, through activities such as CV/interview training, office visits and work placements

Our long term commitment to financial education focussed around getting 14 – 16 year olds ready for the world of work. We have reached over 4,000 young people. Working with 'EdComms', we have moved to focus our work on providing financial education for teachers as well as pupils.

The current programme has involved over 200 teachers from across UK with a common responsibility for integrating financial education into their schools. We see financial education as an important contribution to prepare the next generation for the challenges of adulthood.

#### **Our commitment to social enterprises**

We welcomed a further six social enterprises, benefiting from our Social Enterprise assist funding and mentoring programme. Our social investment initiative provides essential support to build sustainable local social enterprise infrastructure.

The Welsh Fund was launched in January 2016, in partnership with the Welsh Government, Wales Co-operative Centre, Business in the Community Wales and the Institute of Directors Wales.

With a record number of applications from across Wales we were delighted to see a broad range of businesses and sectors represented.

#### **Our commitment to fundraising.**

We have a long history of supporting charities and good causes. Finding new and innovative ways employees can support communities and charities close to their hearts.

#### **Matched giving programme**

Our matching programme allows employees to boost their fundraising by claiming company matching. They have the opportunity to turn their volunteering time into cash for their charities or community groups. We see this as an important part of supporting communities. We don't have a charity of the year, we encourage our locations and business units to support a wide range of charities rather than a few.

In 2016 over 900 people applied for matching contributing. We contributed over £365,000 to more than 500 UK charities, voluntary organisations and community groups.

#### **Helping small charities grow**

During small charities week, employees had the opportunity to claim £100 for a small charity of their choice, close to their heart and community. £12,700 was given to 127 small charities and local community groups.

#### **Chairman's awards**

Our new chairman, Sir John Kingman hosted his first community awards attended by all the group board. Because so many of our employees give their own time and skills in the communities around them, this is a chance for all the finalists to be recognised by the Chairman and Board highlighting small acts of kindness to dedicated courage to make a difference.

Over 100 employees were nominated for their community work with a chance to win £1,000 for their charity. Employees, friends and family are given the chance to vote for over 30 finalists. Winners this year included 'home from hospital volunteers', 'Glamorgan Hospital radio service' and 'Birmingham support group for the homeless'.

#### **Payroll giving (Give As You Earn)**

Payroll Giving is a simple flexible scheme to donate to charity on a regular basis, direct from pre-tax salaries, operated by Charities Aid Foundation (CAF). Our participation rate remains strong with over 10% of our staff contributing over £700,000 each year.

### **Our Commitment to charities through trustee appointments**

First launched in 2014, the SMART (Senior Managers recruited as Trustees) programme with Careers Volunteers, connects our talented senior managers with charities and organisations.

Sponsored by our Chairman, this programme is a fresh approach to leadership development, enabling senior talent to gain new skills and experience through serving on a charity board and at the same time contribute to society.



**We want to understand issues better. If we can do that we can problem solve better. It's research and development in its purest form."**

**Graham Precey**

## ▶ Public affairs



### How we work with Government.

When approaching public policy work, we have a set of principles by which we engage government and policy makers.

We believe people should know what we do and what we stand for.

Our public policy principles:-

1. We make no political donations.
2. We are politically neutral, working with all parties, officials, regulators and other policy organisations in the jurisdictions we operate in.
3. We work collaboratively both directly and through a range of industry representative bodies.
4. We aim to deliver evidence-based, practical proposals for consideration by policy-makers.
5. We aim to be experts and thought-leaders: we are an organisation rich in expertise that we're willing to share with those responsible for formulating public policy.
6. We are focused on delivering positive outcomes for customers, shareholders, investment markets, the broader economy and society.

### 2016 highlights on delivering public policy

We continue to comment on issues such as:

- supporting jobs and growth through urban regeneration
- changes to the pensions and 'at retirement' market
- financial regulation – both conduct and prudential
- corporate governance
- risk sharing

### Our engagement with government

As part of our dialogue, in 2016, we responded to over **60** Government and regulatory consultations, as well as shaping responses from trade and industry bodies.

**Our main areas of discussion with Government in 2016 have included:**

- **Financial regulation – UK and EU**  
Reforms to both prudential and conduct regulation, for example Solvency II and the FCA's Financial Advice Market Review (FAMR)
- **Urban regeneration**  
Engaging with EU, UK national and regional government on direct investment into infrastructure and housing.
- **Risk sharing**  
Discussion with UK government to improve financial resilience
- **Political background**  
Keeping a close watch on the impact of political change

# ▶ Transparency



TARGET

STATUS

Work with Responsible 100 to have at least six critical friend reviews with NGOs on material policies for the Group to check they are fit for purpose by the end of 2016

completed

Work with Open Corporates to improve our company structure disclosure to stay ahead of beneficial ownership transparency by the end of 2017

ongoing

Deliver the first local sustainability report for India First and LGIM / LGA by the end of 2017

ongoing

Launch the new and more inclusive ‘speak up and speak out’ line working with the Institute of Business Ethics by the end of 2016

ongoing

Disclose our position on ‘Modern Slavery’ as a group working with key external NGOs to guide us

completed

Our reputation to be open, fair, honest and a lawful business activity is one of our greatest assets. We are committed to maintaining the highest standards of ethics and we do not tolerate any form of fraud or dishonesty. Our policies and procedures, including those for whistleblowing, anti-bribery and corruption and information security, provide specific reference to detailed control procedures to minimise specific threats and aspects of fraud.

As a company we have developed a culture of transparency within our business. There are a number of initiatives and opportunities we have worked on during 2016.

## Opinions on key issues

We believe the issues that matter focus around housing, health, energy, responsible investments, how we run our business, community development

and an ageing population. These are areas we continue to campaign on and work with stakeholders to understand and improve our future. We do this in a number of different ways.

1. Our CEO's blog provides insight the parts we play in improving the economy, society and the environment.
2. We invite our stakeholders who we work alongside to help us solve some of these opportunities.
3. Inviting experts to scrutinise our business through [www.responsible100.co.uk](http://www.responsible100.co.uk).
4. Our critical friends meet with our business divisions to 'critique' the services and products we offer.

This shows our stakeholders how we embrace transparency and channel new ways of thinking.

## Working with Responsible 100 Network.

We continue to work with Non-government organisations and not for profit partners to critique the services and products that we offer customers. In 2016 we committed to work with the Responsible 100 network to have at least six critical friend reviews with NGOs on material policies for the Group to check they are fit for purpose. We have delivered eleven of these resulting in scrutiny by over 200 experts through these forums to see if we are fit for purpose in the following areas:

### Reporting cycles

Board Effectiveness

Whistleblowing

Employees who are careers

### Cyber Security

Tax Policy

Modern Slavery

Water Use

### Measuring Culture

Transition to a low carbon economy

Circular economy

In 2017 the [Group Corporate Responsibility and Ethics Committee](#) have identified a further 21 areas of our business needing to be tested during the year.

## Stakeholder Feedback on Material Issues.

We had meetings in our offices with shareholders groups to understand their view on our Environment, Social and Governance (ESG) performance.

The feedback shows our Customer Privacy statement and our big data usage policies to be weak in the public domain. This affected our rating with [MCSI](#) who moved us from AAA to AA on our ESG performance.

We have since reinforced these statements with involvement from Compliance, IT, Legal and our Data Security team. The new wording shows:

Cyber security risk is a major issue today. In Legal & General we take the risk very seriously and are responding by continuing our programme of strengthening and developing countermeasures across all parts of the group and investing in our cyber-response capability also.

Effective governance of security is vital; we have established an executive-level group for cyber-security that has representation of all business divisions and with expert cyber-security input. The group has accountability for setting policy, reviewing security investments and endorsing the overall security strategy. In 2016, L&G appointed our first Chief Information Security Officer, with responsibility for Information and IT Security Oversight and Governance across the group. This is a critical role for Legal & General in light of our increased adoption of digital technologies and also the increased sophistication of cybercrime.

We have an approved set of security policies and standards that are applicable across the group. Implementation of the policies is done within the business divisions, and is overseen by 2nd line security function, in accordance with the operational risk model.

We recognise that effective defence against cyber-attack requires a comprehensive approach that covers people, process and technology. We help our people understand their responsibilities through regular awareness and training, we implement and revise processes to ensure the effective execution of policy in our environment, and we deploy start-of-the-art technologies to protect our assets.

Today with the complexity of cyber-security, we also recognise the importance of being able to react effectively to situations. Therefore our emphasis is not only to protect the organisation, but also on our ability to detect and anticipate events, and to establish a joined-up response capability to manage situations, small and large.

We liaise with other cyber-security contacts across the industry, with agencies, the National Cyber-Security Centre, the regulator and other key contacts to share knowledge, current thinking, good practices strategies and necessary for keeping ahead of the game.

## Connecting customer to our investments

In 2016 we committed to provide our 10 million retail customers with a way of understanding how doing business with Legal & General funds UK Infrastructure. Our Investment map was made available to our 1 million 'My Account' customers as part of their online log in experience so that they can see what we have invested in on their behalf and close to their homes.

We are one of the first in our sector to deliver this level of transparency to our customers

## New policies developed or revised during 2016

A number of new policy areas have been developed during 2015 across the Group including

- A revised inducement policy
- A revised Whistleblowing policy
- A new gone away customer Policy – Launch 2017
- An unclaimed assets Policy - Launch 2017
- Speak out and Speak up service – Launch 2017

## Looking ahead

The Group Corporate Responsibility and Ethics Committee reviewed areas of feedback from stakeholders and have tied these into our targets for 2017 as material issues for us to address.

# About the report

## In this section...

- 49 About the report
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## ABOUT THE REPORT

This report complements our Annual Report and Accounts for 2016. It provides commentary, disclosures and data on how we achieve our financial success while taking economic, social and environmental factors into account.

## ▶ About the report



We've written our sustainability report primarily for institutional investors, customers, non-governmental organisations (NGOs), government researchers, employees and others with a particular professional interest in our approach to sustainability.

This report complements our Annual Report and Accounts for 2016. It provides additional commentary on how we achieve our financial success by while taking economic, social and environmental factors into account.

### Reporting standards

This year, we reviewed our stakeholder feedback for the group from a wide variety of stakeholders. This report is in accordance with the requirements of the Global Reporting Initiative (GRI) and contains Standard Disclosures for Core level from the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) (launched in November 2016).

The report covers disclosure from all of the Legal & General Group businesses in the United Kingdom and United States, with selective disclosure on joint venture in India. During 2016 we sold businesses in France and the Netherlands and in the UK sold Cofunds and Suffolk Life.

### What we report

Every year we identify priority issues by talking to our key stakeholders directly, inviting them to come and share their concerns. We assess them against our strategy, purpose and values. Specifically, we assess feedback and queries globally from our customers, employees, shareholders, regulators and NGOs, as well as media commentary. We gather insight from and engage with major investors, through investor road shows and by contributing to various indices and surveys. Our campaigns are a result of how we use the skills and experience to shape new products and understand our customers' needs for the future.

This is our 12th Corporate Responsibility Report. In 2005, we published our first full Corporate Responsibility Report detailing our performance and targets to our critical stakeholders and have since done so every year. This is a continuation of the 2015 CSR report which you can find in our archive.

We haven't restated any data or information. We've increased the scope of the amount of reporting based upon stakeholder feedback in specific areas. Figures quoted on carbon, community investment, employee numbers, customer numbers, investments and financials (tax, assets under management, investments) are shown in our annual report and independently verified.

All other data is collected through our own internal systems which are internally and externally managed. Our internal audit will review these systems throughout the year. All facts and figures stated are from our own publications or public research available.

## Timeframe

This sustainability report covers the financial year from January to December 2016 (unless otherwise noted). In some cases, information for early 2017 is also included to give an up-to-date picture. Facts and figures refer to Legal & General Group Plc unless indicated otherwise.

## Feedback

We welcome feedback and questions from readers. Please direct them to:

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## ► GRI index



### GRI Standards

In developing this report, we followed the Standard Disclosures from the three universal standards of the GRI (GRI Standards) (launched in November 2016). Details of the GRI Standards can be found at [www.globalreporting.org/standards](http://www.globalreporting.org/standards).

### GRI 102: General Disclosures

GRI Standard	Information	Page number or link
102-1	Name of the Organisation	<a href="#">About the report</a>
102-2	Activities, brands, products, and services	<a href="#">About us</a> <a href="#">Annual Report – What make us different</a> <a href="#">Annual Report – Balance sheet information</a>
102-3	Location of headquarters	Our registered office <a href="#">Annual Report – Shareholder information</a>
102-4	Location of operations	Main locations: London, Hove, Cardiff, Birmingham, Chicago and Maryland <a href="#">Annual Report – Shareholder information</a>
102-5	Ownership and legal form	<a href="#">About us</a>
102-6	Markets served	<a href="#">About us</a>
102-7	Scale of the organisation	<a href="#">Employees data centre</a> <a href="#">Annual report – Consolidated Income Statement</a> <a href="#">Annual report – Consolidated statement of changes of equity</a>
102-8	Information on employees and other workers	<a href="#">Employee data</a>
102-9	Supply chain	<a href="#">Improving our workforce and culture</a> <a href="#">Supply chain data centre</a>

GRI Standard	Information	Page number or link
102-10	Significant changes to the organization and its supply chain	<a href="#">Supply chain data centre</a>
102-11	Precautionary Principle or approach	<a href="#">Our energy campaign</a>
102-12	External initiatives	United Nations Global Compact (UNGC)
102-13	Membership of associations	<a href="#">Website – awards and accolades</a>

GRI Standard	Information	Page number or link
102-14	Statement from senior decision-maker	<a href="#">Group CEO's statement</a>

GRI Standard	Information	Page number or link
102-16	Values, principles, standards, and norms of behaviour	<a href="#">Website – Ethics Principles</a>

GRI Standard	Information	Page number or link
102-18	Governance structure	<a href="#">Annual Report – Governance report</a> <a href="#">Website – Governance and policies</a>

GRI Standard	Information	Page number or link
102-40	List of stakeholder groups	<a href="#">Materiality</a>
102-41	Collective bargaining agreements	<a href="#">Employee data</a>
102-42	Identifying and selecting stakeholders	<a href="#">Materiality</a>
102-43	Approach to stakeholder engagement	<a href="#">Materiality</a>
102-44	Key topics and concerns raised	<a href="#">Materiality</a>

GRI Standard	Information	Page number or link
102-45	Entities included in the consolidated financial statements	<a href="#">Annual Report – Financial Statements</a>
102-46	Defining report content and topic Boundaries	<a href="#">Materiality</a>

GRI Standard	Information	Page number or link
102-47	List of material topics	<a href="#">Materiality</a>
102-48	Restatements of information	<a href="#">About the report</a>
102-49	Changes in reporting	<a href="#">About the report</a>
102-50	Reporting period	<a href="#">About the report</a>
102-51	Date of most recent report	<a href="#">About the report</a>
102-52	Reporting cycle	<a href="#">About the report</a>
102-53	Contact point for questions regarding the report	<a href="#">About the report</a>
102-54	Claims of reporting in accordance with the GRI Standards	<a href="#">GRI Index</a>
102-55	GRI content index	<a href="#">GRI Index</a>
102-56	External assurance	<a href="#">External assurance</a>

## Material Issue

GRI Standard	Information	Page number or link
<b>Economic performance</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Annual report 179 - 183</a>
201-1	Direct economic value generated and distributed	<a href="#">Annual report</a>
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Environmental data</a>
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Annual report 179 - 183</a>
201-4	Financial assistance received from government	No financial assistance has been received from the government
<b>Procurement practices</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Supplier data</a>
204-1	Proportion of spending on local suppliers	<a href="#">Supplier data</a>

GRI Standard	Information	Page number or link
<b>Anti corruption</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Transparency</a>
205-1	Operations assessed for risk related to corruption	100% of operations are assessed. No significant risks were identified.
205-2	Communication and training about anti-corruption policies and procedures	Training is by Computer Based Training package and internal communications.
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption with employees and business partners. There were no public legal cases regarding corruption brought against us or our employees during the reporting periods.

GRI Standard	Information	Page number or link
<b>Energy</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Sustainably delivering growth for the future</a> <a href="#">Our energy campaign</a> <a href="#">Environmental data</a>
302-1	Energy consumption within the organisation	<a href="#">Our energy campaign</a> <a href="#">Environmental data</a>
302-2	Energy consumption outside the organisation	<a href="#">Sustainably delivering growth for the future</a> <a href="#">Our energy campaign</a> <a href="#">Environmental data</a>
302-3	Energy intensity	<a href="#">Environmental data</a>
302-4	Reduction of energy consumption	<a href="#">Environmental data</a>
302-5	Reductions in energy requirements of products and services	<a href="#">Environmental data</a>
<b>Emissions</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Our energy campaign</a> <a href="#">Environmental data</a>

GRI Standard	Information	Page number or link
305-1	Direct (Scope1) GHG emissions	<a href="#">Environmental data</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmental data</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Environmental data</a>
305-4	GHG emissions intensity	<a href="#">Environmental data</a>

#### Effluents and waste

103-1, 103-2, 103-3	Management approach	<a href="#">Environmental data</a>
306-2	Waste by type and disposal method	The total waste by type and by disposal method is currently under review. We disclose the total amount of waste. <a href="#">Environmental data</a>

#### Environmental Compliance

103-1, 103-2, 103-3	Management approach	<a href="#">Environmental data</a>
307-1	non-compliance with environmental laws and regulations	There were no fines or non-monetary sanctions for non-compliance recorded in 2016.

GRI Standard	Information	Page number or link
<b>401: Employment</b>		
103-1, 103-2, 103-3	Management approach	<a href="#">Improving our workforce and culture</a>
401-1	New employee hires and employee turnover	<a href="#">Employee data</a>
401-3	Parental leave	<a href="#">Employee data</a>

GRI Standard	Information	Page number or link
<b>403: Occupational health and safety</b>		
103-1, 103-2, 103-3	Management approach	
403-1	Workers representation in formal joint management - worker health and safety committees	Each location has their own Health and Safety committee formed of employees, unite and facilities management. The chair of each committee reports to the Group Health & Safety committee.
		<a href="#">Website – Governance and policies</a>
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	
		<a href="#">Employee data</a>
<b>404: Training and Education</b>		
103-1, 103-2, 103-3	Management approach	
404-2	Programs for upgrading employee skills and transition assistance programs	
		<a href="#">Improving our workforce and culture</a>
404-3	Percentage of employees receiving regular performance and career development reviews	100% of employees received an end of year performance review and throughout the year, regular development reviews.
<b>405: Diversity and equal opportunity</b>		
103-1, 103-2, 103-3	Management approach	
		<a href="#">Diversity and inclusion</a>
405-1	Diversity of governance bodies and employees	Our Annual report details the diversity of our Board.
		<a href="#">Employee data</a>
405-2	Ratio of basic salary and remuneration of women to men	
		<a href="#">Employee data</a>
<b>413: Local communities</b>		
103-1, 103-2, 103-3	Management approach	
		<a href="#">Community involvement</a>

GRI Standard	Information		Page number or link
413-1	Operations with local community engagement, impact assessments, and development programs		<a href="#">Community involvement</a>
<b>415: Public Policy</b>			
103-1, 103-2, 103-3	Management approach		<a href="#">Public affairs</a>
415-1	Political contributions		<a href="#">Public affairs</a>
<b>418: Customer Privacy</b>			
103-1, 103-2, 103-3	Management approach		<a href="#">Transparency</a>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no material breaches or losses of customer data during the reporting period	

## ► External assurance



We do not currently externally assure our sustainability report. However the following data disclosures are part of the Annual Report and Accounts assurance process:

- Carbon
- Community Investment
- Employee numbers
- Customer numbers
- Investments numbers
- Financials i.e Tax, Assets under Management, Investments

All other data is collected through our own internal systems which are internally and externally managed. Our internal audit will review these systems throughout the year.

This report contains Standard Disclosures for Core level from the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) (launched in November 2016).

April 2017

# Data centre

## In this section...

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## OUR PERFORMANCE

We appreciate that our stakeholders want to have a look at our long term data on our performance and underlying numbers.

## ➤ Tax data



We aim for our tax affairs to be sustainable, well-governed and transparent. We have a responsibility to deliver value for our shareholders and we recognise that paying taxes arising from our activities is an important part of how our businesses contribute to the societies in which they operate.

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com).

### Tax strategy and approach

Our tax strategy supports our group strategy and the way we do business. It is clear about what we will and will not do. Our tax strategy is regularly approved by our **Audit Committee**, with day-to-day responsibility for meeting the objectives of our tax strategy resting with our group's **Chief Financial Officer** and **Chief Tax Officer**.

We will:

- Meet all legal requirements, making all appropriate tax returns and tax payments accurately and on time
- Always consider the group's reputation, brand and corporate and social responsibilities when considering tax
- Consider tax as part of every major business decision
- Not undertake transactions whose sole purpose is to create a tax benefit which is in excess of what is reasonably understood to be intended by relevant tax legislation, or which are outside of the group's risk appetite, or are not in line with our Group Code of Ethics
- Work with HMRC and other relevant tax authorities co-operatively, collaboratively and on a real time basis
- Operate appropriate tax risk governance processes, including Board oversight
- Contribute to the development of UK and international tax policy and legislation where appropriate

More information on our group tax strategy and how we manage our Group's tax affairs in line with this strategy is available on the Group Tax supplement to our Annual Report and Accounts

### Tax transparency

Tax is an important and integral part of our business and we are committed to being transparent on tax.

We recognise that our stakeholders on 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.

In addition to the disclosures we are required to make under tax, accounting or regulatory rules we voluntarily disclose additional information which we consider is useful for our stakeholders to better understand our tax affairs. This includes:

- Country by country analyses of our total tax contribution and profits before tax (within this document)
- An annual reconciliation from our corporate income tax charge to our corporate tax paid (within the strategic report to our Annual Report and Accounts)
- Information on our tax strategy, in addition to that required by new legislation (within our Group Tax supplement to our Annual Report and Accounts)

We have an open, cooperative and collaborative working relationship with HMRC.

Societal, governmental and consumer expectations for large companies on tax responsibility and transparency change over time.

- We engage with a range of NGOs to discuss their concerns about responsible and transparent tax practices of large companies. For example we participate in round table sessions organised by Responsible 100 on tax transparency. These discussions, involving a wide range of participants with differing perspectives on corporates' tax affairs, provide a 'critical friend' view of how transparent we are on tax.
- We participate in tax authority consultations on proposed changes to tax legislation.

Our businesses offer products for which the tax outcome for our customers, as intended by government policy, is an integral feature; for example our retirement business' annuities from which PAYE may be collected from payments or our investment management business' tax free ISA products. In addition to meeting all regulatory and legislative obligations in respect of tax throughout the lifecycle of our products we aim to provide clear and helpful information to our customers on tax, including:

- tax 'need to know' sections on our website;
- before tax and after tax versions of our retirement income calculator;
- our Tax Facts app (which is packed with useful information, including key dates, tax tips, and calculators).

In our position as a significant investor we continue to talk to companies about their tax policy and management as part of our overall environmental, social and governance engagement. We fully support and have participated in the Principles for Responsible Investment's investor taskforce to produce guidance for investors' engagements on corporate tax responsibility.

More information on our tax is available at:

- [2016 reports and accounts; tax matters](#)
- [2016 group tax supplement](#)
- The Group Tax page on Investors section of our group website

## 2016 total tax contributions

Our tax contribution to society involves more than just corporate income taxes on profits but also employer taxes, irrecoverable VAT and property taxes borne by the group.

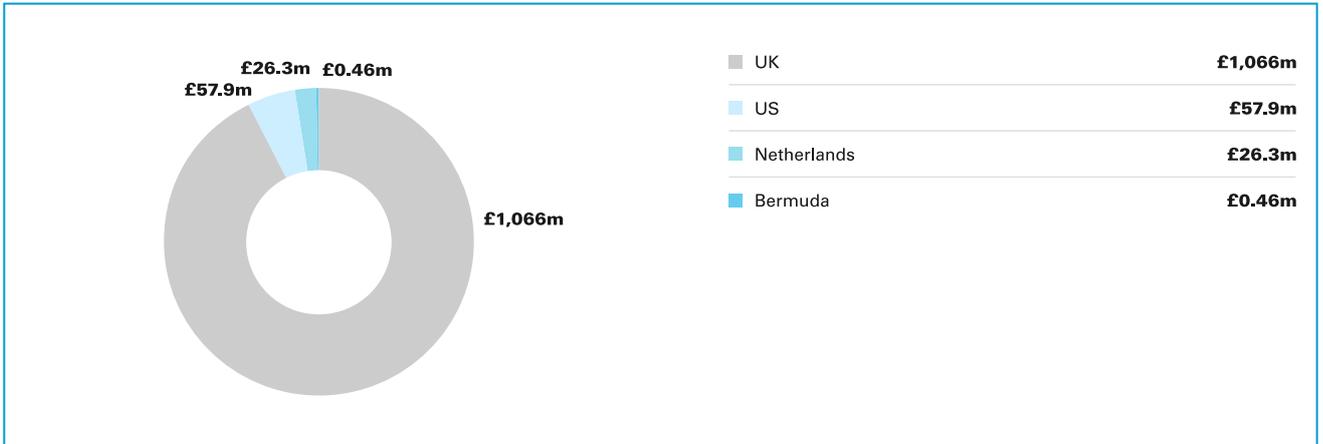
Taxes borne are all taxes levied on us, which are our cost and will affect our profit. Taxes borne may be included in the tax charge on our income statement (e.g. corporate income tax, irrecoverable withholding tax on investment income) or may be operating costs, included within our profit before tax but not separately referred to in our accounts (e.g. employer's national insurance contributions, business rates and irrecoverable VAT). Taxes borne are our direct contribution to tax revenues.

We also collect taxes on behalf of employees and customers and pay them over to tax authorities. Taxes we collect and pay include employee taxes deducted through payroll, policyholder taxes and insurance premium taxes charged to customers. The taxes we collect and pay arising from our business activity is an indirect contribution to tax revenues.

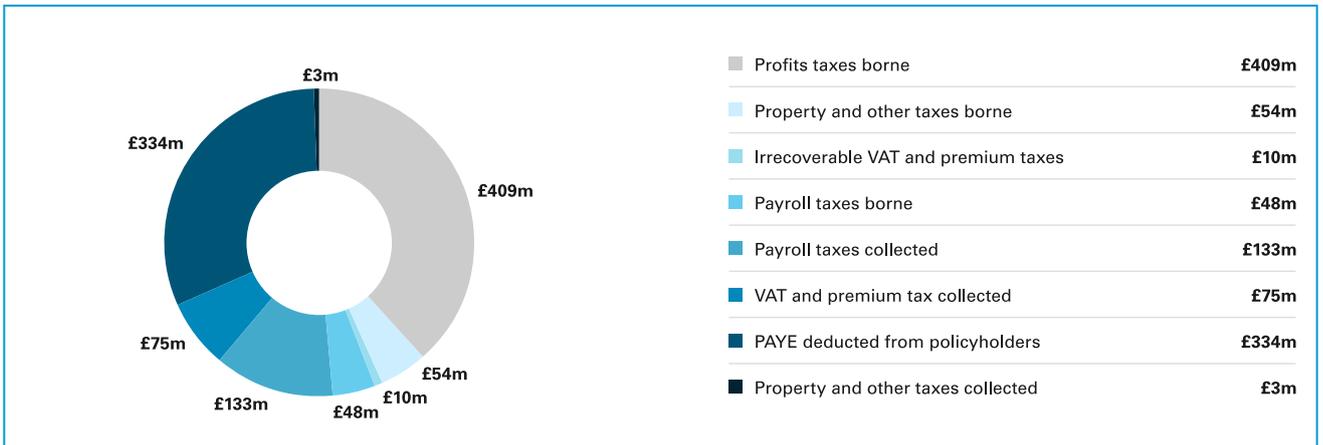
Our **total tax contribution** which includes taxes borne and collected for 2016 was **£1,151 million** (2015: **£947 million**). The majority of our taxes borne and collected arise in our UK businesses. For 2016 this totalled **£1,066 million** (2015: **£813 million**).

The tables and charts below detail the taxes borne and collected paid in 2016 analysed by the country of the paying business and by the type of tax borne or collected. The charts also show our profit before tax analysed by UK and overseas as well as the overseas profit before tax split by territory.

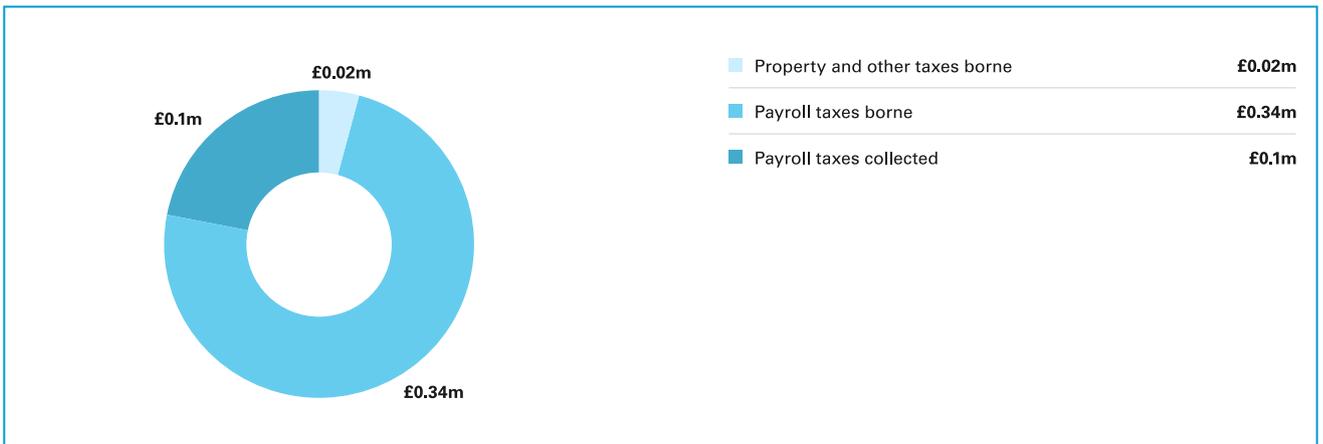
### 2016 total taxes borne and collected



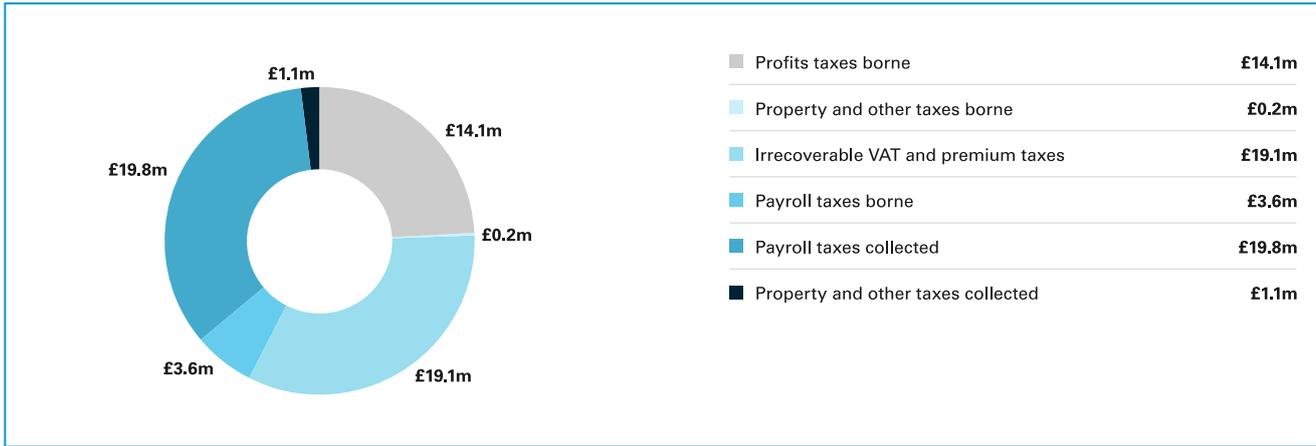
### UK taxes borne and collected



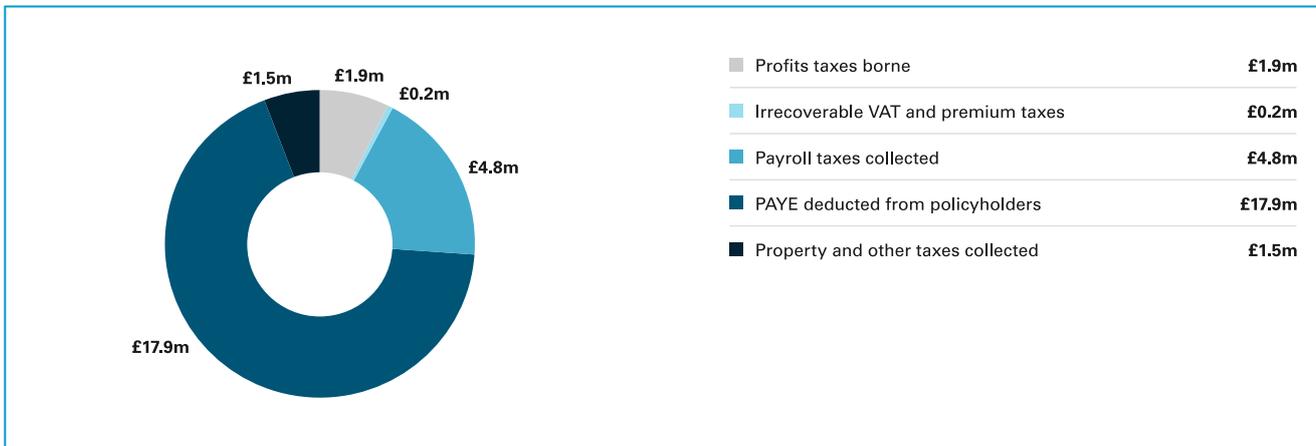
### Bermuda taxes borne and collected



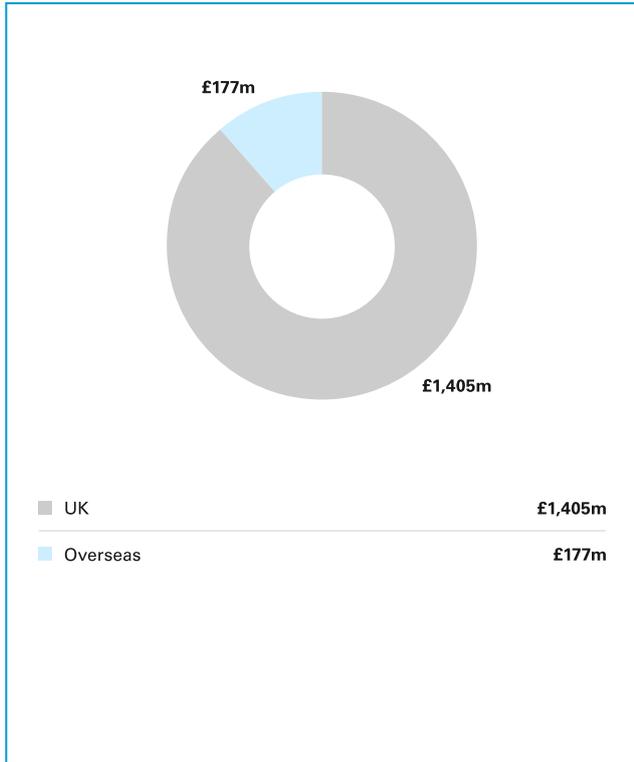
### US taxes borne and collected



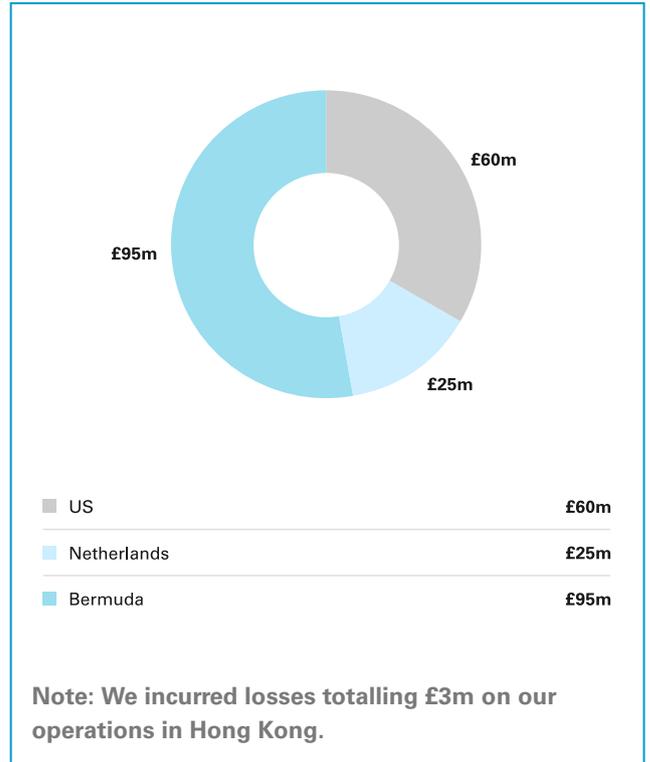
### Netherlands taxes borne and collected



### Profits before tax: UK and Overseas



### Overseas profits before tax split by country



## ▶ Product and customer data



Our retail businesses are responsible for providing an increasing number of safety nets to millions of people in their time of need. It's important to us that we show over time how well we deliver these responsibilities to our customers and how many customers' lives changed because of what we deliver in a typical year.

Our products and services are reviewed by our Group Compliance team through the Product Lifecycle Management (PLM) framework.

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com).

### Number of retail customers

Quantity	2012	2013	2014	2015	2016
Number of UK customers	7,190,925	7,923,467	8,328,900	8,464,847	8,807,327
Number of UK policies	8,109,422	8,849,465	9,273,882	9,363,961	9,660,486

\* Previous data included our business in France. We sold this business in Q2 2015.

Number of Customers	31.12.2014	31.12.2015	31.12.2016
Banner Life Insurance	936,640	975,617	999,978
William Penn Life Ins	158,564	162,734	165,612
LGA Consolidated	1,095,204	1,138,351	1,165,590

Number of Policies	31.12.2014	31.12.2015	31.12.2016
Banner Life Insurance	976,980	1,031,349	1,062,848
William Penn Life Ins	172,757	176,749	179,327
LGA Consolidated	1,149,737	1,208,098	1,242,175

Number of Customer Complaints	31.12.2014	31.12.2015	31.12.2016
Banner Life Insurance	66	64	61
William Penn Life Ins	23	22	21
LGA Consolidated	89	86	82

We take complaints very seriously. Customer feedback helps us understand where things have gone wrong, and gives us the opportunity to put them right. It also helps us to understand where we need to improve our products and services. To make sure that we continuously improve the products and services we offer, we monitor complaint trends, review these and act on them.

This sections covers complaints received in the business related to UK individual life products. For more information you can visit our [complaints website](#).

From 30 June 2016 the rule changed so that all complaints become reportable. Previously complaints needed to be reported if they were not resolved within one business day.

Complaint numbers for the Non Savings products		
Total of all non savings complaints received in 2016		26,569
Total of all reportable non savings complaints received in 2016		12,663
Total of all non reportable non savings complaints received in 2016		13,906

		H1 2016	H2 2016	Full Year
Reportable (Final Response & SRC*)		3,850	8,813	12,663
Non reportable	Non Material	10,060	3,689	13,749
	Non Regulated		157	157
Total		13,910	12,659	26,569

\* Summary Resolution Closures (SRC) wef 1 July 2016

This section covers complaints which have an investment element.

Complaint numbers for the Savings products		
Total of all savings complaints received in 2016		8,108
Total of all reportable complaints received in 2016		4,592
Total of all non reportable complaints received in 2016		3,516

		H1 2016	H2 2016	Full Year
Reportable (Final Response & SRC*)		2,301	2,291	4,592
Non reportable	Non Material	2,575	552	3,127
	Non Regulated		389	389
Total		4,876	3,232	8,108

\* Summary Resolution Closures (SRC) wef 1 July 2016

## Paying Pensions

	2012	2013	2014	2015	2016
Number of customers being paid directly at end of 2016	653,184	680,870	707,701	700,355	695,888
Total pension payments per annum	£1,333,602,135	£1,410,387,060	£1,466,885,721	£1,574,070,570	£1,661,560,782.49
Average per annum payment per customer	£2,041	£1,831	£2,072	£2,248	£2,387

## Home Finance – Lifetime mortgages

Home Finance – Lifetime mortgages	2015	2016
Total amount we advanced to customers	£201m	£620m
Number of customers	3,550	11,811

## Protecting customers' houses

	2012	2013	2014	2015	2016
Number of in force customer home insurance policies	1.6m	1.8m	1.8m	1.6m	1.6m
Amount in claims that we paid out to customers to restore/replace homes and possessions	£135.7m	£132.6m	£156.6m	£130.4m <sup>1</sup>	£136.7m
Approximate number of customers this has helped <sup>2</sup>	n/a	n/a	n/a	74,000	99,000

1 Data for claims we paid out in 2015 excludes fees.

2 There may be more than one claim per policyholder.

## Critical illness claims

Critical illness	2012	2013	2014	2015*	2016
Percentage of Critical Illness claims paid out to our customers	93.10%	93.60%	93.40%	91.50%	92.56%
The amount of money we paid out to our critically ill customers	£209m	£242m	£245m	£167m	£181m

\* 2015 data excludes Children's critical illness

Critical illness	2012	2013	2014	2015*	2016
Number of claims paid	n/a	n/a	n/a	2,601	2,788
Average age of claimants	n/a	n/a	n/a	46	47
Claims not paid due to misrepresentation	n/a	n/a	n/a	2.30%	2.60%
Claims rejected for not meeting definition	n/a	n/a	n/a	6.20%	4.80%

\* 2015 data excludes Children's critical illness

### Children's critical illness claims paid

Children's Critical illness Claims paid	2012	2013	2014	2015	2016
Percentage of Critical Illness claims paid out to families for children with critical illness	n/a	n/a	n/a	96.40%	94.20%
The amount of money we paid out to families	n/a	n/a	n/a	£1.9m	£1.8m
Amount of claims	n/a	n/a	n/a	106	103
Average age of child claimants	n/a	n/a	n/a	7	7

### Death claims

When customers pass away	2012	2013	2014	2015	2016
The amount we paid out to families when someone has unfortunately passed away with life insurance cover	£274m	£262m	£271m	£277m	£317m
The percentage of claims paid when someone passes away	97.70%	98.20%	98.30%	97.90%	98.60%
Amount of claims	n/a	n/a	n/a	6,856	8,134
Average age of claimants	n/a	n/a	n/a	63	64
Claims not paid due to misrepresentation	n/a	n/a	n/a	1.80%	1.30%
Claims rejected for not meeting definition	n/a	n/a	n/a	0.30%	0.10%

## Terminal illness claims

Terminal illness claims	2015	2016
The amount paid out to our customers and their families.	£94m	£107m
Percentage of claims paid	95.1%	95.7%
Amount of claims	998	1055
Average age of claimants	53	54
Claims not paid due to misrepresentation	0.90%	1.60%
Claims rejected for not meeting definition	4%	2.70%

## Income protection claims

Income protection	2012	2013	2014	2015	2016
Percentage of claims paid to customers who are unable to work because of health issues	91%	92%	94%	95%	94%
Total paid out to supplement incomes while clients are too ill to work	£1.36m	£1.40m	£1.44m	£1.3m	£1.2m
Number of claims paid	n/a	n/a	n/a	403	420
Average age of claimants	n/a	n/a	n/a	41	41

## Providing safety nets

Our group protection provide valuable financial benefits and support to insured employees and can help employers to boost their staff recruitment and retention activity.

We're one of the UK's top three providers with over 85 years' experience and providing cover to over 2.3 million employees. We provided 5,143 cognitive behavioural therapy sessions (i.e. psychological intervention and physiotherapy )to help customers recover and return to work.

The most significant health issued we engage with fall under the following categories:

- 77.7% of all notified GIP claims that returned to work before the end of the deferred period and 82.9% that RTW within the first year of absence;
- 79.4% of mental health claims that returned to work before the end of the deferred period and 85.4% that RTW within the first year of absence;
- 78.3% of musculoskeletal claims that RTW before the end of the deferred period and
- 84.2% that RTW within the first year of absence, and
- 33.0% of cancer claims that RTW before the end of the deferred period and 44.7% that RTW within the first year of absence.

	2012	2013	2014	2015	2016
Number of employees of businesses whose lives we insure	2.3m	2.3m	1.8m	2.2m	2.1m
Number of people rehabilitated back to work in that year	2,019	2,503	2,193	3,205	2,354
Amount paid out to clients per annum for critical illness cover	£7.1m	£7.2m	£8.6m	£7.9m	£10.3m
Amount paid out to clients whose income we are protecting when they are unable to work	£30.6m	£28.2m	£35.4m	£54.6m	£61.0m
Amount paid out to customers who have died	£201.5m	£201.3m	£222.6m	£213.9m	£237.3m
Percentage of clients we pay out to on critical illness cover	79.0%	75.0%	80.1%	70.9%	79.2%
Percentage of clients we pay out to when the client dies	99.1%	99.4%	99.6%	99.8%	99.4%
Percentage of clients we pay out to when our clients are unable to work	99.2%	99.1%	98.1%	98.1%	98.9%

## ▶ Economic data



Economic growth is central to economic development. We are a company that develops economic value and a positive benefit for the economies in which we operate.

We are at the center of many transactions and financial flows in the UK and overseas. This data gives you an example of how much we believe we flow through the economy.

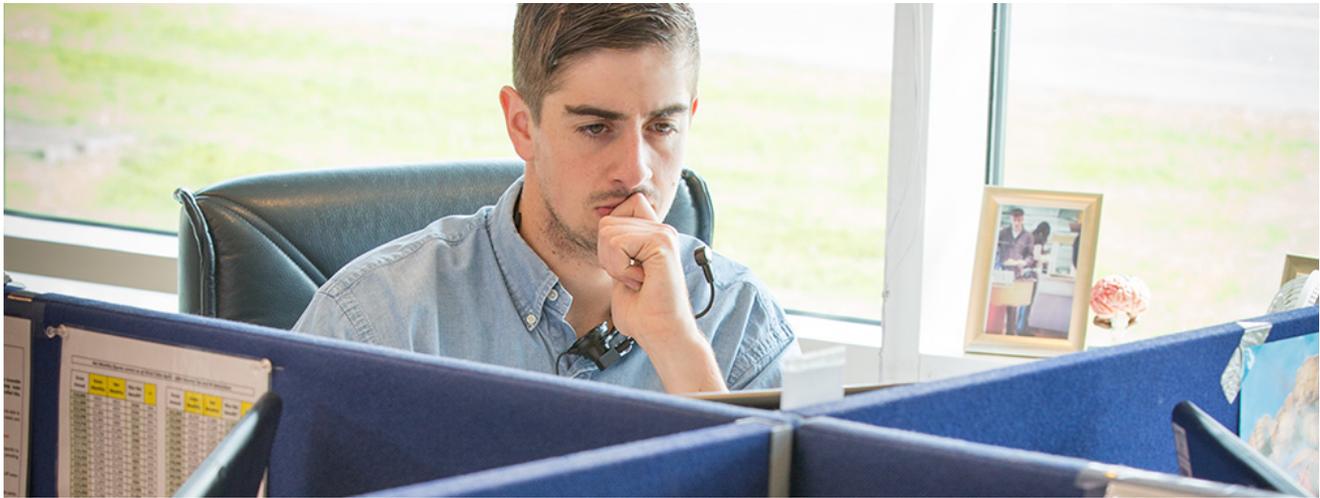
Area of funding	2012	2013	2014	2015	2016	Further information
<b>Taxation</b>  The total taxes borne and collected and paid to UK and overseas governments as a result of us doing business.	£660m	£877m	£794m	£947m	£1.151	Read more in our <a href="#">annual report and accounts 2016</a> .
<b>Investment</b>  The amount of investment going into businesses on behalf of customers.	£406bn	£450bn	£708.5bn	£746.1bn	£894bn	Our <a href="#">good governance</a> programme provides more details of how we use this influence to improve others environmental, social and governance performance.
<b>Commercial property investment</b>  The amount we invest on behalf of our clients via our property business. We're the third biggest UK commercial property landlord.	£10.4bn	£11bn	£13.56bn	£15bn	£23.2bn	Read more about our work in our <a href="#">Real Assets business</a> .

\* Previous data included our business in France. We sold this business in Q2 2015.

Area of funding	2012	2013	2014	2015	2016	Further information
<b>Employment</b>  The total net salaries we pay our UK employees, which is spent on products and services in the economy.	£238m	£289m	£285m	£298m	£273m	Read more about the contribution that our people make to our customers and business in our <a href="#">our employees</a> section.
<b>Procurement</b>  The amount that we spend with suppliers to run our businesses in the UK.	£446m	£504m	£527m	£567m	£586m	Read more in our <a href="#">sustainable supply chain data</a> section.
<b>As an investment for our shareholders</b>  The amount in dividends we paid to our shareholders during the year.	£394m	£479m	£580m	£701m	£830m	Read more in our <a href="#">annual report and accounts</a> about our dividend policy and approach.
<b>Being there for our customers</b>  The total amount paid out to our customers through insurance claims, pensions, life assurance and group protection payments.	£2.19bn	£2.28bn	£2.31bn	£2.69bn	£2.87bn	Read more in our <a href="#">product performance</a> section.
<b>Contributions to local communities</b>  We actively contribute to the Third and not-for-profit sectors in the UK, Netherlands and the US businesses.*	£3.8m	£4m	£4.2m	£3.2m	£3.4m	Read more about how we did this in our <a href="#">community</a> section.
<b>Amount Invested in Social Investments</b>	n/a	n/a	£280k	£100k	£100k	
<b>Amount of Balance Sheet in Direct Investments designed to stimulate Society and the Economy for the long term</b>	n/a	£2.9bn	£5.7bn	£7bn	£10bn	

\* Previous data included our business in France. We sold this business in Q2 2015.

## Employee data



Our employees are at the services that we provide for our retail and institutional clients. This section provides an insight into our workforces demographic profile. The **Group Resources Board** have overall responsibility for our people. The **Group Remuneration Committee** decide upon fair pay and benefits and the **Group Equalities, Diversity and Inclusion Committee** look at the workforce profile in line with a number of demographic indicators including gender, race, locality, religious background and tenure.

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com).

Employees Length of Service	0-5	6-10	11-15	16-20	21-25	25+
Legal & General UK	49.00%	18.00%	16.50%	9.70%	1.70%	5.10%
Legal & General America	50.10%	21.10%	14.60%	7.69%	1.97%	4.54%

Number of Employees	2012	2013	2014	2015	2016
UK employees	7,400	7,394	7,222	7,345	6,351
Overseas Subsidiary Employees (Netherlands, US)*	944	1,030	1,043	664	515

\* Previous data included our business in France. We sold this business in Q2 2015.

\*\* Includes Legal & General Retirement America

Age Bandings	18-25	26-35	36-45	46-55	56-65	66+
Heads	8.0%	31.8%	33.0%	20.7%	6.2%	0.3%

UK Sickness By Year	2012	2013	2014	2015	2016
% days lost to sickness due to psychological illness	24.4%	22.8%	23.9%	22.4%	27.7%

In the US, we can't count protected absences in an absenteeism calculation or take action against any employee who uses leave under the protection of federal and state leave laws. We have an independent outside company, UNUM, who manages all requests for protected leave. UNUM reviews all requests for protected leave, while confirming compliance with federal and applicable state leave laws. Managers are responsible for maintaining employee attendance for their direct staff. If the employee's absenteeism rate exceeds 3%, not including protected leave, the manager is responsible for taking appropriate actions.

Employee turnover by country	2012	2013	2014	2015	2016
Legal & General America Turnover as a percentage of LGA Workforce	6.30%	7.90%	10.28%	10.23% <sup>1</sup> 19.21% <sup>2</sup>	7.49%
UK Turnover as a percentage of UK Workforce	8.1%	10.4%	14.4%	15.5%	12.8%

1 Annualized Employee Turnover not including the Groupwide Reduction in Workforce initiative

2 Annualized Employee Turnover including the Groupwide Reduction in workforce initiative

UK employee union membership	2012	2013	2014	2015	2016
Percentage of UK Employees who are members of Unite	34.0%	33.8%	28.8%	39.6%	36.7%

Unite collectively represents grades 1-5 (up to LGIM grade 4) and has a membership within this group of 36.7%. Across all employees and grades, the total membership is 31.8%. Unite has seen a negative impact on membership density during 2016, due to the closure of the Kingswood location, the sale of Cofunds and IPS to Aegon and the sale of Suffolk Life to Curtis Banks. However, recruitment in the remaining areas of union recognition remains strong and Unite will continue to engage with the company regarding further areas of expansion. Unions in US and Netherlands do not apply.

Workforce flexibility	2012	2013	2014	2015	2016
<b>Percentage of UK Workforce</b>					
on Full Time Contracts	86.00%	85.40%	85.75%	85.62%	85.70%
on Part Time Contracts	14.00%	14.60%	14.25%	14.38%	14.30%
<b>Percentage of US Workforce</b>					
who work on a full-time basis	95.00%	95.20%	95.72%	95.79%	96.06%
who work on a part-time basis	5.00%	4.80%	4.28%	4.21%	3.94%
<b>Percentage of LGA Workforce</b>					
who tele-work	n/a	n/a	n/a	31.86%	30.37%
who work at the home office	n/a	n/a	n/a	68.14%	69.63%

**2016 UK Headcount by Gender and contract type**

	Percentage by gender in Full Time contracts	Percentage by gender in Part Time contracts
Female	40.7%	89.2%
Male	59.3%	10.8%

**Average Salary by Grade Grouping, Gender and Contract Type (Legal & General Investment Management Only)**

Grade Grouping	Full Time			Part Time		
	Female	Male	Grand Total	Female	Male	Grand Total
Leadership	£144,013.70	£158,745.74	£155,695.50	£141,843.40	£137,109.25	£140,490.79
Managers	£62,505.80	£68,656.30	£66,707.15	£60,905.71	£70,581.41	£62,047.98
Staff	£26,610.98	£29,197.78	£27,986.74	£25,517.92	£25,680.78	£25,534.64

Employee development	2012	2013	2014	2015	2016
Percentage of UK staff agree they have the opportunity to learn and develop at work in Employee Survey	76%	76%	73%	68%	73%
Percentage of Legal & General America staff agree they have the opportunity to learn and develop at work in Employee Survey	81%	79%	85%	83%	84%
<b>Total Investment in Employee Development</b>					
UK (£m)	1.7	3.6	3.8	3.5	3.7
Legal & General America (\$m USD)	0.3	0.3	0.4	0.2	0.2

Legal & General UK Gender Split	2012	2013	2014	2015	2016
Male	50.66%	51.00%	51.12%	51.35%	52.40%
Female	49.34%	49.00%	48.88%	48.65%	47.60%

Legal & General America Gender Split	2012	2013	2014	2015	2016
Male	34.49%	34.52%	34.91%	33.87%	33.53%
Female	65.51%	65.48%	65.09%	66.13%	66.47%

**UK Employee Gender by Grade**

Staff Grade Number	Staff Gender		Heads Total
	Female	Male	
1	59.8%	40.2%	1,171
2	58.8%	41.2%	922
3	53.4%	46.6%	800
4	47.6%	52.4%	1,264
5	38.5%	61.5%	1,126
6	32.3%	67.7%	807
7	23.1%	76.9%	216
8	25.0%	75.0%	45
CHAIRMAN/NEDS	23.5%	76.5%	12
	<b>47.6%</b>	<b>52.4%</b>	

Key:

- 1 General Employee Grades
- 2 General Employee Grades
- 3 General Employee Grades
- 4 General Employee Grades
- 5 Management Grades
- 6 Management Grades
- 7 Senior Management
- 8 Senior Management

**Legal & General America Gender by Grade**

	Female	Male
Officer	25.64%	74.36%
Professional/Managerial	58.52%	41.48%
Support Staff	85.35%	14.65%

**2016 UK Natural Leavers By Age Bandings**

	18-25	26-35	36-45	46-55	56-65	66+	Total
Count of Staff Number (Info)	239	579	369	236	65	5	1,493

**2016 UK Redundancies By Age Bandings**

	18-25	26-35	36-45	46-55	56-65	66+	Total
Count of Staff Number (Info)	4	78	153	150	68	5	458

**2016 UK Retirements****Total****14****2016 UK joiners and leavers by age band**

Location	Joiner					Leaver					
	18-25	26-35	36-45	46-55	56+	0-25	26-35	36-45	46-55	56-65	66+
Birmingham GIO	38	64	16	5	2	19	40	17	7	1	
Bristol						1					
Cardiff	98	142	54	17	3	26	65	33	12	4	
Edinburgh								1			
Homebased		5	10	18	3		19	36	40	17	
Hove	63	78	44	24	7	41	116	80	71	27	3
Kingswood	16	17	4	3	1	15	76	74	93	36	5
LGEA Barnsley	19	10	1	4	2	6	7		1	1	1
London	43	144	83	33	7	15	84	99	33	11	1
Non L&G Sales Office		2	1			1	13	20	25	19	
Other	44	25	19	11	4	119	246	174	115	19	
<b>Total</b>	<b>321</b>	<b>487</b>	<b>232</b>	<b>115</b>	<b>29</b>	<b>243</b>	<b>666</b>	<b>534</b>	<b>397</b>	<b>135</b>	<b>10</b>

**Legal & General America – Joiners and leavers by age bandings**

Age Bandings	Joiner					Leaver				
	18-25	26-35	36-45	46-55	55+	0-25	26-35	36-45	46-55	56-65
Legal & General America	6.12%	30.61%	18.37%	34.69%	10.20%	0.00%	19.51%	29.27%	24.39%	26.83%

**2016 UK joiners and leavers by gender**

Location	Joiner		Leaver	
	Female	Male	Female	Male
Birmingham GIO	64	61	35	49
Bristol				1
Cardiff	161	153	72	68
Edinburgh				1
Homebased	11	25	30	82
Hove	121	95	196	142
Kingswood	20	21	188	111
LGEA Barnsley	18	18	12	4
London	118	192	98	145
Non L&G Sales Office	2	1	19	59
Other	6	42	348	325
<b>Total</b>	<b>521</b>	<b>608</b>	<b>998</b>	<b>987</b>

**Legal & General America – Joiners and leavers by gender**

Gender Split	Joiner		Leaver	
	Female	Male	Female	Male
Legal & General America	65.31%	34.69%	60.98%	39.02%

Legal & General America Ethnic Origin	2012	2013	2014	2015	2016
American Indian or Alaskan	0.19%	0.00%	0.00%	0.00%	0.00%
Asian	9.63%	9.79%	10.36%	10.42%	10.65%
Black or African American	22.16%	21.17%	21.64%	19.04%	18.94%
Hispanic or Latino	3.66%	3.20%	3.09%	3.01%	2.76%
Two or more races	2.12%	2.14%	2.00%	1.80%	1.97%
White	62.24%	63.52%	62.91%	65.53%	65.48%
Hawaiian/Pacific Islander	0.00%	0.18%	0.00%	0.20%	0.20%

**2016 UK Heads by Ethnicity**

	Heads
White	4,400
BAME	557
Non-Disclosed	1,394

**Our people – Health and safety statistics**

	2012	2013	2014	2015	2016
UK employees	7,400	7,394	7,222	7,345	6,351
UK reportable accidents*	4	4	3	0	0
UK incident rate**	54	54	42	30	24
UK fatal accidents	Nil	Nil	Nil	Nil	Nil
UK prosecutions	Nil	Nil	Nil	Nil	Nil
UK dangerous occurrences*	Nil	Nil	Nil	Nil	Nil
UK reportable diseases*	Nil	Nil	Nil	Nil	Nil
UK prohibition notices	Nil	Nil	Nil	Nil	Nil
UK other enforcement notices	Nil	Nil	Nil	Nil	Nil

\* As defined by RIDDOR Regulations 1995.

\*\* Reportable incident rate per 100,000 employees.

We continue to monitor health and safety performance via local committees, which report into the Group health and safety committee. The local health and safety committees meet regularly and represent a cross section of departments and also encourage staff

## ▶ Investor data



As an investor we use our scale and influence to ensure that companies integrate material environmental, social and governance (ESG) factors into their everyday thinking, in order to develop resilient strategies, think longer-term and consider all of their stakeholders. We also encourage markets and regulators to create an environment in which good management of ESG factors is valued and supported. This helps to protect and enhance long-term prospects for our clients.

The LGIM Corporate Governance and Responsible Investment have more information on their own website including their [2016 Corporate Governance report](#).

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com)

	2012	2013	2014	2015	2016
Engagements covering environmental and or social topics	128	144	188	188	233
Governance led engagements	297	336	401	545	500
Total funds under management (£b)	406	450	709	746	894

## ► Supplier data



Our procurement spending spans all categories across the group, from services and materials for our buildings to IT systems and desktop hardware and software. Our spend generates a positive economic impact in the marketplace and supports the development and growth of other companies within the supply chain.

We purchase 94% from UK based suppliers mainly local to our offices, however wherever possible we support the development of local communities and promote economic growth and job creation.

**The Head of Group Procurement and Supplier Management** is responsible for the [supplier code of conduct](#) and for maintaining a supply chain that reflects and aligns to our own standards of conduct for how we do business. We use independent tools to monitor the reputational performance of suppliers. We hold regular meetings with our key suppliers to ensure risks are managed, keep them up to date with ongoing projects and share knowledge on market trends and new technologies.

We strive to work with like-minded businesses; we therefore require suppliers to comply with our [Supplier Code of Conduct](#) and be able to demonstrate compliance. The purpose of our [Supplier Code of Conduct](#) is to safeguard the relationships between us and our suppliers and to establish standards that ensure our suppliers operate ethically, are environmentally responsible and that workers are treated with respect and dignity. Our suppliers should have processes in place to maintain these standards and be able to provide evidence if required.

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	2012	2013	2014	2015	2016	2016 versus 2015
Spend with suppliers	£446m	£504m	£527m	£567m	£586m	£21m
Number of suppliers	2,005	2,638	2,949	2,430	2,306	-124
Number of key suppliers	140	185	206	286	265	-21
Percentage of supplier spend operating in high risk countries (as defined by FTSE4Good)	9%	14%	16%	11%	6%	-5%

## ➤ Environmental data



As a leading financial services group, our activities require the use of natural resources that produce waste and emissions. These are produced directly from our business operations and indirectly through our supply chain. We are committed to finding innovative ways of reducing our impact as a business on the environment. **The Group Environment Committee** is responsible for this strategy across the Group.

As responsible company, we have a role to play in positively influencing the environmental behaviour and practices of our customers, suppliers, employees and business partners.

We address climate change in a number of ways

- Reducing our own direct emissions in our buildings and the ways in which we travel
- Reducing the environmental footprint of our commercial property portfolio
- Investing our own profit directly into UK and US Renewables and reducing the carbon intensity of traded assets
- Providing financial solutions for clients to decarbonise their money
- Helping customers in education and product design to adapt to climate change in protecting their home and their health

We operate a 14001 certified environmental systems.

This is an internationally agreed standard that sets out the requirements for an environmental management system. It helps us improve our environmental performance through more efficient use of resources and reduction of waste.

This section explains our own resource usage as a company and is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com).

Paper & Biodiversity	Unit	2012	2013	2014	2015	2016
UK paper purchased	tonnes	2,768	3,201	2,801	3,183	2,939
Paper purchased per UK policy	kgs	0.38	0.36	0.30	0.34	0.30
Paper purchased per UK employee	kgs	374.05	432.92	387.84	412.36	428.30
Overseas paper purchased	tonnes	n/a	88.25	54.00	104.00	95.89
Paper purchased per overseas policy	kgs	n/a	0.06	0.04	0.07	0.07

Paper & Biodiversity	Unit	2012	2013	2014	2015	2016
Paper purchased per overseas employee	kgs	n/a	85.68	53.57	114.16	144.41
No. of occupied sites with biodiversity action plan	No.	2	2	2	3	3

Travel	Unit	2012/13	2013	2014	2015	2016
UK Car based business mileage	miles	6,409,907	6,397,657	5,676,115	5,032,220	4,670,765
UK Car based business miles per policy	miles	0.84	0.72	0.61	0.54	0.48
UK Car based business miles per employee	miles	n/a	865	786	652	681
Average CO <sub>2</sub> rating of UK fleet vehicles	g/km	123	121	115	112	109
Overseas car based business mileage*	miles	1,573,607	859,423	1,144,207	1,061,981	744,864
Overseas car based business miles per policy*	miles	n/a	0.66	0.88	0.75	0.53
Overseas car based business miles per employee*	miles	1,560	834	1,135	1,166	1,122

\* Includes business travel in our overseas businesses in America & Netherlands

How we move around has an impact not only on our staffs health and wellbeing, but also on how much carbon we contribute to the atmosphere. Different ways of 'getting around' affect the environment and us in different ways. In order to ensure that we reduce the environmental impact from our transport and to ensure the health and wellbeing of our staff we have undertaken a number of key activities which include; promotion of cycling, walking and car sharing and their benefits, as well as technology initiatives.

Water	Unit	2012/13	2013	2014	2015	2016
Metered <sup>1</sup>	CuM	50,506	53,602	51,917	45,311	43,212
Estimated total (metered+estimated) <sup>1</sup>	CuM	54,556	64,486	58,302	54,486	49,183
Total water (metered+estimated) per employee <sup>1</sup>	CuM	6.91	7.66	6.16	6.31	6.54
Total water (metered+estimated) per policy <sup>1</sup>	CuM	n/a	5.28	4.87	4.20	3.90
Water Recycled and Reuse <sup>2</sup>	m <sup>3</sup>	n/a	1,362	1,446	1,102	1,098

1 Metered and estimated water from UK , US and Netherlands occupied buildings.

2 Grey water is only used at our Hove office.

**Water Usage:** We have seen a 20% reduction in office water consumption per policy from our baseline year 2013

Carbon Dioxide (CO <sub>2</sub> e)	Unit	2012/13	2013	2014	2015	2016
CO <sub>2</sub> e Total Group Emissions (Scope 1,2,3)*	tonnes	39,294	38,420	38,036	54,162	50,381
CO <sub>2</sub> e Scope 2 renewable energy**	tonnes	n/a	21,002	21,227	38,219	32,884
CO <sub>2</sub> e Scope 1 & 2 non-renewable energy	tonnes	n/a	12,825	12,241	12,196	13,134
CO <sub>2</sub> e Scope 3 - business travel	tonnes	n/a	4,885	4,567	3,747	4,363
CO <sub>2</sub> e UK occupied properties	tonnes	n/a	10,521	10,623	10,170	8,522
CO <sub>2</sub> e UK occupied properties per employee	tonnes	1.51	1.42	1.47	1.32	1.24
CO <sub>2</sub> e UK occupied properties per policy	kgs	1.95	1.19	1.14	1.09	0.88
CO <sub>2</sub> e UK employee business travel	tonnes	2,986	3,840	3,847	3,308	3,764
CO <sub>2</sub> e UK occupied properties and business travel	tonnes	13.117 <sup>6</sup>	14,362	14,471	13,478	12,286
CO <sub>2</sub> e per UK employee	tonnes	1.95 <sup>6</sup>	1.94	2.00	1.75	1.79
CO <sub>2</sub> e per UK Policy	kgs	1.62 <sup>6</sup>	1.62	1.56	1.44	1.27
CO <sub>2</sub> e Overseas properties***	tonnes	1,884	1,446	1,538	1,496	1,506
CO <sub>2</sub> e Overseas employee business travel	tonnes	n/a	753.13	720.41	438.97	599.06
CO <sub>2</sub> e per overseas employees	tonnes	1.87	1.40	2.30	2.12	3.17
CO <sub>2</sub> e per overseas policies	kgs	1.85	1.12	1.70	1.37	1.50
Fugitive emissions	tonnes	n/a	571.24	768.73	877.60	1812.66

\* Total CO<sub>2</sub>e emissions data is based on occupied properties, Real Asset investments, Legal & General Homes (factory under development), Overseas property emissions (America and Netherlands) and UK travel emissions. Calculated following the GHG reporting protocol and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2016.

\*\* 100% of occupied property and Investment Property electricity supply is under a renewable energy tariff.

\*\*\* Includes US & Netherlands

**Total carbon** in our business has gone from **38,420 to 50,381 tonnes CO<sub>2</sub>e since 2013**. This reflects the growth in buying more commercial properties in our Real Assets business and including more than just the normal disclosures required under the Carbon Reduction Commitment.

Once we own an asset we then work hard to get its carbon emissions down through our ownership. This principle applies to both our offices and our commercial property investments. Our group operational carbon has reduced from 1.6kg CO<sub>2</sub>e/policy to 1.3 kg CO<sub>2</sub>e/per customer policy from 2013 to 2016 period showing that as we take on more retail customers the amount of energy we are using per policy is reducing and we are becoming more efficient.

Energy used to run our L&G occupied buildings	Unit	2012	2013	2014	2015	2016
Electricity (UK)*	MWh	19,623	20,755	19,211	18,980	18,063
Gas (UK)*	MWh	6,557	6,930	6,100	5,929	5,866
Total UK energy use*	MWh	26,180	27,685	25,311	24,909	23,929
Energy per UK employee*	MWh	3.90	3.74	3.50	3.23	3.49
Energy per UK policy*	KWh	3.41	3.13	2.72	2.66	2.47
Overseas electricity use**	MWh	3,421	3,060	3,359	3,299	2,923
Overseas gas use**	MWh	625	428	473	450	358
Self generated energy***	MWh					31
Total Overseas energy use**	MWh	4,046	3,489	3,832	3,749	3,312
Energy use per overseas employee**	MWh	4.01	3.39	3.80	4.12	4.99
Energy use per overseas policy**	KWh		2.69	2.80	2.65	2.36

\* UK occupied properties

\*\* Includes overseas properties US and Netherlands

\*\*\* Solar energy Netherlands

**Carbon and Energy Usage:** We continue to procure electricity for all our large occupied offices and our commercial property portfolio on a renewable tariff.

Waste	Unit	2012/13	2013	2014	2015	2016
Total UK waste*	tonnes	1,027	949.57	898.81	920.72	991
Total waste per UK policy*	grams	134	107	96.73	98.33	102.49
Total waste per UK employee*	tonnes	n/a	0.13	0.12	0.12	0.14
Direct to landfill (UK)*	%	18.0%	16.5%	13.0%	6.3%	4.0%
Waste to landfill per UK employee *	kgs	29	23.0	16.1	7.5	4.1
Waste to landfill per UK policy*	grams	n/a	16.7	12.5	6.2	5.8
Total Overseas waste**	tonnes	n/a	81.37	91.8	92.2	70.4
Total waste per Overseas policy**	grams	n/a	62.85	70.20	65.24	50.10
Total waste per Overseas employee**	tonnes	n/a	0.08	0.08	0.10	0.11

\* Please note scope has increased to include our new L&G Homes factory in Leeds (which is currently under development)

\*\* Includes overseas properties US and Netherlands

**Waste:** During 2016 our total UK waste increased by 4% based on our 2013 baseline. This is a result of our location strategy where we have decided to exit our largest property, our facility in Kingswood, Surrey. Whilst this has had an initial negative impact on our waste volumes (+4%) in the longer term it is expected to generate the following savings;

- over 2,000 tonnes CO<sub>2</sub>e per annum
- approx. 200 tonnes waste per annum
- over 13,000m<sup>3</sup> water per annum

In an effort to ensure that environmental impacts are considered throughout the exit strategy we have sought to redeploy equipment where appropriate. For example we have transferred furniture to other locations and have offered our staff the opportunity to reuse some of our furniture in exchange for a donation to charity and to date we have raised over £4,000 and rehoused over 100 chairs, 14 desks/tables and 24 storage units. This is also saved over six tonnes from being disposed of.

We continue to seek ways of reducing the waste we generate and held a zero waste week where we encouraged staff to reduce waste generation. With the support of our staff we have been able to reduce printing across the business by close to 10% in 2016 compared to 2015

## ▶ Market inclusiveness data



As a financial services business we are there to provide safety nets for the countries and populations which we serve. This currently covers the US, UK and through our joint venture in India. Our **Group Corporate Responsibility & Ethics Committee** has responsibility for reviewing our work in this area.

We are increasingly seeing governments and shareholders asking us to play a stronger role in the provision of these safety nets to harder to reach parts of the population. We continue to track and act upon the market inclusion data in these markets, work with thought leaders typically from the not for profit sector to shape our views and deliver products and services that include more people.

Since our last report on market inclusion we have had a number of changes to our business which has changed the shape of the products we offer the UK Population. For example we sold Cofunds, Suffolk Life and Legal & General International Ireland which tended to be businesses that provided financial services for higher net worth clients.

We have new business lines actively solving some of the UK's issues around health, housing and an ageing population including Legal & General Home Finance (Equity release mortgages) and Legal & General Homes (providing modular housing).

In 2016 we have taken the opportunity to **relook at the segmentation** of the UK population and contrasted it with how well our products provide financial safety nets serve people.

The harder to reach segments "**Struggling young families**" and "**low income older couples**" are a concern for us. We either do not have a suite of products to serve their needs or they are not in the market for any finance products. We are currently working with our marketing teams to challenge our distribution, product and services strategy with these groups.

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [graham.precey@landg.com](mailto:graham.precey@landg.com).

**L&G Customer base vs UK Population by Segment**

	<b>L&amp;G Group</b>	<b>UK Population</b>
Segment 1 (Struggling Stacey) – Struggling young families/single parents	11%	20%
Segment 2 (Striving Anu) – Young professionals	17%	15%
Segment 3 (Maximise Martin) – Affluent young families	24%	11%
Segment 4 (Secure Sally) – Comfortable empty nesters	24%	19%
Segment 5 (Tightrope Tina) – Low income older singles/couples	6%	11%
Segment 6 (Platinum Peter) – Wealthy couples retired/approaching retirement	9%	7%
Segment 7 (Golden Arthur) – Comfortable in retirement	10%	16%

## ▶ Community data



The **Group Charity Committee** oversees the companies investments into the social sector in the UK. The US and India oversee their own investments with referal to the Group Charity Committee. We invest money for a number of reasons.

- To improve our businesses understanding of customer needs resulting in products, services and investment decisions
- To support employees with solving social and environmental issues that are important to them.
- To help provide our stakeholders with the comfort that a view that we are a connected business and a thought leader

This data centre is designed to provide you with data to analyse our business. If you have further questions please contact [sara.heald@group.landg.com](mailto:sara.heald@group.landg.com).

Total contributions into non profit organisations					
	2012	2013	2014	2015	2016
Amount donated	£3.8m	£4.0m	£4.0m	£3.2m	£3.4m

<b>Charitable UK investments</b>					
<b>Total Contribution</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Employee fundraising and matching	£1,572,850.30	£1,802,132.45	£1,708,988.53	£1,432,596.00	£1,480,879.00
Campaign projects and Volunteering	£1,222,596.36	£1,576,692.09	£1,457,431.31	£857,362.00	£708,138.00
Health	n/a	n/a	n/a	£203,000.00	£178,000.00
Income in retirement	n/a	n/a	n/a	£149,500.00	£134,000.00
Housing	n/a	n/a	n/a	£122,400.00	£99,100.00
Education – Every Day Money	n/a	n/a	n/a	£75,000.00	£119,800.00
SE Assist – Social enterprises	n/a	n/a	n/a	£164,200.00	£24,904.00
Volunteering recorded 7251 hours	n/a	n/a	n/a	£143,262.00	£152,334.00
Our Group costs (2015 includes Governance)	£217,479.00	£232,477.00	£247,132.00	£395,773.00	£454,469.00

<b>Our overseas employees raised monies for 'not for profits' organisations</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
US	£742,688.00	£797,481.09	£996,881.81	£550,309.00	£783,438.21



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