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Board of directors

Committee membership key

- A** Audit
- T** Technology
- N** Nominations and Corporate Governance
- R** Remuneration
- Ri** Risk
- Committee Chairman

Other Board members during the year were:

Kerrigan Procter resigned from the Board on 26 November 2020.

Michelle Scrimgeour resigned from the Board on 26 November 2020.



Sir John Kingman Chairman

Appointed October 2016

T N

John brings financial sector, government and regulatory experience to the Board. John previously served as Second Permanent Secretary to HM Treasury, where he was responsible for policy relating to business, financial services and infrastructure. John was closely involved in the UK response to the financial crisis, handling the resolution of Northern Rock and leading negotiations with RBS, Lloyds and HBOS on their £37 billion recapitalisation. He was the first Chief Executive of UK Financial Investments Ltd. In December 2018 John undertook an independent review of the Financial Reporting Council, recommending its replacement by a new statutory Audit, Reporting and Governance Authority.

Other appointments:

Royal Opera House Covent Garden Foundation (Trustee)
National Gallery (Trustee and Deputy Chair)
UK Research and Innovation (Chair)
Tesco Bank (Chair)



Nigel Wilson Group Chief Executive Officer

Appointed CFO September 2009;
appointed CEO June 2012

Nigel brings strong leadership skills to the Board. In November 2019, Nigel was named Change Maker of the Year by Seven Hills, an organisation that campaigns on behalf of innovators and advocates for the social good that businesses do. Nigel also won the 'Most admired leader' award at Britain's Most Admired Companies Award 2017 for Management Today. Nigel was a member of the Prime Minister's Business Advisory Group during 2015 to 2016 and from 2016 to 2017 was Chairman of the Investment Association's review of Executive Pay and the government's review of Mission Led Business. From 2017 to 2018 he was a member of the government's Patient Capital Review Industry Panel and a Commissioner in the Resolution Foundation's Intergenerational Commission. Nigel is a member of the expert group advising on the government's Social Care Green Paper and on Life Sciences. He chairs the Bank of England's Climate Financial Risk Forum, Innovation Working Group.



Jeff Davies Chief Financial Officer

Appointed March 2017

Jeff was appointed Group Chief Financial Officer in March 2017. He brings a wealth of insurance experience, having previously served as a senior partner of Ernst & Young LLP (EY) and led its European risk and actuarial insurance services. Prior to joining EY in 2004, he held a number of senior actuarial roles at Swiss Re Life & Health. He is the Chair of Legal & General America Inc. and a Fellow of the Institute of Actuaries.



Julia Wilson Senior Independent Non-Executive Director

Appointed November 2011; Senior Independent Director from May 2016

A T N Ri

Julia was appointed to the Board in November 2011 and became the Senior Independent Director in May 2016. She has significant corporate finance, tax and accounting experience. She is the Group Finance Director of 3i Group plc, which includes responsibility for finance, investment valuations and treasury. Julia is also Chair of the 100 Group. Previously, she was the Group Director of Corporate Finance at Cable & Wireless plc, where she also held a number of other finance-related roles. Julia is a member of the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Taxation. Julia will be stepping down from the Board on 31 March 2021 following a nine-year tenure.

Other appointments:

3i Group plc (Director)
The 100 Group (Chair)



Henrietta Baldock Independent Non-Executive Director

Appointed October 2018

A N R Ri

Henrietta has been Chair of Legal and General Assurance Society Limited since March 2018. She has extensive knowledge of the financial services and insurance sectors through her 25 years' experience in investment banking, most recently as Chairman of the European Financial Institutions team at Bank of America Merrill Lynch (BAML) where she advised many boards in the sector on some of their most significant transactions. Henrietta joined BAML in 2000 and served as its Vice President of Financial Institutions Group and the Managing Director and Head of European Financial Institutions Investment Banking. She started her career as a generalist adviser and has focused on financial institutions since 1995.

Other appointments:

Investec Plc (Non Executive Director)
Investec Bank Plc (Non Executive Director)
Investec Limited (Non Executive Director)
Hydro Industries (Non Executive Director)



Philip Broadley Independent Non-Executive Director

Appointed July 2016

A T N R Ri

Philip was appointed to the Board in July 2016. He has extensive insurance experience having spent over 14 years in senior roles in insurance including as Group Finance Director at Old Mutual plc and prior to that as Group Finance Director of Prudential plc. He is a former Chair of the 100 Group of Finance Directors. Philip graduated from St. Edmund Hall, Oxford, where he is now a St. Edmund Fellow. Philip is the Senior Independent Director at AstraZeneca PLC and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Other appointments:

- AstraZeneca PLC (Senior Independent Director)
- Eastbourne College (Director & Trustee)
- London Library (Treasurer)



Lesley Knox
Independent Non-Executive Director
Appointed June 2016

A N R Ri

Lesley brings a wealth of international, strategic and financial services experience having spent over 18 years in senior roles in financial services, including with Kleinwort Benson and the Bank of Scotland. Lesley previously served as Chair of Alliance Trust PLC and as Senior Independent Director at Hays plc. Lesley continues in her role as designated workforce director. Lesley was appointed as Chair of the company's subsidiary Legal & General Investment Management (Holdings) Limited in July 2019.

Other appointments:

- Dovecot Studios Limited (Non-Executive Director)
- Genus Plc (Senior Independent Non-Executive Director and Chair of Remuneration Committee)
- The Black Stork Charity (Director)
- Grosvenor Group Limited pension fund (Trustee)
- National Galleries of Scotland Foundation (Trustee)



George Lewis
Independent Non-Executive Director
Appointed November 2018

A N Ri

George has significant, broad, executive and professional experience in financial services, with a strong focus on global asset management. George joined the Royal Bank of Canada in 1986, serving in various financial and wealth management roles. He was a member of RBC's Group Executive Board from 2007 to 2015, with responsibility for RBC's wealth, asset management and insurance segments. In addition to his current appointments, George served on the boards (and chaired the Audit and Risk Committees) of Ontario Power Generation and Enbridge Income Fund and on the board of Cenovus Energy Inc. (TMX).

Other appointments:

- Ontario Teachers' Pension Plan (Non-Executive Director)
- AOG Group (Non-Executive Director)



Ric Lewis
Independent Non-Executive Director
Appointed June 2020

N R Ri

Ric was appointed to the Board on 18 June 2020 and brings significant investment management experience with over 25 years' in the sector. Ric is the founder, Executive Chairman and Chief Investment Officer of Tristan Capital Partners, a pan-European real estate investment management firm with over €12 billion in assets under management. Ric's experience and perspective will bring further expertise to Legal & General as we continue to invest in the real economy.

Other appointments:

- Dartmouth College (USA) (Trustee)
- Royal National Children's SpringBoard Foundation (Trustee)
- Institute of Imagination/London Children's Museum (Trustee)
- Belfer Center for Science & International Affairs, JFK School of Government, Harvard University (Trustee)
- The Black Heart Foundation (Chair & Founder)
- Eastside Young Leaders' Academy (Patron)



Toby Strauss
Independent Non-Executive Director
Appointed January 2017

A T N Ri

Toby was appointed to the Board in January 2017. Toby brings extensive insurance experience to the Board following an executive career in UK financial services which included Group Director of Insurance and Chief Executive of Scottish Widows at Lloyds Banking Group and, prior to that, Chief Executive of Aviva UK Life.

Other appointments:

- Macmillan Cancer Support (Trustee)
- Pacific Life Re Limited (Chair)
- Brewin Dolphin Holdings Plc (Chair)



Geoffrey Timms
Group General Counsel and
Company Secretary

Geoffrey has been the Group General Counsel since 1999 and, in addition, the Group Company Secretary since 2008.



Nilufer von Bismarck OBE
Due to join the Group Board as
Independent Non-Executive Director
on 1 May 2021

A T N

Nilufer is currently Head of the Financial Institutions Group and the Equity Capital Markets practice at Slaughter and May and has spent a large part of her 34-year career working with major international financial institutions. Nilufer will retire from Slaughter and May prior to joining the Group Board. As well as a deep and extensive understanding of the financial services sector, Nilufer also has considerable experience across a range of other industries and sectors, including real estate, green infrastructure and fintech. Nilufer's appointment will bring further expertise to the Board as Legal & General's exposure to these industries and sectors increases.

Other appointments:

- Into University (Trustee)

Executive Committee

Nigel Wilson

Group Chief Executive Officer

See Board of directors pages 58 to 59.

Jeff Davies

Chief Financial Officer

See Board of directors pages 58 to 59.

Geoffrey Timms

Group General Counsel and Company Secretary

See Board of directors pages 58 to 59.

Other business unit Chief Executive Officers (CEOs)



Michelle Scrimgeour **Chief Executive Officer, Legal & General Investment Management**

Michelle was appointed as Chief Executive Officer of Legal & General Investment Management in July 2019. Michelle has extensive asset management experience across investments, distribution, product, operations, risk and control functions. Michelle has spent her career at major global firms, most recently as Chief Executive Officer, EMEA, at Columbia Threadneedle Investments. Prior to that, Michelle was Chief Risk Officer at M&G Investments and Director of M&G Group Limited, joining in 2012 from BlackRock. Michelle held a number of leadership positions at BlackRock, and previously at Merrill Lynch Investment Managers. Michelle is on the Board of the Investment Association, a member of the FCA's Practitioner Panel and a member of the Asset Management Taskforce. Michelle is a member of the COP26 Business Leaders Group.



Kerrigan Procter **Chief Executive Officer, Legal & General Capital**

Kerrigan has been Chief Executive Officer of Legal & General Capital since January 2018. He has group-wide experience with in-depth knowledge of the workings of the Group's business divisions from his roles as CEO of the Legal & General Retirement business division from 2013 to 2017, and head of solutions at Legal & General Investment Management from 2006 to 2012, where he was responsible for liability driven investment and fund solutions for defined benefit and defined contribution pension schemes across Europe and the US. Prior to joining the Group, he worked at RBS in the financial markets division where he held several roles. Kerrigan started his career in 1994 with EY Corporate Finance before moving to Mercer. He is a Fellow of the Institute of Actuaries and has a PhD in number theory from King's College, London. Later this year Kerrigan will move from his current role as Chief Executive, Legal & General Capital, to a new role as President of Asia, Legal & General Group.



Laura Mason **Chief Executive Officer, Legal & General Retirement, Institutional**

Laura has been CEO of Legal & General's Institutional Retirement business since January 2018. Laura joined Legal & General in 2011 where she was initially responsible for Asset and Liability Management and Investment strategy for the Annuity business. Laura was a part of the senior management team responsible for setting up Legal & General Capital, where she served as Director of Direct Investment. Laura is a qualified actuary and spent eight years at Towers Watson as a consultant to major UK life insurers. Laura has a First Class Honours Degree in Engineering Science from University of Oxford, and a PhD in Engineering Science (Neural Networks and Signal Processing) also from the University of Oxford. Later this year Laura will move from her current role as Chief Executive, Legal & General Institutional Retirement, to succeed Kerrigan Procter as Chief Executive, Legal & General Capital.



Chris Knight **Chief Executive Officer, Legal & General Retirement, Retail**

Chris is the Chief Executive Officer of Legal & General's Retail Retirement business. Chris was previously the Chief Financial Officer of Legal & General's Retirement division where he was responsible for driving the financial results of the business. Prior to this he was the Finance Director of the Group's UK Savings and Protection business. Chris is a qualified actuary, and has had a 31-year career in the UK and international financial services markets. He joined Legal & General in 2009. In 2021, Chris will take on the role of Group Chief Risk Officer following Simon Gadd's retirement.



Bernie Hickman **Chief Executive Officer, Legal & General Insurance**

Bernie is the Chief Executive Officer of Legal & General Insurance. Bernie joined Legal & General in 1998 from Commercial Union (now Aviva). Between 2005 and 2010 he was the Managing Director of Retail Protection during which time he launched the UK Protection digital platform, OLP Connect, which provides market leading self-service functionality and high levels of straight through processing. Bernie became MD of Retail Retirement in 2014 and the CEO co-founder of Legal & General Home Finance in 2015, when he led the Group's entry into the Lifetime Mortgage market. He has also held the positions of Group Financial Controller, Investor Relations Director and Solvency II Managing Director.

Additional Executive Committee members



Simon Gadd
Group Chief Risk Officer

Simon has had a varied career with Legal & General since completing a mathematics degree at Oxford University. He qualified as an actuary in 1991 and roles undertaken since have included defined benefit pension valuation, various pricing and marketing roles, general management roles, and leadership of the pensions review. Simon has led several different businesses within Legal & General, including the Retail Protection business, Group Protection business and as MD of Annuities from 2006 to 2012. In 2021, Simon Gadd will step down as Chief Risk Officer, transitioning to an advisory role within Legal & General.



John Godfrey
Group Corporate Affairs Director

John has worked in the City for over 36 years, providing advice on corporate affairs and communications to US, European and Japanese financial institutions. He joined Legal & General as Group Communications Director in 2006, becoming Corporate Affairs Director following the global financial crisis. Since then, his responsibilities have variously included communications, public affairs and policy, corporate social responsibility and brand. In 2016 he left Legal & General to work in government as head of the Prime Minister's Downing Street Policy Unit, returning to the company in September 2017. He is a Financial Inclusion Commissioner.



Emma Hardaker-Jones
Group HR Director

Emma joined Legal & General as Group HR Director in 2017. Emma's previous role was as Global HR Director and Board Director at PA Consulting, co-leading the successful sale of 51% of PA Consulting to The Carlyle Group in 2015. Prior to PA Consulting, Emma spent a number of years as Group Head of Talent and Resourcing at BP, driving change across the 100 countries in which BP operates. Emma has also held roles at Prudential and the Bank of England and was the co-founder of a dot com start-up, Skillvest.com. Emma has significant international experience having worked in Europe, North America, Asia and Africa.

The role of the Executive Committee

The Group Executive Committee (Exco), chaired by the Group Chief Executive, brings together the heads of Legal & General's business units with the Executive Committee members shown on these pages. Exco is responsible for the day-to-day implementation of strategy agreed by the Board. The Committee meets regularly to ensure continued cooperation between the business units and the effective adoption of our culture, a key focus for the Group. Exco also monitors and manages risk, ensures efficient operational management and adherence to compliance and addresses key issues such as diversity, environmental and corporate social responsibility.

Executive Committee appointment post year end



Stephen Licence
Group Chief Internal Auditor

Stephen joined Legal & General in 2014 having previously been Emerging Markets Chief Internal Auditor at RSA Insurance where he was responsible for the Internal Audit activity in the group's businesses across Latin America, Asia, Middle East and Eastern Europe. His 26 years' Internal Audit experience has included life, general and healthcare insurance in both Legal & General and Lloyd's of London. He was also previously an audit consultant at the London Stock Exchange Group. Stephen is a Chartered Member of the Institute of Internal Auditors.



Andrew Kail
Chief Executive Officer, Legal & General Retirement, Retail – elect
Appointment effective 4 March 2021

Andrew was previously a senior partner at PricewaterhouseCoopers (PwC). He has 30 years' experience working with a wide range of financial services companies in audit, regulation, transactions and performance improvement. Within PwC he was the leader of the Financial Services practice and brings huge experience from across the industry including expertise in regulation, risk and technology. He is a Chartered Accountant and an Economics graduate from the University of Manchester.

Letter from the Chairman



Sir John Kingman
Chairman

I am delighted to present our 2020 Governance report which provides insight into how we, the Board, have approached our responsibilities during this year and the work of the Board committees.

The global outbreak of Covid-19 has had an unprecedented impact on our customers, employees and society at large. Our business has been very resilient, and continued to provide the products and services that our customers need. Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support. We have continued to pay Legal & General employees as normal and we have done all we can to support our customers while also stepping up our efforts to help affected charities and communities. I am proud of the way our colleagues have adapted to the remote working environment during this time and remained professional, committed and resilient in the face of adversity. I would like to extend my thanks to all of our valued colleagues for their continued hard work and commitment to 'do the right thing'.

Our approach to governance

As a Board, it is our role to promote the highest levels of corporate governance and ensure these values are embedded within our culture and throughout the organisation.

As our business continues to evolve and as we pursue our strategic objectives in an ever-changing environment, our strong governance framework supports the Board in ensuring that across the Group we make decisions in the right way. The Board has worked closely with the Executive team throughout this year as the business has navigated the unprecedented circumstances presented by Covid-19, and the governance framework has supported agile and robust decision making throughout this period.

As a Board we were determined to remain as close to the business and Executive team as possible during these unprecedented times. For a number of months during the first lockdown phase we had weekly virtual meetings with the Executive to ensure we were fully abreast of the impact of Covid-19 on the company and the company's Covid-19 response.

For the year ended 31 December 2020, we were required to measure ourselves against the 2018 UK Corporate Governance Code (the 'Code'). The Board has considered carefully the requirements of the Code and I am pleased to report that we have complied with all provisions of the Code throughout the year. Further detail on our compliance with the Code and how we have applied the various principles can be found on pages 76 to 77.

Virtual shareholder event

In light of the Covid-19 situation and in response to the UK Government's guidance at the time, the arrangements and format of the 2020 Annual General Meeting (AGM) had to be altered. Your Board very much regretted that we had to conduct our 2020 AGM as a closed meeting and that we were not able to meet with you, our shareholders, in person.

In making this decision, your Board had both the safety and wellbeing of shareholders and colleagues as its primary concern. We recognise the importance of the AGM and the opportunity it provides shareholders to engage with the Board. Therefore, we were delighted to be able to host our first virtual shareholder event in December 2020.

A number of our shareholders were able to join us on the day to hear from myself, Nigel Wilson and our Committee Chairs. I was pleased that, despite a global pandemic, we were still able to engage with at least some of our shareholders during 2020 and I would like to thank those who participated in our live Q&A session.

The 2021 AGM will be held on Thursday 20 May 2021 at 10.00am. Full details of the business to be considered at the meeting and any special arrangements that may be in place in light of Covid-19 will be included in the Notice of Annual General Meeting that will be sent to shareholders by their chosen communication means and published on our website.



Finding what you need online

[www.legalandgeneralgroup.com/
investors/shareholder-centre/agm](http://www.legalandgeneralgroup.com/investors/shareholder-centre/agm)

Stakeholder engagement

The Board has previously welcomed the changes to the Code aimed at promoting greater transparency around stakeholder engagement. We keep the interests of the Group's shareholders, customers, employees, suppliers and our wider stakeholders at the heart of our decision making and how we deliver our strategy to achieve long-term, sustainable success. Whilst Covid-19 has made face-to-face meetings more challenging this year, there has never been a more important time to stay connected with all of our stakeholders. Further information on how we, as a Board, have fulfilled our duties to our stakeholders under s.172 of the Companies Act 2006, including a case study of our engagement in practice, can be found on pages 64 to 71. In addition, Lesley Knox, our designated non-executive director for engagement with the workforce, provides an update on her activities during 2020 on page 69.

Board changes and succession planning

The company continues to benefit from a high quality Board with a diverse range and depth of expertise and skills. During the year we have continued to assess the composition of the Board. In June 2020 we announced the appointment of Ric Lewis. Ric brings significant experience in investment management and, in particular, in the real estate sector. Ric has more than 25 years of experience in the market, and his experience and perspectives bring further strength to the Board as the Group continues to invest in the real economy. In November 2020 we announced the appointment of Nilufer von Bismarck OBE to the Board. Nilufer will join the Board on 1 May 2021. Nilufer is currently Head of the Financial Institutions Group and the Equity Capital Markets practice at Slaughter and May and has spent a large part of her 34-year career working with major international financial institutions.

We announced on 18 December 2020 that Julia Wilson will retire as our Senior Independent Director on 31 March 2021. I would like to take this opportunity to thank Julia for her enormous contribution to the Board during her nine-year tenure. Julia joined the Board in 2011 and was appointed as Senior Independent Director in 2016. I am very grateful to her for her wise counsel and support over the years. Philip Broadley, our Audit Committee chair, will succeed Julia in the role of Senior Independent Director with effect from 31 March 2021 and I very much look forward to working with Philip in his new role over the coming years.

As part of a continued focus on governance best practice and to streamline executive representation on the Board, Kerrigan Procter, Chief Executive Legal & General Capital, and Michelle Scrimgeour, Chief Executive Legal & General Investment Management,

resigned from the Group Board in November 2020. Both Kerrigan and Michelle continue in their executive roles.

This year, the Nominations and Corporate Governance Committee, together with the Board, have continued to focus on succession planning. We review both our Group Board and Executive Committee succession plans regularly and fully. In September we announced planned senior management changes to ensure smooth succession in several key roles at divisional CEO and Executive Committee level. Andrew Kail has joined us and will become CEO of Legal & General Retail Retirement, taking over from Chris Knight, who will become Group Chief Risk Officer. Chris succeeds Simon Gadd, who has held the position of Group Chief Risk Officer since 2013. Simon will be stepping back from his executive role in the summer to allow for a managed transition to Chris and will remain available to Legal & General in an advisory capacity.

I would like to thank Simon for his exceptional commitment to Legal & General over 35 years and I wish him well for the future. I welcome Andrew and Chris to their new roles and look forward to working with them.

In addition, later this year Laura Mason, currently Chief Executive, Legal & General Institutional Retirement (LGRI), will succeed Kerrigan Procter as Chief Executive, Legal & General Capital. Kerrigan Procter will be moving to a new role as President of Asia, Legal & General Group. We will run a formal recruitment process to identify Laura's successor as Chief Executive, LGRI.

We continue to monitor closely the diversity of our succession plans to ensure that we are attracting, developing and progressing diverse talent.

Diversity and inclusion

We stand for diversity and inclusion: for a workplace where we all have the opportunity to perform at our best, no matter who we are. The Board is responsible for overseeing the Group-wide diversity and inclusion policy. We are building an inclusive culture that celebrates diversity and creates fair opportunities for all.

Diversity is important to us because it generates a wider pool of talent, reflecting the broadest range of human attributes, experience and backgrounds. Diversity and inclusion have been important topics for the Nominations and Corporate Governance Committee this year.

Laura Mason has been appointed as our executive sponsor for diversity and inclusion, and great progress has been made with our diversity and inclusion initiatives across the Group. See page 54 for more about these initiatives.



As our business continues to evolve and as we pursue our strategic objectives in an ever-changing environment, our strong governance framework supports the Board in ensuring that across the Group we make decisions in the right way."

Sir John Kingman
Chairman

Subsidiary boards

At Legal & General we have benefitted from a strong governance framework operating at subsidiary level for many years now. Our framework of guiding principles remains in place governing the relationship between the Group Board and the Boards of the Group's principal subsidiaries, promoting effective interaction across all levels of the Group.

Lesley Knox and Henrietta Baldock continue in their roles as the Chairs of our two principal operating subsidiaries: Legal & General Investment Management (Holdings) Limited (LGIM(H)) and Legal & General Assurance Society Limited (LGAS), respectively. Interlinking our Group Board directors and principal subsidiary boards allows greater interactions, information flows and promotes enhanced collaboration.

The Board welcomes the positive and constructive working relationships we have with our subsidiaries and we have benefitted greatly from the addition of independent non-executive directors to many of our subsidiary boards.

Board effectiveness

During the year an externally facilitated review of the effectiveness of the Board and its Committees was conducted. This year we took the opportunity to review our external board facilitator in line with best practice and appointed Independent Board Evaluation to facilitate the 2020 external Board review. Further details of the process and outcome of this evaluation can be found on pages 74 to 75.

Sir John Kingman
Chairman

Stakeholder engagement

The Board recognises the importance of considering all stakeholders in its decision making, as set out in section 172 of the Companies Act 2006.

The section below sets out our s.172 statement and provides details of key stakeholder engagement undertaken by the Board during the year. Additional details of our key stakeholders and why they are important to us are set out on pages 10 to 11.

In what has been an unprecedented year, the Group Board has set the direction on all stakeholder relations during the Covid-19 pandemic, throughout which Legal & General has endeavoured to maintain a reputation for high standards of business conduct. Further detail on the company's commitment to our stakeholders during the Covid-19 pandemic can be found on pages 70 to 71.

Directors are briefed on their duties, including their duty under s.172 of the Companies Act 2006, as part of their induction process. Directors are entitled to require from the company all such information they may reasonably request in order to be able to perform their duties as directors, including advice from an independent adviser at the company's expense.

In Board decision making, the relevance of each stakeholder group may vary depending on the subject in question, so the Board seeks to understand the needs of each stakeholder group as part of its decision making. Additionally, the Group Company Secretary is available to provide support to the Board in ensuring that sufficient consideration is given in relation to stakeholder issues during Board discussions. For each transaction approved by the Board, discussion takes place around employee impact. Stakeholder impact is also considered in relation to material acquisitions and strategic expansion.

Engagement with our stakeholders

Shareholders



Overview

Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.

Engagement

Continuing engagement

- During the year the Chairman meets with multiple investors and did so in 2020. In January, the Chairman participated in the Goldman Sachs Chairman's Forum where he engaged with a range of different types of investors. Feedback from investor meetings was shared with the wider Board throughout the year.
- Investor Relations provides regular updates to the Board and engages the Board on shareholder-related matters. They also provide the Board with regular feedback on investors' views on business strategy and the market environment.
- We provide easy access for our shareholders to the company's announcements, results and investor information, via our company website which has a dedicated shareholder section. The website contains all London Stock Exchange regulatory announcements made by the company and a copy of all of our Annual Reports and related publications. A webcast of half-year and full-year results presentations is also made available via a link on the website which is permanently available.

Additional current year engagement

- Due to the fact that this year, our AGM regrettably had to be held as a closed meeting due to government guidelines regarding Covid-19 at the time, we made a promise to shareholders that we would offer an alternative opportunity to engage with the Board later in the year. Shareholders were therefore invited to attend a live, virtual shareholder engagement event at the end of the year, which included presentations from the Chairman, Group Chief Executive and Committee Chairs. Shareholders were also offered the opportunity to pre-submit any questions they may have for the Board, or ask their questions live at the event.
- In November, we hosted a virtual Capital Markets event for investors and analysts. The event consisted of presentations on the Group's strategy, financial performance and ambitions, as well as a live Q&A teleconference with the executive management team. All of the material from the event was made available on the Group website.

Outcomes

- The live, virtual shareholder event (referred to on the left) took place on 9 December 2020 and was a success; a number of shareholder questions submitted either in advance or live were answered on the day.
- The Group Chief Executive received correspondence from a number of retail shareholders during the year highlighting the importance of dividend income to many of our shareholders; the Board recognised how important the dividend is to retail shareholders, particularly when many other companies were deferring or not paying their dividends. Therefore, on the basis that the balance sheet remained robust, the Board took the decision to pay the final dividend.
- Investor input on dividend growth and new business investment received in the first half of the year was incorporated into the ambitions set out at the Capital Markets event referred to on the left.

Engagement with our stakeholders continued

Suppliers



Overview

Interaction with our suppliers and treating our suppliers fairly allows us to drive higher standards, and reduce risk in our supply chain whilst benefiting from cost efficiencies and positive environmental outcomes.

Engagement

Continuing engagement

- The Legal & General Resources Limited Board, our main contracting entity for suppliers, receives a procurement update at each Board meeting, including an update on relationships with suppliers and associated performance. The Group Board has sight of the minutes of each of these Board meetings and any issues are escalated to the Group Board where necessary.
- In accordance with the Group Board matters reserved, any expenditure in relation to a supplier in excess of an amount determined by the Group from time to time was put to the Group Board for consideration and approval during the year.

Additional current year engagement

- The Group Risk Committee received reports relating to outsourcing and third-party management throughout the year. In July the Committee received an update on the company's key suppliers, the key contract dependencies, and how management monitor these.
- The Legal & General Resources Board, Group Risk Committee and Group Environmental Committee were updated throughout the year on the work around Modern Slavery and Corporate Social Responsibility/Environment. A new Sustainable Sourcing Principles statement and a five-year Modern Slavery Strategy were approved.

Outcomes

- The Group Chief Financial Officer and the Legal & General Resources Board received updates regarding any supplier performance issues during the Covid pandemic, including the work undertaken with suppliers to mitigate any risks.
- A new initiative commenced during the year with suppliers and stakeholders, supported by the senior finance community and business unit FDs/CFOs, whereby better spend compliance is being driven using purchase orders.
- A restructure of the Group Procurement and Supplier Management function was undertaken during the year, as well as implementation of new procurement/Supplier Relationship Management software to enable better engagement with our suppliers.
- Suppliers are being considered throughout the sale process of the Mature Savings business, and the sale of a back-book of retail investment products to Fidelity International Ltd.

Regulators



Overview

We work with our regulators proactively, with openness and transparency. Early and active engagement, with both government and our regulators, helps to ensure we understand changing requirements and can take timely action to implement the regulatory change required, optimising outcomes for our customers and our people where possible.

Engagement

Continuing engagement

- The Group Board non-executive directors and subsidiary non-executive directors attend individual meetings with both the PRA and FCA on a frequency determined by the regulators for each supervisory cycle. Topics covered include strategy, financial performance, Board effectiveness, cyber, culture, regulatory matters and customer outcomes.
- At each meeting the Group Board receives a report from the Chief Risk Officer which contains an update on Prudential Regulation. The Chief Risk Officer periodically attends Group Board meetings to present to the Board.
- To mark the beginning of each two-year supervisory cycle, the FCA attend the Group Board to discuss their priorities. The PRA attend the Group Board annually as part of the PRA's Periodic Summary Meeting (PSM) cycle. The FCA attended the Group Board (and two regulated entity boards) in 2020 to discuss their priorities for the current supervision cycle.

Additional current year engagement

- During the year we worked closely with the PRA and FCA on our response to the Covid-19 pandemic, which included weekly meetings for a period. Our response to Brexit has also been an area of focus for 2020.
- The Group Board gave careful consideration to the FCA's letter of January 2020, requesting a full review of how conflicts of interest are managed across the Group by the Group Conduct Risk and Compliance function.
- With a change in supervisory leadership at the FCA, relationship meetings took place with our senior management, including Nigel Wilson meeting the new FCA CEO, Nikhil Rathi.
- Regular meetings continue to take place between management, our risk functions and the PRA and FCA. We have briefed the FCA on a programme to transform our financial crime risk management framework. Additionally, we have sought conversations with regulatory policy teams to share our experience where they may be helpful, such as working with vulnerable customers and the advice market.
- Throughout 2020 we have held quarterly meetings with both the FCA and PRA on our plans to transition away from the interest rate benchmark LIBOR which is expected to cease after 2021.

Outcomes

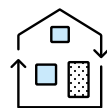
- Our regulators have actively engaged with us during the year on our Covid-19 response including the change in working patterns from office to home based, and management of the change in risk profile due to Covid-19. We have openly shared our experience and observations across all risk categories including market, credit, liquidity and conduct. In such an unusual time, such responsive and open engagement with our regulators was welcome.
- In rolling out the '5 Conduct Questions' to asset managers, we have had open and constructive dialogue with the FCA on their application. We welcome the FCA's work on this important topic.
- We have shared our experience of running the Senior Manager and Certification Regime requirements with the FCA. With firms across the range of Insurance, Enhanced and Core, we are experienced in all requirements of the regime and aspects that are stronger and weaker in driving intended outcomes.
- Regulators have been fully engaged during the Mature Savings sale process.

Stakeholder engagement

continued

Engagement with our stakeholders continued

Communities



Overview

Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.

Engagement

Continuing engagement

- The Board receives an annual update on the Corporate Social Responsibility (CSR) strategy.
- The Group Environmental Committee (GEC) is responsible for providing strategic direction on the management of our environmental impact, with a particular focus on the Group's management of the financial risks from climate change. The Group Chief Risk Officer is Chair and the Group Chief Financial Officer is a member of the GEC. The GEC provides updates to the Executive Risk Committee on its key decisions and actions. Further information on climate-related activity can be found on page 32.
- Jeff Davies is the Group Board sponsor of the Task Force on Climate-related Financial Disclosures report (TCFD), whilst Lesley Knox is Group Board sponsor of the Modern Slavery Act and Human Rights. These Board members drive the agenda in relation to the respective subject area, receive reports back on targets and plan the upcoming five-year strategy. Further information on the TCFD can be found on page 49 and our Modern Slavery Statement can be found on page 55.
- A number of our Group Board non-executive directors serve as trustees for various charities in their personal capacity; Sir John Kingman is Deputy Chair of the National Gallery and a trustee of the Royal Opera House Covent Garden Foundation. Further detail of our other Group non-executive directors' trusteeships is provided within the director biographies on pages 58 to 59.

Additional current year engagement

- Nigel Wilson (Group Chief Executive) continued as a member of the government's expert advisory groups on Social Care and Life Sciences, as well as chairing the Bank of England/FCA Climate Financial Risk Forum workstream on Innovation, which contributed to the Forum's publication in June and is now engaged in its second year of work. Nigel works closely with local government in a number of UK cities, notably Newcastle, where alongside regeneration through the Group's partnership with the City Council and Newcastle University, the Group is funding a new model future care home. He also plays an active role in our £20 million charitable sponsorship of Edinburgh University's Advanced Care Research Centre.
- Legal & General initiated a Climate Change Virtual Accelerator programme in March 2020. A deep dive of the programme was undertaken by the Group Board in September with a further update on the actions coming out of the programme at the Group Board Strategy Day in October. Further information on the Climate Change Accelerator programme is available on page 50.
- The Chairman's Awards took place in January 2020; this is an event at which employees' achievements in charity work, outside Legal & General, were celebrated. Employees were nominated by staff, friends and family to receive awards for their charitable efforts. Group Board members attended the event.

Outcomes

- Our Legal & General Capital (LGC) teams have launched a new residential housing arm, Suburban Build to Rent, which will create much needed, high quality family homes in areas connected to schools, transport infrastructure and amenities.
- In September, Legal & General announced a new £5 million charitable partnership with Newcastle City Council to enhance elderly care in the city, placing Newcastle at the forefront of development of ground-breaking changes to the way we care for older people.
- Pages 36 to 37 provide further examples of some of our recent investments which have positively impacted communities.
- The Interchange building in Cardiff Central Square was announced in October as the new home of our two Cardiff offices from 2023. The Interchange is part of our £400 million regeneration scheme in Cardiff Central Square. This is a testament to our purpose of inclusive capitalism, as we continue to invest pension money in the future of cities and towns across the UK.
- In line with Legal & General's wider commitments to ESG, the fit out of Cardiff's Central Square will target net zero carbon and reduce embodied carbon throughout the base build. It will also be developed in line with Well Gold and BREEAM standards.
- LGC, consistent with the wider Group, has a target of net zero by 2050. Within LGC's direct investment portfolio action is underway to reduce carbon emissions. In early 2020 LGC made public commitments on delivering all homes as operationally net zero enabled from 2030.
- In September, Legal & General announced that it has formed part of a coalition of 22 leading businesses, charities, researchers and educators to launch the Trinity Challenge, a global initiative to help populations throughout the world better prevent and respond to public health emergencies. More information on the initiative can be found on page 51.

Customers



Overview

Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.

Engagement

Continuing engagement

- The Group Board receives a Customer Champion report annually.
- The Group Risk Committee receives detailed customer Management Information (MI) at each meeting and the Customer Champion attends each meeting to present to the Committee. Subsidiary Boards are also in receipt of regular updates regarding customers.
- A Vulnerable Customer Committee meets regularly, comprised of management and our Conduct Risk team, to discuss improvements to how we interact and support our vulnerable customers.

Additional current year engagement

- Customer management information was regularly reported to the Group Board. Additional detail and insights were shared frequently throughout the second quarter to ensure the Board was kept informed about how Covid-19 was impacting our customers.
- In May, Lesley Knox joined a contact centre team meeting in Mature Savings. The team discussed how Covid-19 was changing customer behaviour and sharing ideas on how best to respond to the types of calls coming through.

Outcomes

- Having reviewed customer MI throughout Q2, both the Board and the Customer Champion identified an early trend that backlogs of work were building within some of our death notification teams. It was agreed that where this was the case, the business would prioritise these to ensure that our customers' dependants and beneficiaries were receiving payment as quickly as possible.
- The Head of Customer & Client Operations in Legal & General Investment Management, was asked to attend the Group Risk Committee in October as the customer MI indicated that the operation had not recovered as quickly as expected following the first lockdown. The Committee were updated with the recovery plans and the team's performance has improved as forecasted since. The Head of Customer & Client Operations in Legal & General Investment Management, will return in Q1 2021 if performance has not returned above targets as planned.
- The Managing Director UK Protection from Legal & General Insurance Retail Protection was asked to attend the Group Risk Committee meeting to update members on the progress made with claim payment times and about the application of terminal illness to pre-2016 term insurance customers.

Engagement with our stakeholders continued

Employees



Overview

Engaging with our people enables us to create an inclusive company culture and a positive working environment.

Engagement

Continuing engagement

- Lesley Knox continues in her role as designated workforce director. Lesley reports back to the Board at each meeting on employee-related matters.
- The Board has and will continue to take part in site visits, giving directors an opportunity to meet with employees from various areas of the business.
- The Voice employee survey was conducted twice throughout 2020, in March and October, and following this, action plans at both Group level and with divisional and local teams were put in place. These surveys continue to provide us with the ability to gain valuable insights about what is important to employees, as well as enabling us to become a more digital, healthy, and inclusive organisation. The Board receives, periodically, detailed metrics on the views and requirements of employees coming out of the Voice survey and plans for how actions will be implemented to address issues raised by employees in the survey.
- The Board has oversight of whistleblowing and receives an annual report as well as more detailed periodic reports when appropriate. Philip Broadley serves as the Group Board's whistleblowing champion.

Additional current year engagement

- The Board attended a site visit to our Later Living site in Warwickshire in January, where it met with both employees and community residents.
- The Group Chairman visited our Hove and Cardiff offices in September and met with a number of teams. During the visits, the Chairman had the opportunity to see the various measures put in place regarding Covid-19. Given the unprecedented working environment throughout this year, a 'Listening in Lockdown' survey was conducted in June, to gain insight into how employees were finding and dealing with the new ways of working.
- During lockdown, we worked closely with employee representatives to create Covid-safe workplaces in line with government guidance and with an emphasis on our people's physical safety. We also acted quickly to enable home working wherever possible, including in territories outside the UK.
- To ensure continued engagement with employees through this challenging time, regular updates and email communications were sent to the entire workforce throughout the year with regular updates provided on The Hub, our digital workplace, that helps us collaborate more effectively across the business.
- The Major Incident Team, comprising senior executives from Operations, Risk, HR, IT, Legal and Corporate Communications, met on a regular basis during the first lockdown to manage and oversee the business's response.
- Throughout 2020, the Group Chief Executive held eight virtual town halls which were made available live to employees across the business, as well as two town halls hosted in Hove at the beginning of the year. Michelle Scrimgeour hosted three virtual town halls during 2020 which were made available to all LGIM/LGIMA staff and Kerrigan Procter hosted a Black Lives Matter virtual live event which was also made available to all employees.
- This year the Group Chief Executive worked alongside The Telegraph on 'The Power of Us' campaign, producing 12 printed articles and six podcasts discussing various topics from greener futures to inclusive tech, all of which were made available to employees via the company's intranet site.
- Our Mental Health First Aiders network was further developed through the year; and a partnership was also signed with market-leading mental health app, Unmind, to offer free access to all employees.

Outcomes

- This year Lesley Knox, in her role as designated workforce director, has attended virtual meetings across our operating divisions. This included focus groups with employee engagement champions, joining a contact centre team meeting and taking part in the telephone-based Befriending volunteer scheme. A report from the designated workforce director, including detail of activities throughout the year and the output of this engagement, is provided on page 69.
- 83% of employees took part in the October Voice survey, providing 16,805 individual comments. Our employee satisfaction score increased considerably during this period and then, in line with other organisations, slightly receded from June to October (74% in March; 81% in June; 77% in October). This reflects an upward trajectory since the beginning of lockdown with an increase between March and October 2020.
- The most predominant positive topics from employees reflected in the Voice Survey were line managers (good communication and support), flexibility (no commute, remote work and improved balance), employee communications (visibility of senior management through town halls and regular company updates), improvements in technology (such as new laptops) and connection (more frequent communication with line managers and colleagues), which combined have influenced the increase in employee satisfaction from 74% in March to 77% in October.
- It is clear from listening to our employees via our Voice and Lockdown surveys, that employees appreciate the efforts the company has taken to adapt to the current ways of working and that they are eager for some of those changes to become a permanent feature of their work experience.
- A Legal & General global Diversity and Inclusion (D&I) council was formed in October, with Laura Mason, CEO of our institutional retirement business, as the executive sponsor. The council reports to our Group Executive and Group Board, through the Nominations and Corporate Governance Committee, and has been tasked with reviewing and refreshing the group-wide aspirational goals for D&I. The council comprises Senior leaders from across our divisions and geographies alongside the Group Chief Financial Officer, Group HR Director, and the Chief Executive Officer of LGIM.
- In January 2020 the Board once again hosted a 'Rising Stars' dinner, providing an opportunity for the Board to meet and interact with a number of the company's valued and high potential individuals across the business. This event was also an opportunity for those employees to meet the Board members and gain some insight into their roles and perspectives.
- In October we announced that our two Cardiff offices would be moving to the Interchange building in Cardiff Central Square in 2023. The investment underlines our commitment to providing our people with modern, flexible working environments.
- During lockdown a series of virtual sessions was run for employees to join, featuring guest speakers as diverse as Sir Tim Peake, Nadiya Hussain and Louis Theroux – with the aim of helping connect our people and providing them with practical tips for building relationships remotely.

Major decisions and discussions during 2020

The Board factored the needs and concerns of our stakeholders into its discussions and decisions throughout the year, in accordance with s.172 of the Companies Act 2006 (see s.172 statement on pages 64 to 67).

Stakeholder issues are an integral part of the Board's decision making and we seek to embed this in key subsidiary boards and decision making committees throughout the organisation. All Group and subsidiary Board papers must demonstrate that stakeholder consideration has been taken into account as part of the Board decision making process.

Whilst not all decisions affect every stakeholder group our Board and committees endeavour to balance the sometimes conflicting needs of our stakeholders to ensure all are treated consistently and fairly. Some of the major decisions and considerations of key decision making forums during 2020 include:

Major Decision	Key stakeholder group impacted
Approval of the final 2019 dividend payment: Consideration of the importance of dividends to retail shareholders and the broader pension system.	
Setting and approval of a capital budget for the writing of new pension risk transfer business in 2020 in order to ensure prudent balance sheet management at a time of economic uncertainty.	
Approval for Bruntwood SciTech, LGC's 50:50 joint venture with Bruntwood, to proceed with a £210 million development in Birmingham: A 10-year masterplan will be developed for the Birmingham Health Innovation Campus, which will provide up to 657,000 sq ft of state-of-the-art lab, office and incubation space acting as a catalyst for the growth of the Midlands' life sciences sector. It is set to create up to 10,000 new jobs and contribute £400 million GVA to the regional economy by 2030.	
Approval of £200 million funding for the redevelopment of the Oxford University 'Life and Mind' building through LGC's joint venture with the University: Set to be the largest building project ever undertaken on behalf of the University, and its largest teaching and research facility, significantly improving the way that psychological and biological tuition is undertaken in Oxford and helping scientists to solve some of our major global challenges.	
Approval of development funding for Sky Elstree Studios, a new 32-acre, state of the art TV and film studio facility just north of London: Over the first five years of operation, it is expected that Sky Elstree Studios will generate £3 billion of production investment in the UK's creative economy and lead to the creation of over 2,000 jobs.	
Approval of investment in The Kensa Group: an investment in the UK's leading ground source heat pump supplier and installer, supporting Legal & General's ambition to form part of the UK solution to reaching net zero carbon emissions by 2050.	
Approval of L&G's increased stake in Pod Point, one of the UK's largest electric vehicle charging infrastructure providers, following the acquisition of a majority stake by EDF: Growing Pod Point and funding the roll-out of EV charging infrastructure can facilitate decarbonisation across the UK.	
Approval of the Interchange Building in Cardiff as the new home of L&G's two Cardiff offices: part of L&G's £400 million regeneration scheme in Cardiff Central Square and demonstrating L&G's commitment to providing employees with modern, flexible working environments. Upon completion this will add around £1.1 billion of gross value added to the region and create up to 13,000 new jobs.	
Approval of the launch of LGC's Suburban Build to Rent business (SBTR): The new housing arm will partner with UK housebuilders and undertake a direct delivery programme to bring forward over 1,000 homes each year from 2024.	



Shareholders



Regulators



Customers



Communities



Suppliers



Employees

Employee engagement



Lesley Knox
Designated workforce director

A year ago, at the start of my new role, I set out a plan for engaging with our employees: to find out what was on their minds by hearing from as many of them as possible; to bring together the various mechanisms for employee representation we have in the Group; and to represent employees' views to my Board colleagues.

What I had not foreseen was the Covid-19 crisis. This significantly changed how I executed this plan, but the fundamentals – including the basic framework of 'listen, reflect and represent' – have remained the same during 2020.

This year has been characterised by the creation of virtual teams and remote working for most of us. Technology has enabled our employees to maintain connections and has acted as a leveller. The convenience of joining a video call removes the logistical challenges of gathering a lot of individuals in one place: it's easier to click a link from one's desk, whether at home or in the office, than to make a special journey – although remote working in itself brings other challenges.

Using Microsoft Teams, I have continued to meet with employees across the Group, as I did face-to-face during 2019. Examples this year included, among others, time spent with Mature Savings contact centre teams, employee voice champions in our insurance business, a group of our actuaries, and a specially convened lockdown feedback group in Group Finance.

I was also delighted to be able to join established groups, such as our executive and personal assistants' group and our corporate responsibility, ESG and modern slavery working groups. Each meeting gave me an opportunity to join employees in different formats and to hear from more of them on a much wider range of issues than would once have been possible.

Our employees' feedback makes clear that Legal & General has largely succeeded in its extra efforts on communication – both formally from members of the Executive Committee and informally between departments and teams – this year. The ease of virtual communication has, for many, led to an increase in the quantity and quality of interaction they have enjoyed.

It has also led to greater interdepartmental collaboration. However, it has also meant that informal mentoring and knowledge sharing have been harder. We are working on ways to change this.

Home working, which remains the reality for most of our employees, is a complex issue, with individual circumstances – family commitments, physical space, quality of internet connection – combining to create different experiences. We have responded by ensuring that the right support is in place for each individual, including provision of equipment for home working, making office access available and safe for those who need it and providing some flexibility in working patterns to help balance work and home commitments.

The issue of personal wellbeing is one of great concern to our employees. The fact they feel able to discuss this topic reflects well on our company's culture. During 2020, we took material steps to put in place and communicate the availability of support mechanisms including helplines, a mental wellbeing app and our network of Mental Health First Aiders: employees who have trained to support their colleagues, an especially important resource during these exceptional times.

Employee wellbeing will remain a focus for the Board into 2021. One way in which we will tackle this is by ensuring that good governance, risk management and control are managed so as to be effective without adding disproportionately to workloads.

During 2020, I reported to each Board meeting on the insights I had gained from my meetings with employees. This was supplemented with insights from our employee survey, 'Voice', which has been discussed throughout the year at the Nominations and Corporate Governance Committee. Not surprisingly, during Covid-19 the work environment has been the major theme of discussions, whereas pay and benefits have not. However, our employees have appreciated the fact that we took steps to protect individuals from financial impacts, including weighting our 2019 and 2020 pay awards towards the lower-paid.

Finally, I have been very impressed by our employees' commitment to charitable and community work, despite the personal impacts of Covid-19. One example among many is the Befriending and Carers Programme, where employees volunteer to call lonely and vulnerable older people and those who are caring for family members. I would like to thank those employees and their managers who are freeing up time to enable it; the involvement of so many in community work says a lot about the values of our people and of our business.

Covid-19 case study: Our commitment to our stakeholders.

Covid-19 has and continues to have an unprecedented impact on our stakeholders. Legal & General continues to support all of our stakeholders and we have done everything we can to help our customers through this difficult period without relying on direct government funding. Our priorities are to look after our customers, to safeguard the wellbeing of our colleagues and to support the needs of the wider community more broadly through inclusive capitalism and by investing in the real economy.

We intend to be a leader in the post-pandemic economic recovery, supporting our shareholders and customers while delivering inclusive capitalism through investments in infrastructure, clean energy, affordable housing, and providing products to support individuals' financial resilience. Examples of the Board's consideration of its stakeholders and some of the decisions that were taken during the pandemic are provided below.



Shareholders

Consideration

The Board recognises the importance of dividend income to many institutional and retail shareholders, particularly in the current environment.

We are also cognisant of the need to act prudently in maintaining balance sheet resilience and in so doing ensure that Legal & General plays its full part in supporting the real economy.

Outcomes

The Board observed that, notwithstanding significant market volatility, the Group had delivered a resilient performance in the year to date and our balance sheet had remained robust, with the Group's solvency ratio in the high-170s. As such, the Board declared an interim dividend of 4.93 pence per share and a final dividend of 12.64 pence per share, resulting in a 2019 full-year dividend of 17.57 pence per share.

In November 2020 we held a Capital Markets day where we set out our new five-year financial ambitions plan for the Group. The Board intends to grow the dividend at low to mid-single digits.

The Board was disappointed that due to the UK Government's guidance at the time, the arrangements and format of the 2020 AGM had to be altered and shareholders were not able to attend in person. In making this decision, the Board had both the safety and wellbeing of shareholders and colleagues as its primary concern. The Board recognised the importance of the AGM and the opportunity it provides shareholders to meet and engage with the Board, and so a virtual shareholder event was held in December 2020, at which shareholders were provided the opportunity to ask any questions they had for the Board.



Suppliers

Engagement

Covid-19 has created risks in the supply chain. We have engaged with our suppliers on these risks and changed the way we operate as a result of the pandemic.

Outcomes

A successful collaborative Microsoft Teams event was held in September with a number of our key suppliers in order to maintain engagement during lockdown and to explore new ways of working.

One-to-one sessions have been held throughout the year with the Executives of a number of our key suppliers in order to maintain contact, understand the latest impact of Covid-19 on their business and establish any opportunities for assistance or development.



Customers

Considerations

Our commitment to supporting our customers will not waver and we have continued to provide service to our customers, whether it is helping them to keep their family financially secure after the death of a loved one, paying annuities or assisting someone with a long-term illness to meet their mortgage repayments.

Our purpose is to provide financial stability to our customers and their dependants in good times and in bad: it is 'what we do'. The human cost of Covid-19 has, regrettably, been high for many Legal & General customers, including holders of life insurance policies and annuitants who have lost their lives prematurely. We continue to pay all valid claims and we have prioritised giving a rapid but sensitive service to bereaved families.

Outcomes

We have made a number of changes to our customer journey during the pandemic:

- Temporarily extended annuity quote guarantee periods.
- Advisers can get new business quotes via the portals and use 'Track My Apps' to check progress on existing applications.
- Introduced a signature-free application and paperless drawdown processes.
- Legal & General Home Finance (LGHF) made its entire programme of educational events for advisers available online and implemented a desktop valuation service for its lifetime mortgage product range, which enables property valuations without a home visit.
- LGHF allowed all Optional Payment Lifetime Mortgage (OPLM) customers to miss up to three monthly interest payments, without these counting towards the six missed payments allowed in the product terms.
- During the first half of the year we paid £939 million of Legal & General Insurance protection claims and, with more than three million people in the UK relying on Legal & General for financial security in retirement, we have maintained our most important business services largely uninterrupted, which includes paying annuities to over one million pensioners.



Communities

Engagement

In support of the wider society, we have launched a range of initiatives to help meet the growing social needs arising from the Covid-19 disruption.

Outcomes

We supported research and testing by accelerating components of our £20 million partnership with Edinburgh University's research into elderly care and being one of the UK's largest Covid-19 testing sites through our investment in Bruntwood SciTech Alderley Park.

Additionally, we have looked to address the needs of local communities in respect of Covid-19, including the establishment of a £500,000 Community Fund.

We are stepping up support for relevant Corporate Social Responsibility projects which address, in particular, the impact of the pandemic on the older population and those using social care.



Regulators

Engagement

The Board recognises the importance and necessity of the increased engagement we have had with our regulators during the pandemic.

Outcomes

The Group Board gave careful consideration to the PRA's letter of March 2020 and has continued to engage the regulator in our dividend discussions.

We have maintained active and open engagement with our regulators during the Covid-19 pandemic and have shared our experience and observations across all risk categories. In addition to ongoing dialogue, regular reports on customer service and insights were provided to our regulators.

Throughout the pandemic, we have provided monthly updates to the PRA on the Group's Solvency II capital and liquidity positions.

The Mastertrust Trustees have engaged with The Pensions Regulator (TPR) during the pandemic to provide the regulator with additional information on how we are engaging with our members and ensuring continuity of service in a remote environment.



Employees

Considerations

Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support. We have continued to pay Legal & General employees as normal.

Our robust, well-embedded remote working solutions have helped keep employees engaged and efficient throughout the shift to home working.

Employees appreciate our efforts, and this is demonstrated by a seven-point increase in employee satisfaction scores since before the Covid-19 lockdown

Outcomes

We have supported our employees' mental and physical wellbeing through a number of resources including trained Mental Health First Aiders, a confidential employee assistance helpline and a dedicated Covid-19 intranet hub.

We have increased the frequency of our employee Voice surveys during the pandemic to ensure we are engaged with our workforce and held a number of virtual town hall meetings with our senior leadership team.

In October 2020 we announced that we would relocate our two Group offices in Wales to a 120,000 sq. ft. facility in Cardiff's Central Square as part of a wider £450 million regeneration scheme. This announcement marks one of the largest office lettings in the UK this year and the state-of-the-art new office and associated services will provide staff with a collaborative, agile space to meet changes to working practices in the wake of Covid-19. It will incorporate a focus on staff wellness and well-being, incorporating cycle and changing facilities, café, social space and an external terrace to meet shifting needs.

Governance report

The UK Corporate Governance Code – committed to the highest standards

The 2018 UK Corporate Governance Code (the 'Code') emphasises the role of good corporate governance in achieving long-term sustainable success. The principles of the Code are the standards against which we are required to measure ourselves during the year. The information on the following pages explains how we have applied the principles of the Code in practice during the year. The information required under Disclosure Guidance and Transparency Rule 7.2.6 can be found in the Directors' report on pages 248 to 251. Each year, the Board reviews the Group's corporate governance framework and compliance with the Code. Pages 76 to 77 set out at a high level how we have complied with each of the principles.

The Board is committed to maintaining the highest standards of corporate governance across the Group to support the delivery of our strategy, positive stakeholder relationships and the creation of long-term sustainable value for our shareholders.

The Board

The table in the adjacent column sets out the changes to the Board that have taken place over the course of the year. Ric Lewis was appointed to the Group Board as an independent non-executive director on 18 June 2020, bringing to the Board significant experience in investment management and, in particular, a focus on the real estate sector. The company announced the appointment of Nilufer von Bismarck OBE as an independent non-executive director on 26 November 2020. Nilufer will join the Board on 1 May 2021 and will bring to the Board extensive experience in financial services.

Julia Wilson, the company's Senior Independent Director, will be stepping down from the Board on 31 March 2021 following a nine-year tenure. Philip Broadley, Chair of the Audit Committee, will take on the position of Senior Independent Director following Julia's departure. As part of a continued focus on governance best practice and to streamline executive representation on the Board, Kerrigan Procter, Chief Executive LGC, and Michelle Scrimgeour, Chief Executive LGIM, resigned from the Group Board in November 2020. Both Kerrigan and Michelle continue in their executive roles.

When considering the appointments of new directors, the Board has been mindful of the contribution and skillset that each new appointee will bring to the Board. The Board continues to focus on maintaining a well-balanced and diversified Board with the right mix of individuals who can apply their wider business knowledge and experiences to the setting and oversight of delivery of the Group's strategy.

Changes to the Board during the year and to the date of this report

Appointments	Resignations
Ric Lewis 18 June 2020	Kerrigan Procter 26 November 2020
Nilufer von Bismarck 1 May 2021	Michelle Scrimgeour 26 November 2020
	Julia Wilson 31 March 2021

How the Board operates

The Board is led by the Chairman, Sir John Kingman. The day-to-day management of the company is led by Nigel Wilson, the Group Chief Executive Officer. The non-executive directors play a key role in our governance framework and culture, and their roles are not limited to the boardroom. Examples of some of the other activities they have undertaken during the course of the year are set out on page 76.

The Board is accountable for the long-term success of the company by setting the Group's strategic objectives and monitoring performance against those objectives. The Board meets formally on a regular basis and at each meeting considers business performance, strategic proposals, acquisitions and material transactions in the context of the Group's strategic plans, risk appetite, the interests of the Group's stakeholders and our social purpose. The Board and its subsidiaries operate within a clearly defined delegated authority framework, which is fully embedded across the Group.

The delegated authority framework ensures that there is an appropriate level of Board contribution to, and oversight of, key decisions, and that the day-to-day business is managed effectively. The delegated authority framework includes a clearly defined schedule of matters reserved for the Board. The types of matters reserved include, amongst other things, matters relating to the Group's strategic plan, material transactions, risk appetite, and oversight of systems of internal control and corporate governance policies. Those matters which are not reserved are delegated by the Board to Group level committees and to the Group Chief Executive Officer who then delegates decision making onward to the Group Capital Committee, an executive decision-making forum, and his direct reports.

How the Board spent its time in 2020

The Board held eight full formal Board meetings during 2020, including two strategy events. In addition, in order to maintain strong oversight of the impact of Covid-19 on the Group and the Group's response to it, the Board held weekly Board calls for a number of months. Board sub-committees were also constituted on a number of occasions in order to deal with matters arising in the ordinary course of business outside of the formal schedule of meetings. A table of individual Board member attendance at the formal Board and Committee meetings is provided on page 77. The non-executive directors have a private meeting without the executives present after each Board meeting and otherwise when required. The non-executive directors meet without the executive directors and the Chair periodically to review the Chair's performance. Board members met informally with the executive and senior management on a regular basis outside of the formal meeting schedule.

The Board agenda is set by the Chairman and consists of the following broad discussion areas:

- An update from the Group Chief Executive, the Group Chief Financial Officer and a report from each of the key business divisions on business performance, key business initiatives, customer and employee engagement, control environment and culture.
- Discussions on strategic ambitions, proposals, acquisitions, material transactions and other material initiatives.
- Risk and compliance matters.
- Legal and governance matters; and
- People and employee engagement matters.

The Board informs itself of the views of shareholders on a regular basis through regular updates from the Group Chief Executive Officer and Group Chief Financial Officer, as well as an annual update from the Chair following his annual schedule of investor meetings.

Members of the senior management team and, as appropriate, individuals from the relevant business areas are invited to attend Board meetings in relation to key items, allowing the Board the opportunity to debate and challenge on initiatives directly with the senior management team along with the executive directors.

Key areas of focus in 2020	Discussion and actions arising
Strategy	<ul style="list-style-type: none"> In November, the Board approved the Group's five-year dividend, cash and capital ambitions which were announced at our Capital Markets event on 12 November 2020. At its December meeting, the Board considered and approved the Group's five-year business plan. This included a review of the divisional strategic objectives, initiatives and financial and non-financial Key Performance Indicators (KPIs). The Board held a full day strategy event in April which covered, among other things, the work undertaken across the Group under the Group's new strategic driver 'Addressing Climate Change' and the continued focus on scaling asset origination capabilities in Legal & General Capital. The Board held a further two-day strategy event in October to discuss progress against the Group's strategic plan and how the Board believes it should evolve. The Board also discussed in depth the strategic opportunities for the Group as a provider of retirement solutions for both retail and institutional customers, its commitment to inclusive capitalism and ESG as well as new strategic growth areas for the longer term. In addition, the Board considered the Group's potential for continued international growth in the US and Asia. The Board further considered strategic ambitions at its Board meetings and further considered corporate and material transactions to ensure that proposed transactions were aligned with the Group's strategy and risk appetite. The Board had early sight of pipeline initiatives.
Covid-19	<ul style="list-style-type: none"> The Board met regularly to scrutinise the impact of Covid-19 on the Group and the Group's response to it, including informally on a weekly basis during the first lockdown period. Discussions and actions focused on ensuring the continued resilience of the Group both financially and operationally, the continued servicing of the Group's customers and ensuring the safety of the Group's people, in addition to the close monitoring of the wider macro-economic environment. Further detail on our commitment to our stakeholders during the Covid-19 pandemic can be found on pages 70 to 71.
Governance and risk management	<ul style="list-style-type: none"> An external Board evaluation took place in the later part of 2020. For this review the Board retained a new board evaluator, Independent Board Evaluation. Detailed recommendations arising from the evaluation were developed and an action plan was subsequently adopted by the Board. Following recommendations from the Nominations and Corporate Governance Committee, the Board approved the appointments of two new non-executive directors to the Board. The Board regularly received and discussed reports from the Group General Counsel and Company Secretary on legal matters, emerging regulation and governance changes. The Board regularly received and discussed reports from the Chief Risk Officer on risk and compliance matters, including an annual report on whistleblowing and the report on our review of management of conflicts of interest.
Stakeholders	<ul style="list-style-type: none"> During the year, the Board regularly considered the Group's relationship with various stakeholder groups. It discussed customers, shareholder matters, employee engagement, and the Group's impact on, and relationship with, wider society and the environment. The Board has focused deep dives on such areas, for example sessions with the executive nominated as the Group's Customer Champion, and it considered these matters as part of its decision making on strategic proposals. Employee engagement continued to be a focus for the Board in 2020 with Lesley Knox, the designated workforce director, providing regular updates on engagement with the workforce, the results of the employee surveys and visits to a number of Legal & General office locations. Board members met regularly through the year with key regulators, the Prudential Regulation Authority and Financial Conduct Authority.

Ensuring our directors have the right skills and experience to maintain an effective Board

The Board believes that continuous director training and development is important to maximise the effectiveness of the Board. The Chairman is assisted by the Group Company Secretary in providing all new directors with a comprehensive induction programme on joining the Board. This includes a series of meetings with members of the Board and with the Group's operational and functional leadership, external advisers to the Group and a programme of meetings with staff. This ensures directors obtain a detailed insight of the Group, its businesses and governance framework as well as the regulatory macro environment in which it operates.

The key areas of the Board's induction programme include:

- An introduction to the Group's corporate structure, governance framework and guiding principle.
- A meeting with the Group Company Secretary who provides detail on the roles and responsibilities of the Board, delegated authority framework, listed company requirements and the requirements of the UK Corporate Governance Code, and how the Group complies with its principles.
- Meetings with the CEO of each business division to receive an overview of each business area including information around strategic goals, risk overview and management, customers, and key financial and non-financial KPIs.
- Meetings with members of the Board, the Executive Committee and senior management, covering areas such as:
 - Group risk management
 - risk and compliance
 - finance
 - remuneration
 - investor relations and corporate affairs.
- A meeting with the Group Actuary focusing on regulatory capital and the Group's Internal Model.
- Meetings with the Chairs of the Risk, Remuneration and Audit Committees.
- A meeting with the external auditor.

In addition, all Board members receive continuing education and development at regular intervals throughout the year. It is the responsibility of the Chair to ensure all directors have the necessary knowledge and training. Board and Committee meetings are used regularly to update the Board on developments in the areas in which the Group operates, and specific training sessions for directors are scheduled for key topical issues. In the year, each director was given the opportunity to meet with the Group HR director to discuss any specific focus areas for training. For example, in 2020 the Board received detailed training sessions on our Climate Change Virtual Accelerator Programme, operational resilience, risk and change management, and the LGIM strategic operating model. Other development activities undertaken throughout 2020 included deep dives into the Group's annuity asset portfolio, international Pension Risk Transfer (PRT) ambitions, and best practice around governance controls when considering IT change. The Group Board non-executive directors also visited our business operations in different locations and attended one-to-one briefing sessions with key members of the senior management team on a regular basis over the year.

Governance report

continued

Technology Committee

The Technology Committee (previously named Group IT Committee) was initially established in January 2018. The Committee was established primarily to provide assurance to the Board on the delivery of the company's programme to implement planned enhancements to the Group's IT estate, to ensure the Group was operating within its targeted access management, information security and cyber risk appetite. Following the successful delivery of the 2018 enhancements to the IT estate and significant improvements in the Group's IT controls, in July 2020 the IT Committee decided to re-focus its attention on more strategic matters. As part of this transition, two executive committees reporting into the Technology Committee were refocused to allow the Technology Committee to place reliance on the IT mechanisms and controls in place at an executive level. In addition, the meetings were lengthened to facilitate more comprehensive strategic discussion. The Technology Committee now focuses primarily on the company's IT, digital and cyber strategies and their implementation plans.

Its other responsibilities include:

- Overseeing the control environment in place for information technology and cyber security.
- Overseeing technology aspects of major change programmes and understanding their strategic contribution and risks; and
- Reviewing risks relating to IT and cyber security and plans for mitigation or treatment.

The Committee membership comprises the Chairman, the Senior Independent Director, the Chair of the Audit Committee and the Chair of the Risk Committee. One of the Group CEO, Group CFO, Chief Risk Officer and Group IT Director are expected to attend all meetings; in practice, all four of these executive members attend. The Committee is advised by three independent cyber and IT experts. The Committee met five times during 2020.

The Group IT community was at the forefront of the Group's Covid-19 response as the company moved to a more agile way of working. The Technology Committee received in depth and regular updates on the Covid-19 technology response, on an ad hoc basis at the beginning of the pandemic and in the regular meeting cycle thereafter.

In 2020 the Committee:

- Focused on the Group's cyber security, information security and access management programmes.
- Reviewed and endorsed the organisation and operating model in place for IT and cyber security and subsequently considered its ongoing suitability.
- Maintained oversight of the overall resilience of the Group's IT systems.
- Maintained oversight of the Group's IT, digital and cyber strategies and the corresponding implementation plans; and
- Received deep dive insights into major IT and cyber programmes across the Group.

Board evaluation

The effectiveness of the Board is essential to the success of the Group. The Board undertakes a formal and rigorous review of its performance and that of its Committees and individual directors each year. During 2019, the Board undertook an externally-facilitated internal review, with a series of outcomes reported in 2020. The recommendations from the 2019 review and the progress the company has made against those recommendations are reported in more detail below.

In accordance with the Code, the Board commissions externally facilitated reviews regularly. During 2020 the Board agreed it would be beneficial to undertake an external evaluation. The Board tendered for the evaluation provider to ensure that the evaluation process was independent, robust and meaningful. This tender was led by the Chairman and the Group Company Secretary. Following this tender, the 2020 evaluation was facilitated by Ffion Hague at Independent Board Evaluation (IBE), an external Board review specialist. IBE had not previously undertaken a Board evaluation for the company, and has no other connection with the company or individual directors.

The aim of the review was to assess the effectiveness of the Board, both as a collective unitary Board, and at individual Board member level, in order to implement any actions required to become a more effective Board. The performance of each of the Board Committees was also assessed and the evaluation included a review of the Chairman's performance. Interviews were conducted with every Board member, according to a set agenda tailored for the Board, which had been agreed in advance with the Chairman and Group Company Secretary. In addition, interviews were held with senior management and advisers who interacted regularly with the Board. Ffion Hague observed a Board meeting and a meeting of each of the Board Committees. Ffion also had access to the papers for each of those meetings. Following the final report, recommendations were considered by the Board and shared with each Committee, and an action plan for areas of focus was agreed. As part of the final report, the Board asked IBE to share good practice observed in other companies. This good practice was built into the action plan, where appropriate.

The Board review focused on, among other things: Board accountability, focus and priorities; Board composition, expertise, decision-making and dynamics; succession planning; selection and induction of new members; oversight and implementation of strategy; communication and relationship with stakeholders; risk management; governance, including links with subsidiary boards; and Board support, including resourcing and quality and volume of papers and presentations. The tone of the feedback was very positive overall. A summary of key recommendations from the review is set out below. Progress to implement the recommendations from the review is monitored by the Group Company Secretary and reported to the Board at each Board meeting. IBE have agreed with the summary of the evaluation process as set out above, and the summary of the recommendations as set out on the following page.

A summary of the key Board evaluation recommendations is provided below:

Recommendations from 2020	
Ensure active and regular oversight of Board and senior management succession, discussing and agreeing succession options and timing for key roles.	
Develop newer non-executive directors' knowledge of the business.	
Refresh, test and clearly articulate the Group's medium-term strategy, especially looking beyond the current very strong pipeline.	
Recommendations from 2019 review	Progress against 2019 recommendations
Continue to have regular oversight over and involvement in non-executive and executive development and succession	<p>There was a focused session on non-executive succession planning at the Nominations and Corporate Governance Committee meeting in May, including succession planning for the Senior Independent Director, who is due to step down on 31 March 2021. Following a formal recruitment process, two new non-executive directors were appointed to the Board in 2020, supporting the medium-term succession planning.</p> <p>Executive development and succession planning were discussed at the Nominations and Corporate Governance Committee meeting in July. The Group aims for long integration periods for senior executive roles to ensure well-planned and appropriate handovers. A number of executive changes were announced in September, including the movement of the Legal & General Retail Retirement Chief Executive to the position of Group Chief Risk Officer, putting some of this planning into practice.</p>
Continue to improve the Board's understanding of its stakeholders, including customers, suppliers and employees.	<p>The Board was very focused on its stakeholders in 2020 and in particular on the impact of Covid-19 on its customers and employees.</p> <p>Regular customer Management Information was provided to the Board throughout the Covid-19 lockdown to enable the Board to have visibility on the impact of remote working on important business services.</p> <p>The Board received an update on customers from the Legal & General Retail Retirement Chief Executive (as Customer Champion) and the Group Conduct Risk Director in June, and the Customer Champion presented an update on customers (including institutional clients) to the Board at the meeting in July.</p> <p>Performance of suppliers during the Covid-19 pandemic was also a focus for the Board in 2020. In particular, the Group Risk Committee held a detailed discussion on the Group's top 10 suppliers at its meeting in July.</p> <p>The Board received regular updates on employees, including the results of the employee lockdown surveys, from the Group HR Director, at full Board meetings and regular Board calls. There was continued engagement with the workforce and reporting on this at the Board through the designated workforce non-executive director. Through this, the Board gained an understanding of the key challenges faced by employees throughout the pandemic and their key concerns, as well as an understanding of those steps/actions which were being taken to support employees, both physically and from a mental health perspective.</p> <p>The Board had continued engagement with both institutional and retail shareholders over the year. In particular, we hosted a virtual Capital Markets event for investors and analysts in November. The event consisted of presentations on the Group's strategy, financial performance and ambitions, as well as a live Q&A teleconference with the executive management team. Additionally, we held a live, virtual shareholder engagement event at the end of the year, which included presentations from the Chairman, Group Chief Executive and Committee Chairs. Shareholders were also offered the opportunity to pre-submit any questions they may have for the Board, or ask their questions live at the event.</p>
Continue to enhance focus on the Group's businesses and the markets in which they operate.	<p>Each of the Group's business areas provides regular updates to the Board at each Board meeting, and the divisional Chief Executives periodically attend Board meetings to update in more detail on their business. The Board receives deep dive presentations into specific areas of strategic interest or growth in each business division over the year. There was a particular continued focus throughout Covid-19 on the Group's important business services.</p>
Continue to enhance the support provided to the Board in terms of training, facilities and quality of papers.	<p>The Covid-19 pandemic and move to remote working accelerated the Board's digital journey and Board meetings have been successfully held remotely since April. Incremental improvements have been made to the Board's videoconferencing facilities since then. In addition, safe and socially distanced in-person attendance at Board and Committee meetings has been facilitated since July.</p> <p>Improving the quality of Board papers is an ongoing priority for the Company Secretariat team. In 2020, new formats for Board reporting were introduced to reduce the number of papers and length of reports.</p>



Sir John Kingman
Chairman

Committed to the highest standards

Compliance with the 2018 UK Corporate Governance Code: For the year ended 31 December 2020, we are pleased to report that we have applied the principles and complied with the provisions of the Code.

1. Board leadership and company purpose

A. Board's role

There is a formal schedule of matters reserved for the Board that sets out the structure under which the Board manages its responsibilities, providing guidance on how it discharges its authority and manages the Board's activities. Our governance framework means we have a robust decision making process and a clear framework within which decisions can be made and strategy can be delivered. Our delegated authority framework ensures that decisions are taken by the right people at the right level with accountability up to the Board, and enables an appropriate level of debate, challenge and support in the decision making process. The company continues to be led by an effective and entrepreneurial Board. A yearly planner is reviewed at each Board meeting to ensure the most important and current topics are discussed at meetings throughout the year. The Board's main activities throughout the year are detailed on pages 72 to 73.

B. Purpose and Culture

The Board's agenda is set by the Chairman and deals with those matters relating to the Group's strategic plan, risk appetite, and systems of internal control and corporate governance policies. The Board held a strategy meeting in April 2020 and met for a two day strategy event in October 2020 to consider the Group's strategy. The Board regularly reviews the Chief Risk Officer conduct report, providing insight into culture across the organisation and helping to ensure behaviours throughout the business align with the company's purpose, values and strategy. Furthermore, the Board is responsible for overseeing implementation of the group-wide diversity and inclusion policy which applies to all individuals directly employed by the Group and forms the basis of engagement with customers and suppliers. Board members participate in site visits enabling them to meet with employees and gain first-hand insight into culture in the various business divisions. The Chairman, Group Chief Executive and Group Chief Financial Officer have also hosted virtual town hall events throughout the year. Additionally, when the Board is considering entering a new market or business area, culture plays a major part in discussions and Board members remain conscious of the need to embed the company's inclusive culture in any new business. Building an inclusive culture enables innovation, better decision making and embodiment of our three behaviours: straightforward, collaborative and purposeful. Further information on the purpose of the company is provided on page 6.

C. Resources and controls

Matters delegated to the Group Chief Executive include managing the Group's business in line with the strategic plan and approved risk appetite, and responsibility for the operation of the internal control framework. The Group Risk Committee assists the Board in the oversight of the risks to which the Group may be exposed and provides the Board with strategic advice in relation to current and potential future risk exposures. The risk management framework supports the informed risk taking by our businesses, setting out those rewarded risks that we are prepared to be exposed to and the risks that we want to avoid. Further information on risk management can be found on pages 40 to 47.

D. Stakeholder engagement

Board members take an active role in engaging with shareholders and wider stakeholders. Further information on the Board's engagement with stakeholders can be found on pages 64 to 67. Board members receive feedback at each Board meeting from Lesley Knox on her role as designated workforce director and periodic feedback from the employee Voice survey enabling them to assess and monitor culture.

E. Workforce engagement

In addition to Board members' site visits, the designated workforce director meets with employees of various grades and across business divisions throughout the year, enabling visibility of workforce policies and practices across the organisation and how these align with the company's values and the Group's behaviours. There is a whistleblowing hotline available for any members of the workforce who wish to raise any concern of wrongdoing in the workplace. The Board has oversight of whistleblowing and routinely receives reports arising from its operation. Additionally, employees are encouraged to share their views through the Voice survey and with the designated workforce director. Further details are available on page 69.

2. Division of responsibilities

F. Role of the Chairman

The Chairman sets the agendas for meetings, manages the meeting timetable and encourages an open and constructive dialogue during meetings, inviting the views of all Board members.

G. Composition of the Board

In addition to the Chairman, the Board comprises seven independent non-executive directors and two executive directors. The roles of the Chairman and Group Chief Executive are clearly defined and the role profiles are reviewed as part of the annual governance review undertaken by the Board. Sir John Kingman, the Chairman, is responsible for leading the Board while Nigel Wilson, Group Chief Executive, is responsible for the day-to-day management of

the company within the parameters of the strategy set by the Board. Sir John Kingman was identified by the directors as being independent on appointment.

H. Role of the non-executive directors

The non-executive directors' engagement with management, constructive challenge and contribution to Board discussion are assessed as part of the Board's annual effectiveness review. The non-executive directors' letters of appointment set out the time commitment expected from them. At times, this time commitment may go beyond that set out in the letter of appointment and is therefore reviewed regularly. External commitments, which may have an impact on existing time commitments, must be agreed in advance with the Chairman and approved by the Nominations and Corporate Governance Committee under its delegation from the Group Board. In addition, the policy for the identification and management of directors' conflicts of interest is reviewed on an annual basis. The significant commitments of each of the directors are included in the Board biographies on pages 58 to 59. The Chairman's commitments were considered as part of his appointment and the Board agreed that he had no commitments that were expected to have a negative impact upon his time commitment to the company. This is kept under review.

I. Role of the Company Secretary

Procedures are in place to ensure that Board members receive accurate and timely information via a secure and electronic portal and all directors have access to the advice of the Group General Counsel and Company Secretary as well as independent professional advice at the expense of the company.

3. Composition, succession and evaluation

J. Appointments to the Board and succession planning

The Nominations and Corporate Governance Committee is responsible for assessing the composition of the Board and, in making recommendations for appointments to the Board, the Committee considers the balance of skills, experience and knowledge needed in order to enhance the Board and support the company in the execution of its strategy. The Nominations and Corporate Governance Committee is responsible for succession planning and leading the process of appointing new directors to the Board. Details of the work undertaken by the Nominations and Corporate Governance Committee are set out on pages 78 to 81.

K. Skills, experience and knowledge of the Board

The Nominations and Corporate Governance Committee is committed to ensuring that all appointments are made on merit having evaluated the capabilities of all potential candidates against the requirements of the

Board, with due regard for the benefits of all types of diversity, including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. Further details of the appointments undertaken during the year can be found on page 79 and a summary of the Board's policy on diversity and inclusion can be found on pages 80 to 81.

L. Board evaluation

The Board undergoes an externally facilitated evaluation every three years. An external Board evaluation was undertaken during 2020. Details of this external evaluation and an update on the progress against the recommendations from the 2019 externally-facilitated internal evaluation are set out on page 75. To ensure that the evaluation process is independent, robust and meaningful, the Board undertook a tender process for the evaluation provider in June, following which, the 2020 evaluation was facilitated by Independent Board Evaluation (IBE). Sir John Kingman's performance is appraised as part of this annual review, as well as the effectiveness of both the non-executives and the executive team.

All directors were subject to shareholder election or re-election at the 2020 Annual General Meeting (AGM) and all directors received over 97% votes in favour of their re-election. All directors will be subject to shareholder election or re-election at the 2021 AGM, aside from Julia Wilson who reached her nine year tenure as non-executive director of the company in December 2020 and so will be stepping down from the Board on 31 March 2021.

4. Audit, risk and internal control

M. Internal and external audit

The Audit Committee comprises six independent non-executive directors and the Board delegates a number of responsibilities to the Audit Committee, including oversight of the Group's financial reporting processes and internal control, and the work undertaken by the external and internal auditors. The Committee also supports the Board's consideration of the company's viability statement and its ability to operate as a going concern. The Audit Committee chair provides regular updates to the Board on key matters discussed by the Committee.

N. Fair, balanced and understandable assessment

The Strategic report, located on pages 1 to 55, sets out the performance of the company, the business model, strategy, and the risks and uncertainties relating to the company's future prospects. The 2020 Strategic Report includes a wide-ranging review and consideration of the impact of Covid-19 on both the Group and its stakeholders. When taken as a whole, the directors consider the annual report is fair, balanced and understandable and provides information necessary for shareholders to assess the company's performance, business model and strategy.

O. Risk management and internal control framework

The Board sets the company's risk appetite and annually reviews the effectiveness of the company's risk management and internal control systems. A description of the principal risks facing the company is set out on pages

44 to 47. Page 43 sets out how the directors have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate (the 'viability statement'). The Group Risk Committee considers assessments of the Group's current risk profile and emerging risk factors, facilitated by the Group Chief Risk Officer. The activities of the Group Risk and Audit Committees are set out on pages 82 to 87.

5. Remuneration

P. Remuneration policies and practices

The company aims to reward employees fairly and its remuneration policy is designed to promote the long-term success of the company whilst aligning the interests of both the directors and shareholders. An updated remuneration policy was approved by shareholders at the 2020 Annual General Meeting. The directors' remuneration policy is set out on pages 94 to 95.

Q. Executive remuneration

The Remuneration Committee is responsible for setting the remuneration for all executive directors. No director is involved in deciding their own remuneration outcome.

R. Remuneration outcomes and independent judgement

Details of the composition and the work of the Remuneration Committee are set out in the Directors' report on remuneration on pages 88 to 113.



UK Corporate Governance Code

A full version of the Code can be found on the Financial Reporting Council's website. Please visit: frc.org.uk

Board and Committee meetings attendance during 2020¹

Director	Appointment date	Committee appointments	Board (8)	Audit Committee (5)	Nominations and Corporate Governance Committee (4)	Remuneration Committee (5)	Group Risk Committee (5)	Technology Committee (5)
Chairman and executive directors								
Sir John Kingman ²	24 October 2016	T N	8/8		4/4			5/5
N D Wilson	1 September 2009		8/8					
J Davies	9 March 2017		8/8					
K Procter ³	9 March 2017		7/7					
M Scrimgeour ³	2 September 2019		7/7					
Non-executive directors								
J Wilson ⁵	9 November 2011	A T N Ri	8/8	4/5	3/4		4/5	5/5
H Baldock	4 October 2018	A N R Ri	8/8	5/5	4/4	5/5	5/5	
P Broadley	8 July 2016	A T N R Ri	8/8	5/5	4/4	5/5	5/5	5/5
L Knox	1 June 2016	A N R Ri	8/8	5/5	4/4	5/5	5/5	
G Lewis	1 November 2018	A N Ri	8/8	5/5	4/4		5/5	
T Strauss	1 January 2017	A T N Ri	8/8	5/5	4/4		5/5	5/5
R Lewis ⁴	18 June 2020	N R Ri	4/4		2/2	3/3	3/3	

- Attendance at meetings in accordance with the formal schedule of meetings.
- Attends all Audit, Remuneration and Group Risk Committee meetings as an invitee.
- Kerrigan Procter and Michelle Scrimgeour resigned from the Legal & General Group Plc Board on 26 November 2020.
- Ric Lewis was appointed to the Legal & General Group Plc Board on 18 June 2020.
- Unable to attend May Committee meetings due to prior commitment that was unable to be moved.

Committee membership key

- A Audit
 T Technology
 N Nominations and Corporate Governance
 R Remuneration
 Ri Risk
 ● Committee Chairman

Nominations and Corporate Governance Committee report



Sir John Kingman
Chairman

The composition of the Committee

The Committee is composed of the Group Chairman and all the independent non-executive directors. The table below sets out the Committee membership during the year. The Group Chief Executive and Group HR Director may be invited to attend meetings where this may assist the Committee in fulfilling its responsibilities and, most notably, in relation to executive appointments and succession planning.

Members
Sir John Kingman
Henrietta Baldock
Philip Broadley
Lesley Knox
George Lewis
Ric Lewis
Toby Strauss
Julia Wilson

In line with our conflicts of interest management policy, directors are asked to absent themselves from any discussions relating to their own reappointment or succession.



The Committee's terms of reference, which set out full details of the Committee's responsibilities, can be viewed on our website: www.legalandgeneralgroup.com/about-us/corporate-governance/



Our ambition is to create an inclusive culture at Legal & General, where we can all perform at our best, no matter who we are. We believe not only that this is the right thing to do, but also that this aim is consistent with our objective around inclusive capitalism.”

Sir John Kingman
Chairman

The role of the Committee

The Committee has overall responsibility for leading the process for new appointments to the Board. It also ensures that these appointments bring the required skills and experience to the Board to support the Board's role in the development and oversight of the Group's strategy. As part of this, the Committee reviews the structure, size and composition of the Board to ensure the Board is made up of the right people with the necessary skills and experience whilst striving to achieve a Board composition that promotes diversity of thought and approach.

The Committee's key responsibilities are:

- Regularly reassessing the structure, size and composition of the Board and recommending any suggested changes.
- Considering succession planning for directors and other senior executives. This takes into account the promotion of diversity and inclusion, the challenges and opportunities facing the company, and the skills and expertise needed by the Board in the future. In addition, the Committee ensures the continued ability of the company to compete effectively in the market place.

- Reviewing the criteria for identifying and nominating candidates for appointment to the Board based on the specification for a prospective appointment including the required skills and capabilities.
- Identifying and nominating for approval of the Board, candidates to fill Board vacancies as and when they arise, taking into account other demands on directors' time.
- Reviewing the time commitment required from non-executive directors and assessing the non-executive directors' other significant commitments to ensure that they continue to be able to fulfil their duties effectively.
- Overseeing and monitoring the company's corporate governance framework, ensuring compliance with the UK Corporate Governance Code while promoting the highest standards of corporate governance across the Group.

How the Committee spent its time in 2020

During 2020 the Committee has focused in particular on the recruitment of the two new non-executive directors, Ric Lewis, who joined the Board in July 2020, and Nilufer von Bismarck OBE, whose appointment was announced in November 2020 and who will join the Board in

May 2021. The biographies of these two new non-executive directors are set out on page 59 and show the strength and depth of skills and experience they bring to the Board. The process involved in these non-executive director appointments was as follows:

The process for the appointment of new non-executive directors

Role requirements	Process	Search	Recruitment
A specification was prepared for the role of non-executive director, specifying the skills, knowledge, experience and attributes required. A strong understanding of the financial services industry was considered essential in order for the appointee to contribute broadly to Board debate. Provided an individual had the relevant skills, previous Board experience was not a necessity.	As part of Board succession planning, the Committee agreed in 2019 to commence a recruitment process to identify a suitable candidate for a new non-executive director. After a tender process, Spencer Stuart, an external search consultant, was engaged to facilitate the search and selection process.	Potential candidates identified were assessed against the role specification, merit and with due regard for the benefits of all forms of diversity on the Board, including gender and ethnicity. Candidates were then shortlisted for interview. Interviews focused on each candidate's skills and experience for the role.	Following interview by the Chairman, the Group Chief Executive and the Group HR Director, a number of candidates progressed to meet other Board members. All were appropriate for appointment based on their skills and experience. Two of the candidates indicated that they were keen to join the Board and the Committee agreed that those candidates should be recommended to the Group Board for appointment to the Board. The Board approved the two appointments. Ric's appointment took effect on 18 June 2020. Nilufer's appointment was announced on 26 November 2020 and will take effect from 1 May 2021.

In 2019 the Board undertook an assessment of the skills and competencies required for non-executive roles for the Board to effectively develop and oversee the Group's strategy and the identification of any gaps which could be filled to enhance the Board's future performance. The Committee determined that the company had a strong Board that was sufficiently able to manage the demands of the Group, but it would be useful to bolster the Board further in certain areas contemplated by the Group's five-year strategic plan. In addition, the Committee discussed that the Board would benefit from further diversity, including ethnic diversity. In 2020, the Board progressed these discussions and recruited two new non-executive directors, both of whom add valuable experience to the Board in financial services but also in sectors in which the company's exposure is increasing, such as real estate. The two new non-executive directors also add additional diversity to the Board. Further detail on our Group Board diversity is detailed in the charts on page 81.

The Board, as part of a continued focus on achieving best practice in governance, decided in 2020 to streamline executive representation on the Board to ensure there was always a substantial majority of independent non-executive

directors. As such, from November 2020 only the Group CEO and Group CFO sit on the Board as executive directors. Kerrigan Procter, Chief Executive LGC, and Michelle Scrimgeour, Chief Executive LGIM, who were previously also executive directors of the Board, have continued in their executive roles.

The Committee has continued to focus on contingency, medium-term and long-term succession planning for the executive and senior management, with particular emphasis on leadership succession and capabilities evaluation. The Committee discussed in particular how the Executive Committee had worked together in response to the challenges posed by the Covid-19 pandemic. Following Committee discussions early in the year on executive succession, a number of changes were made to our executive team in September 2020, including the announcement of the appointment of Chris Knight as Chief Risk Officer and Andrew Kail, joining from PwC, as CEO of LGRR. In addition, later this year Laura Mason, currently Chief Executive, Legal & General Institutional Retirement (LGRI), will succeed Kerrigan Procter as Chief Executive, Legal & General Capital. Kerrigan Procter will be moving to a new role as President of Asia, Legal & General Group. We will run a formal recruitment process to identify Laura's successor as Chief Executive, LGRI. The Group aims for long integration periods for senior executive roles to ensure well-planned and appropriate handovers and this set of changes to the executive team will follow that planned long integration approach.

Nominations and Corporate Governance

Committee report continued

The Committee also discussed succession planning for the Senior Independent Director (SID), a position currently held by Julia Wilson. Julia has served a nine-year term on the Board and so will step down on 31 March 2021. Philip Broadley, our Audit Committee chair, will take over from Julia as SID. Philip's four years of experience on the Board and as Audit Committee chair will position him well to fulfil the duties of SID. When considering Philip's appointment as SID, the Committee thought carefully about the time commitment required to undertake both this role, the role of Audit Committee Chair and his other external commitments. The Committee satisfied itself that Philip had sufficient time to fully commit to both roles.

The Committee is responsible for evaluating the independence of all non-executive directors and undertakes an annual review of each non-executive director's other interests. The Board, on the recommendation of the Committee, is satisfied that each non-executive director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the company. As Julia Wilson has served on the Board for nine years, her continued independence was subject to a more rigorous review in 2020. Committee members considered Julia's external interests and other relationships which could materially interfere with her ability to exercise independent judgement. It was concluded that there were no circumstances which would affect Julia's ability to act in the best interest of the company and that her length of tenure had no detrimental impact on her level of independence.

The Committee is also responsible for overseeing and monitoring the Group's corporate governance framework which includes the following activities:

- Monitoring the Group's compliance with the UK Corporate Governance Code.
- Promoting the highest standards of corporate governance across the Group.
- Considering and approving directors' additional external appointments, taking into account other demands on directors' time.
- Ensuring that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.
- Overseeing the process for ensuring that non-executive directors have tailored induction programmes on appointment and on-going development programmes, including regular Executive Business Awareness sessions, designed to maximise their effectiveness.

- Overseeing the process by which the Board, each Committee and individual directors assess their effectiveness (including the use of an external facilitator periodically, as well as self-assessment) and report to the Board on the findings and recommendations.

Details of the Group's compliance with the UK Corporate Governance Code have been provided on pages 76 to 77.

Our approach to diversity and inclusion

Our ambition is to create an inclusive culture at Legal & General, where we can all perform at our best, no matter who we are. We believe not only that this is the right thing to do, but also that this aim is consistent with our objectives around inclusive capitalism. There is a clear commercial logic as well as a compelling moral case for this, and it underpins the actions we take to improve diversity and inclusion across the organisation.

1. Building a diverse and inclusive Board

An effective Board is one that embodies diversity of thought and background, and one which reflects our people as well as the businesses and communities our organisation serves. Ensuring appropriate diversity in Board composition with the right mix of skills and experience has been a key focus for the Committee during the year.

We are committed to improving ethnic minority representation on our Board. Our appointment of Ric Lewis in 2020, and the arrival of Nilufer von Bismarck in May 2021, brings to the Board significantly greater diversity of ethnicity, in line with our Board Diversity Policy and the recommendations of the Parker Review.

The Board continues to support Lord Davies' and the Hampton-Alexander voluntary targets, namely for a third of all Board members in FTSE 350 companies to be women by 2020. As at 31 December 2020, our Board comprised 30% women and 70% men.

We are committed to increasing the number of women on our Board further and will address our current position as soon as possible. The chart on the following page demonstrates the Board's current position.

2. Gender diversity and an inclusive Senior Leadership Team

A diverse Senior Leadership Team is as important as a diverse Board, because we believe that executive decision-making is more effective if it takes into account a wider range of views and opinions. Therefore, we continue to hold ourselves to the stretching aspirational targets we set in 2017, to be achieved by the end of 2020:

1. 50% female representation across our total population.
2. 40% female representation at middle/senior management level.

As of 31 December 2020, female representation across the group stood at 45% and at 35% at the middle/senior management level. Our Executive Committee comprises 27% women and 73% men, with two of our five operating businesses led by a female CEO.

Whilst it is disappointing not to hit the targets we set ourselves, we continue to take practical and purposeful steps towards redressing imbalance, including:

- Reinforcing our inclusive hiring practices (such as balanced shortlists and diverse interview panels) and broadening our focus to allow us to address other areas of under-representation beyond gender.
- Continued rollout of a digital, strengths-based assessment tool to reduce bias in talent management decisions.
- Expansion of family-friendly, agile working practices.
- Additional investment in training for line managers and leaders, helping them build new skills for leading inclusive teams where everyone can perform at their best.
- Provision of wellbeing resources including access to a backup network for child, adult and elder care; and
- Ongoing external validation and benchmarking through the Women in Finance Charter, the Bloomberg Gender Equality Index and Hampton Alexander Review.

In 2020, we were awarded the Citywire Gender Diversity 'Judges choice' Award. This accolade was awarded for our stewardship work on gender diversity and leading position on ethnicity, as well as for the female representation in businesses at the board and executive levels and across other senior roles.

Full gender data for our management teams and all employees is available on page 54.

3. Broadening the diversity & inclusion agenda across our organisation

2020 threw into sharp relief the need for continued focus, investment and action to address structural inequality and disadvantage within our organisations and across society. During the year, we spent time listening to our people, exploring external perspectives and reaffirming our commitment to building a diverse and inclusive business.

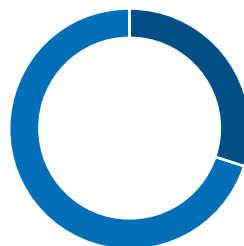
To reflect the importance of creating a diverse and inclusive business, at the end of 2020, we established our Global Diversity and Inclusion Council which reports to our Group Executive and Group Board, through the Nominations and Corporate Governance Committee. It is chaired by Laura Mason, CEO of our Institutional Retirement business and our Global Diversity and Inclusion Sponsor, and comprises senior leaders from across our divisions and geographies alongside Jeff Davies (Group CFO), Emma Hardaker-Jones (Group HR Director) and Michelle Scrimgeour (CEO, LGIM). The Council is tasked with defining and driving an ambitious agenda for D&I across the Group. It regularly reports to the Nominations and Corporate Governance Committee.

The Board is responsible for overseeing the implementation of our Group-wide diversity and inclusion policy. This policy applies to everyone directly employed by the Group and forms the basis of our engagement with our clients, suppliers and other third-party providers.

Our standards include:

- We will be fair and transparent, and treat our people with integrity and openness. We will be respectful of differences and we will not tolerate behaviour that marginalises, disadvantages or devalues others.
- We will aim to build a workforce that reflects the diverse communities we serve. We will invest in our hiring processes so we can attract a more diverse pool of people, and we will tackle barriers that prevent us from attracting and retaining more diverse talent.
- We will create an inclusive environment where people feel comfortable sharing their opinions and feel like they belong. We will encourage our people to embrace difference, to listen to other points of view, and work together to achieve the best outcome.
- We will ensure that everyone across Legal & General understands their responsibilities in driving an inclusive and diverse culture and the opportunities it can bring. We will develop a clear governance framework and use data and insights to shape our actions, measure our progress, and drive accountability.

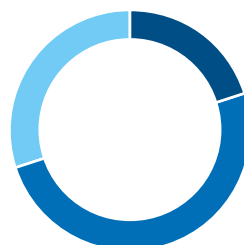
Diversity Gender



As at 31 December 2020 the Board comprised:

- 30% Women
- 70% Men

Tenure



As at 31 December 2020 the length of tenure of the non-executives varies:

- 20% Over six years
- 50% Between three and six years
- 30% Between zero and three years

Ethnicity



As at 31 December 2020 the Board comprised individuals from the following ethnic groups:

- 10% Black
- 90% White



As at 1 May 2021 the Board will comprise individuals from the following ethnic groups:

- 10% Asian
- 10% Black
- 80% White

The Committee only engages executive search firms that are signatories to the Voluntary Code of Conduct for Executive Search Firms, which promotes gender diversity and best practice for corporate board searches. During the year, the company engaged Spencer Stuart, which is a signatory to this Code. This search firm has no other connection to the company or individual directors.

The Committee briefs the search firm to ensure that the pool of candidates presented includes a diverse range of candidates with an appropriate range of experience, knowledge and background, and who demonstrate independence of approach and thought. As detailed on page 79, this process was followed for the recruitment of our new non-executive directors appointed in 2020.



Finding what you need online

We have published our gender pay gap data which can be found online at www.legalandgeneralgroup.com/investors/results-reports-and-presentations/

A summary is available on page 54 of this report.

Audit Committee report



Philip Broadley

Chairman of the Audit Committee

The composition of the Committee

The Committee is composed entirely of independent non-executive directors. The table below sets out its membership during the year.

Members
Philip Broadley
Henrietta Baldock
Lesley Knox
George Lewis
Toby Strauss
Julia Wilson

Other regular attendees at Committee meetings include the following:

Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Director of Group Finance; Group Chief Internal Auditor; Legal & General Retirement Finance Director; Group Actuary; Chief Tax Officer; Representatives of the external auditor, KPMG LLP.

Letter from the Chairman

Dear Shareholder

I am pleased to present the Audit Committee report for the year ended 31 December 2020. The report explains the work of the Committee during the year and meets the disclosure requirements set out in the 2018 UK Corporate Governance Code (the 'Code').

The Code requires that the Audit Committee must operate effectively and efficiently and that its members have a balance of skills and experience to deliver its responsibilities.

There were no changes to the membership of the Committee during the year. The members of the Audit Committee have a wide range of experience, including as executives in the financial services and other sectors, as non-executive directors, and as board members responsible for financial reporting. The Board considers that I meet the requirements of the Code in having recent and relevant financial experience, as do other members of the Committee.

It is worth highlighting that all members of the Committee are also members of the Risk Committee, which ensures that there is appropriate identification and management of any issues that are relevant to both committees.

The Audit Committee meets regularly and privately with each of the external auditor and the Group Chief Internal Auditor. These meetings allow for regular and open dialogue of any issues relevant to the Committee's work. Audit Committee members also meet regularly with management outside of formal Committee meetings to discuss topical issues and maintain their understanding of the Group's businesses.

Audit Committee focus for 2020

The Audit Committee met five times in accordance with its annual plan and additional informal meetings were arranged as necessary. In line with its purpose, the Committee's time over the course of the year was spent in consideration of:

- Response to the outbreak of Covid-19 and the resilience of operational and financial controls in a remote working environment.
- The integrity of the company's financial statements and Solvency II disclosures, including consideration of the viability statement and going concern assessments.
- Key accounting, financial reporting and actuarial areas of judgement.
- The adequacy and effectiveness of our systems of internal control, including whistleblowing; and
- The effectiveness, performance and objectivity of both the internal and external audit functions including an externally facilitated review of the Group Internal Audit function.

The global outbreak of Covid-19 has had a profound impact on society. Quite rightly, the Committee has spent a large proportion of its time addressing the risks and issues the pandemic has caused our business. This has included work on understanding the impact of the pandemic on both the asset and liability sides of our balance sheet, as well as the resilience of our control environment under remote working conditions. It is important that we continue to monitor all aspects of the control environment as we navigate our way through these unprecedented times. Additionally, as implementation draws closer, the Committee has continued to focus on the company's preparedness for IFRS 17. While our work has primarily remained in respect of ensuring plans are in place to meet the new financial reporting requirements, the focus has begun to shift to more detailed consideration of the modelling, methodologies and assumptions used to calculate insurance liabilities and the impact of transition, and we expect that increased focus to continue through this coming year.

Effectiveness reviews

During the year, the Financial Reporting Council's Audit Quality Review Team ('AQRT') reviewed KPMG's audit of the Group's 2019 financial statements as part of their annual inspection of audit firms. The Audit Committee received and reviewed the final report from the AQRT, which indicated that there were no significant areas of concern.

In May the Committee received a report from PwC following an external quality assessment of the Group Internal Audit (GIA) function. As a Committee it is important for us to have an effective GIA function that we can place reliance on. PwC rated GIA as a mature and high-performing internal audit function, with excellent alignment to the business and a strong and embedded culture of ambition and continuous improvement. This external review confirmed the Committee's own assessment of the quality of GIA.

The Committee's performance was externally evaluated by Independent Board Evaluation in December 2020. The Committee identified two actions as part of its evaluation: undertaking a review of the Committee's composition to ensure that the Committee operated as efficiently and effectively as possible, and enhancing the Committee's engagement with both Group Internal Audit and KPMG.

I am pleased to report that the Committee continues to operate effectively. Looking ahead to the coming year, Covid-19 continues to have a profound reach and impact, and I expect it to act as a key area of focus for the Committee, as it seeks to anticipate the pandemic's impact on controls, customers and critical accounting judgements.

The information on the following pages sets out in detail the activities of the Committee during the year. I hope that you will find this report useful in understanding our work and I welcome any comments from shareholders on my report.



Philip Broadley
Chairman of the Audit Committee



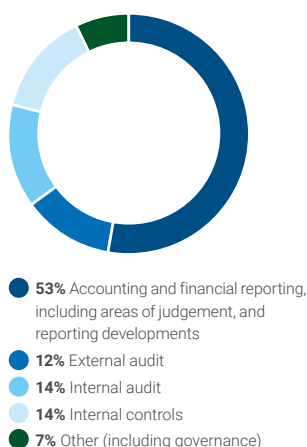
The Audit Committee's terms of reference, which set out full details of its responsibilities, can be viewed on our website
www.legalandgeneralgroup.com/about-us/corporate-governance/group-board-committees/

How the Audit Committee spent its time in 2020

The Audit Committee is a Board Committee with governance responsibilities that include the oversight of financial disclosures and corporate reporting. The Board has delegated to the Audit Committee the following principal responsibilities to assist the Board in discharging its responsibilities with regard to monitoring the integrity of the Group's financial statements, monitoring the effectiveness of the internal control (including financial internal control) framework and overseeing the independence and objectivity of the internal and external auditors. The Audit Committee is also responsible for advising the Board on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and for reviewing the basis on which the Board provides the viability statement and going concern assessment.

These considerations have been factored into our year-end processes.

Percentage of time allocated to specific agenda items



The Audit Committee has an annual work plan aligned with the financial reporting cycle of the company. The Audit Committee's activities fall into three principal areas:

- Accounting and financial reporting.
- Internal and external audit.
- Internal control.

Accounting and financial reporting

The Audit Committee reviews the appropriateness of the half year and annual financial statements, which it carries out with both management and the external auditors. This review includes ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable, as well as covering compliance with disclosure requirements and the material areas in which significant judgements had been applied.

In collaboration with the Risk Committee, the Audit Committee also reviews the disclosures to be made in relation to internal control and risk management, as well as the principal risks and uncertainties.

The significant accounting issues considered in relation to the 2020 financial statements are detailed on page 84.

Robust year-end governance processes are in place to support the Audit Committee's considerations which include:

- Ensuring that all of those involved in the preparation of the company's annual report have been appropriately trained and fully briefed on the 'fair, balanced and understandable' requirements.
- Internal legal verification of all factual statements, and descriptions used within the narrative.
- Regular engagement with and feedback from senior management on proposed content and changes.
- Feedback from external advisors (corporate reporting specialists, remuneration and strategic reporting advisors, external auditor) to enhance the quality of our reporting; and
- Early opportunity for review and feedback on our annual report by Audit Committee members.

Across global markets and all areas of society, the Covid-19 outbreak has brought with it increased levels of both volatility and uncertainty. While Legal & General has been able to remain robust and resilient as an organisation through 2020, the pandemic has impacted areas of our business, as well as our employees and other key stakeholders in multiple ways. A key area of the Committee's focus has been on ensuring that the disclosures in the Group's half year financial statements and annual report and accounts appropriately reflect the impacts of Covid-19, as well as how the Group has responded to and mitigated those impacts, both financially and operationally.

The Audit Committee, having completed its review, recommended to the Board that, when taken as a whole, the 2020 annual report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy. The Audit Committee, together with the Risk Committee, reviewed the key assumptions and methodologies of the risk-based capital model as well as related Solvency II disclosures.

Audit Committee report

continued

During the year, the Audit Committee has continued to keep abreast of significant and emerging accounting developments, and the Audit Committee regularly considers the progress of the projects to implement new

standards, particularly IFRS 17, and the key judgements relating to their implementation, including the expected impacts on results and the approach to transitional disclosures.

Issue	Committee's response
<p>Valuation of non-participating insurance contract liabilities – retirement:</p> <p>The non-participating insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.</p>	<p>The Committee evaluated the significant judgements that have an impact on the valuation of non-participating insurance liabilities for retirement products. This included considering:</p> <p>Valuation interest rates – which are used to discount the liabilities. These are sensitive to judgements made, for example, on credit default of the backing assets, as well as the investment data used to calculate the internal rate of return. The Committee focused on management's proposed changes to reserving assumptions, other modelling changes, and the determination of the credit default assumption. This included analysis of internal historic data and external market experience, including consideration of Brexit outcomes.</p> <p>Longevity assumptions – which estimate how long policyholders receiving annuity payments will live. The challenge around the setting of longevity assumptions was a particularly significant area for review as the judgements could be expected to have a material impact on the Group's results. The Committee considered the effectiveness of the controls over the accuracy and completeness of the data used in determining the longevity assumption and the validity of independent industry data supporting those assumptions. The Committee also reviewed available data illustrating recent trends in mortality experience in the UK population and the mortality experience on different blocks of our business.</p> <p>The Committee concluded that the retirement insurance contract liabilities are appropriate for including in the financial statements, reflecting the asset risks and the available data on policy holder longevity.</p>
<p>Valuation of complex investments:</p> <p>Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes.</p> <p>Mark to model valuations inherently include assumptions that lead to the existence of a range of plausible valuations for financial instruments (known as valuation uncertainty). Certain assets are subject to a higher degree of valuation uncertainty, particularly where valuations are modelled using no market inputs or the valuations are affected by other factors such as the illiquidity of the asset.</p>	<p>The Group has continued to increase its exposure to complex investments, in line with its strategy and risk appetite. The valuation of these investments, including property assets, lifetime mortgages, and private credit, requires the use of complex models and management judgement. The Committee seeks to ensure that the valuation process for these investments is robust.</p> <p>During 2020, Covid-19 notably increased the volatility within asset markets, and this has driven an increased focus by the Committee on asset valuations, particularly non-traded harder to value assets. Given the diversity of our asset portfolio, the impact has been varied with certain asset classes and market sectors more exposed to the impact of Covid-19 than others. The Committee reviewed the processes and controls over investment valuations, the additional activities and governance that have been undertaken as a result of Covid-19, and in particular the valuation uncertainty policies and governance which included management's assessment of valuation uncertainty by asset type.</p> <p>The Committee concluded that there are appropriate controls surrounding the valuation of complex assets and that they are valued appropriately for inclusion in the financial statements.</p>
<p>Valuation of non-participating insurance liabilities – insurance:</p> <p>The non-participating insurance liabilities for protection contracts are an important driver of the profitability for this line of business and require judgements to be made regarding the assumed rates of mortality and persistency. The company makes extensive use of reinsurance to reduce mortality risk.</p>	<p>The Committee has reviewed the methodology for calculating reserves including the allowance made for payments to and from reinsurance counterparties. The assumptions for the rate of future mortality and morbidity (how many customers will die or become ill during the policy term) and persistency (how many customers will discontinue cover) are based on the company's internal experience and use judgement about how experience may vary in the future. During 2020, the Committee has spent additional time reviewing the findings and judgements in respect of the mortality experience of our UK and US books as a result of Covid-19.</p> <p>The Committee reviewed the assumptions and the expected level of prudence taking into account market benchmarking, internal experience studies and the reinsurance structures. The Committee also considered the internal control environment in place to control the valuation models.</p> <p>The Committee concluded that the insurance liabilities of the Insurance division are appropriate for inclusion in the financial statements.</p>

Internal control

The Board has delegated responsibility for reviewing the effectiveness of the Group's systems of internal control to the Audit Committee.

The Audit Committee has the primary responsibility for the oversight of the Group's system of internal controls including controls over financial reporting and the work of the internal audit function. The Audit Committee, in collaboration with the Risk Committee, seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risk to be identified, assessed and managed.

The Audit Committee has completed its review of the effectiveness of the Group's system of internal control policies and procedures, during the year and up to the date this report was approved, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC. During this review, the Audit Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken and progress is monitored by the Audit Committee.

A significant area of focus in the Committee's assessment of the overall effectiveness of the control environment was the impact of Covid-19 and the move to remote working. The Committee received regular reports during the year on the various impacts of remote working, the associated risks and the mitigating actions undertaken by management to maintain resilience across the control environment. The Committee has recognised the changing nature of risks and impacts associated with remote working during the year, moving from those of more technological and operational nature during the initial lockdowns to more complex impacts on culture as a result of

employees becoming potentially 'disconnected' from their teams and the wider organisation. The Committee noted the extensive work that has been undertaken at an individual, team and organisational level to mitigate this risk and the positive impact that this work has had, evidenced through employee engagement scores.

Internal Audit

The Audit Committee monitored and reviewed the scope, extent and effectiveness of the activity of the Group internal audit function. In particular, the Audit Committee evaluates the alignment of the internal audit plan with the Group's key risks and strategy.

The Group Chief Internal Auditor has a standing agenda item at each Audit Committee meeting to update the Audit Committee on audit activities, progress of the audit plans, the results of any unsatisfactory audits and the action plans to address these areas. Despite the challenges that Covid-19 presented to the business, as well as the move to a remote working environment, Internal Audit were able to undertake all the audits within their Internal Audit Plan, including some additional reviews as a result of Covid-19, as approved by the Committee, completing 119 audits in 2020. There was a particular focus on key themes including: the effectiveness of the control framework in a remote working environment, cyber/data management and governance, financial control framework, digital business and regulatory change, conduct risk, financial management and control, model risk, outsourcing/vendor management and economic and political volatility.

The external auditor

The Audit Committee has the primary responsibility for overseeing the relationship with, and performance of the external auditor. This includes making recommendations for their appointment, re-appointment, removal and remuneration.

Appointment

The Audit Committee is cognisant of the requirements governing the appointment of an external auditor, notably the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, including requirements for mandatory audit firm rotation. The company confirms that it has complied with such requirements for the financial year under review.

KPMG were appointed as the Group's external auditors with effect from the financial year ended 31 December 2018.

Performance

The Audit Committee assesses the effectiveness of the external auditor against the following criteria:

- Provision of timely and accurate industry specific and technical knowledge.
- Maintaining a professional and open dialogue with the Audit Committee Chair and members at all times.
- Delivery of an efficient audit and the ability to meet objectives within the agreed timeframes.
- The quality of its audit findings, management's response and stakeholder feedback.

The Audit Committee receives regular reports from the external auditor on audit findings and significant accounting issues. In 2020, the Audit Committee continued to focus on the external auditor's assurance work on the financial control environment, as well as their conclusions on the significant accounting issues noted above.

The move to remote working as a result of Covid-19, both for the Legal & General teams as well as those of KPMG, has created additional complexity for efficient and effective external audit work. The Committee has noted the flexing of audit approach and timetabling to address this additional complexity, and has confirmed with KPMG that they have been able to perform their audit with the same rigour, quality, and indeed efficiency, as would normally be expected.

The Chair of the Audit Committee regularly meets the external auditor throughout the course of the year. The Audit Committee also meets the external auditor in private throughout the year.

Analysis of current and prior-year spend on audit, other assurance and non-assurance services

	2020	2019	2018
Audit	10.1	7.1	6.0
Audit-related required by legislation	1.4	0.8	0.8
Other audit-related	0.6	1.1	0.6
Other assurance	0.6	0.3	0.2
Non-assurance	–	0.2	1.5
Total	12.7	9.5	9.1

The policy is approved by the Audit Committee and met the requirements of the UK Ethical Standards.

Our policy is to approach other firms for significant non-audit work. The Group's policy requires that all services with an anticipated cost in excess of a specified amount are subject to a full competitive tender involving at least one other alternate party in addition to the external auditor. If the external auditor is selected following the tender process, the Audit Committee is responsible for approving the

The Audit Committee reviews and approves the terms of engagement of the external auditor and monitors its independence. This includes overseeing the engagement of the external auditors for non-audit work. The non-audit services policy prohibits the auditor from providing, amongst others, the following services:

- Tax advice and compliance.
- Management or decision making.
- Book-keeping and preparing accounting records or statements.
- Design or implementation of internal controls.
- Valuation.
- Legal, internal audit or human resources.
- Those linked to financing capital structure or allocation or investment strategy.
- Promoting, dealing in or underwriting share issues.
- Payroll services.

Remuneration

In 2020, the group spent £1.2 million on non-audit services provided by KPMG. It spent a further £1.4 million on audit-related services required by legislation, which is excluded from any calculation of the ratio of non-audit to audit fees in accordance with the UK FRC Revised Ethical Standard for Auditors (2019). Further details can be found in Note 33 to the consolidated financial statements. The non-audit fee represents 12% of the total audit fee for 2020. The audit fee for 2020 reflects an increase in fees for consolidated funds (which are not borne directly by the group), additional fees relating to the prior year audit of group subsidiaries, and incremental procedures relating to areas of audit focus in light of Covid-19.

external auditors' fees on the engagement. For services with an anticipated cost below the specified amount, the Group Chief Financial Officer has authority to approve the engagement. The external auditor and management are required to report regularly to the Audit Committee on the nature and fees relating to non-audit services provided under this authority.

KPMG annually reports on whether and why it deems itself to be independent. The Audit Committee remains satisfied that KPMG continues to be independent.

Group Risk Committee report



Toby Strauss

Chairman of the
Group Risk Committee

The composition of the Committee

The Committee is composed entirely of independent non-executive directors. The table below sets out its membership during the year.

Members
Toby Strauss
Henrietta Baldock
Philip Broadley
Lesley Knox
George Lewis
Ric Lewis
Julia Wilson

Other attendees at Committee meetings include: the Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group Conduct Risk Director; Group Chief Internal Auditor; Chief Executive Officer LGC; Representatives of the external auditor, KPMG LLP.

The role of the Committee is to assist the Board in the oversight of the risks to which the Group may be exposed and to provide the Board with strategic advice in relation to current and potential future risk exposures. This includes reviewing the Group's risk profile and appetite for risk, and assessing the effectiveness of the Group's risk management framework. The Group's approach to the management of risk is set out in more detail on pages 44 to 47.

The work of the Committee is supported by the Group Chief Risk Officer and the Company Secretary, who assists the Committee chair in planning the Committee's work and ensuring that the Committee receives accurate and timely information. The Committee met five times during 2020.

Group Chief Risk Officer's report

The Committee receives at each meeting a formal report from the Group Chief Risk Officer. This report brings to the Committee's attention key factors in the operating environment of the Group's businesses and an assessment of the potential risks that may emerge. The review includes analysis of risks arising from the macro-economic outlook and conditions in financial markets, together with geopolitical, legislative and regulatory change risks that may impact the Group's businesses, and risks associated with the implementation of the Group's business strategy.

In addition to the Group Chief Risk Officer's report, the Committee is provided with management information on risk appetite, comparing actual positions relative to the Group's risk appetite statement; and quantitative analysis of the Group's exposures to financial and operational risks, including risk-based capital requirements in relation to the core risks implicit in the Group's businesses.

Group Conduct Risk Director's report

At each meeting the Committee receives a report from the Group Conduct Risk Director. This provides the Committee with an assessment of the overall profile of conduct risks for the Group; analysis and trends in conduct risk indicators including complaints data, and the results of reviews undertaken by the group conduct risk monitoring team, as well as evaluation of changes in the conduct risk landscape as regulatory approaches evolve. The Group Conduct Risk Director's report is accompanied by a suite of customer service metrics designed to enable the Committee to assess the management of the customer journey across the Group's financial services products.

Assessing the risk impacts of Covid-19

The Committee has engaged extensively with executive and operational management over the course of the pandemic to consider the responses being taken to the range of risks presented by the disease, and the wider impacts for our businesses from the global lockdown.

As well as ensuring the wellbeing of those at Legal & General, the Committee has considered the actions taken to maintain the availability of customer facing services, and the resilience of supporting business activities.

The Committee has also considered assessments on the effects of the lockdown for the global economy and our investment portfolios, including the outlook for credit assets. Reviews of credit exposure have included sectors at risk from the global economic downturn and the longer-term impacts from changes in behaviours as a result of the pandemic. Trends in mortality for the Group's UK and US protection businesses, and offsetting effects with the Group's annuity portfolios have also been evaluated.

Focused business and risk reviews

Focused 'deep dive' reviews of particular risk areas are undertaken at each Committee meeting. The purpose of these reviews is to enable Committee members to examine the risk profile of the core business lines and to consider the robustness of the frameworks in place to manage the key risk exposures. Committee members are invited to participate in setting the agenda for these deep dive reviews, considering both the current operating environment and emerging risk factors. Below are examples of some of the key reviews that took place during 2020, and the areas of focus by the Committee.

- Credit risk management: Reviews of the Group's credit portfolio and its resilience to stressed market conditions.
- Longevity risk management: Review of the nature of longevity risks within the Retirement businesses and the work of the longevity risk team to measure and price for the risk.
- Responding to climate risk: Assessment of the approach and progress in responding to the risks of climate change and the delivery of policy commitments within the Group's TCFD.
- The management of direct investments: Consideration of the credit and operational risks within the Group's portfolio of direct investments and the operation of the risk management and oversight framework.
- Outsourcing and supply chain risks: Review of the Group's framework for oversight of third-party supply and service arrangements, the management of modern slavery risks within the supply chain, and key contract dependencies.
- Protection claims management: The Group's approach to assessing and settling protection claims and ensuring balanced customer outcomes.
- Building safety risks: Review of construction and asset ownership risks including the use of cladding materials.
- Reinsurance counterparty risk: Evaluation of risks associated with reinsurance arrangements.
- Operational resilience: Assessment of the Group's capabilities to ensure continuity of business operations and continued availability of important business services.
- Transition from IBOR: Monitoring the Group's preparations for the transition to SONIA.

The Committee also takes an active role in the Group's recovery and resolution planning, which have been put in place in line with the UK regulatory requirements relating to systemically important insurers.

Risk appetite

At its July meeting, the Committee undertook a detailed review of the operation of the Group's risk appetite framework and the key measures and tolerances used to determine acceptable risk taking, recommending some refinements to the Board. In December, the Committee considered the risk profile of the Group's strategic plan and its alignment with the Group's overall risk appetite.

In addition to this aggregate view of acceptable risk taking, the Committee also considers, as part of the Group's overall transaction approval process, the appetite for specific risks associated with transactions, particularly where the transaction is material in the quantum of risks being assumed or aspects of the transaction may present risks that are relatively new to the Group.

Risk-based capital model

The Group's risk-based capital model (internal model) is used to determine the capital requirements for the Group and forms the calculation engine for the Solvency II internal model. As well as reviewing and using the output of the model in its understanding of the Group's risk profile, the Committee is the focal point for model governance with specific consideration of the:

- Key assumptions, methodologies and areas of expert judgement used within the model.
- Activities undertaken to validate the outputs of the model.
- Development of the model to ensure that it reflects the business lines and risk profile of the Group; and
- Processes to ensure that changes applied in the model are undertaken in a controlled manner, and in line with model development plans.

Own Risk and Solvency Assessment (ORSA)

The ORSA is an ongoing assessment of the risks to which Legal & General is exposed and an evaluation of the sufficiency of capital resources to sustain the business strategy over the plan horizon. Over the course of the year the Committee considered different aspects of the Group's ORSA process. This included the review of proposed stress tests and scenarios to be used in the evaluation of capital adequacy, the profile of risks within the Group's strategic plan and how they may change over the planning period, and the Group's overall capacity to bear the risks identified.

A formal ORSA report is subject to annual review by the Committee prior to formal approval by the Group Board.

Risk governance

Sound frameworks of risk management and internal control are essential in the management of risks. During the year, the Committee has received updates on the continued development of the risk governance framework.

Risk-based remuneration

The Committee advises the Remuneration Committee on risk matters to be considered in reviewing bonus pools.

Directors' report on remuneration



Lesley Knox
Chairman of the Remuneration Committee

Our remuneration report is organised into the following sections

Letter from the Chairman of the Remuneration Committee	88
Quick read summary	90
Remuneration policy	94
Annual report on remuneration	96

The directors' remuneration policy was subject to a binding vote in 2020, and applies for three years from the 2020 AGM. The annual report on remuneration together with the Chairman's Statement will be subject to an advisory shareholder vote at the 2021 AGM.

Remuneration Committee members

The composition of the Committee

The Committee is composed entirely of independent non-executive directors. The table below sets out its membership during the year.

Members
Henrietta Baldock
Philip Broadley
Lesley Knox
Ric Lewis (from 18 June 2020)

Other regular attendees at the meeting include the following:

Group Chairman; Group Chief Executive; Director of Group Finance; Group HR Director; Group Reward Director; Head of Executive Compensation; Representative of the independent adviser Deloitte LLP

Letter from the Chairman

Dear Shareholder

I am pleased to present the Remuneration Committee's report for 2020, and describe the Remuneration Committee's considerations and decisions in respect of the year.

Link between pay and performance

2020 was an extraordinary year. Shortly after publishing our 2019 results and setting targets for 2020, the scale of the economic disruption caused by Covid-19 became clear and we reviewed our business plans, to prioritise the preservation of capital and shareholder funds due to the uncertain period ahead. This necessarily impacted planned growth in 2020 of some of our key metrics.

Annual variable pay In these unusual circumstances, our 2020 results demonstrated the resilience of our business model, with financial performance sustained at a level that enabled continued dividend payments. Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support and continued to pay Legal & General employees as normal. Nonetheless, the 2020 financial performance targets had assumed growth and that was not achieved. As a result there will be no bonus payments to executive directors based on Group financial performance for 2020, although some divisional financial performance targets were achieved.

30% of the bonus opportunity for executive directors is based on strategic objectives, and the Committee carefully considered whether it was appropriate to pay any bonus based on the achievement of strategic objectives when Group

financial performance targets had not been achieved. Reflecting on the necessary change in business focus during the year to protect stakeholders, and the progress of strategic objectives despite the impact of Covid-19, the Committee concluded that it would not be appropriate to exercise its discretion to prevent a bonus payout based on the achievement of these strategic objectives (strategic implementation, effective risk management and company culture). Consequently bonus payments to the executive directors in place at 31 December 2020, of 23.5% and 24.1% of maximum were permitted. A summary of the 2020 performance targets and outcomes is shown in the 'Quick read' section on page 93 with further details on pages 98 and 99.

Performance Share Plan The long-term incentive (PSP) awards granted in 2018 were subject to EPS and total shareholder return (TSR) performance over the three-year period ended 31 December 2020. Notwithstanding the change in priorities during 2020, the performance targets have not been adjusted, and the impact of 2020 has meant that the EPS threshold was not met. Legal & General outperformed the FTSE 100 and the TSR comparator group, and consequently, 24.2% of the 2018 PSP award will vest, with the remaining 75.8% forfeited. The shares that have vested will be deferred for a further two years and released in 2023. PSP performance targets and outcomes are summarised in the 'Quick read' section on page 93.

PSP awards are normally granted each year, subject to performance. Ordinarily the awards would have been granted to executive directors and other senior executives in April 2020.

However, due to market volatility as a result of Covid-19 and the consequent fall in share price at that time, the Remuneration Committee decided to postpone the grant to executive directors and other senior executives until the markets were more settled, and a decision regarding the quantum and terms of any grant could be more fully considered.

The PSP awards were subsequently granted on 12 August 2020 using an average share price of 229.26p. An additional provision was included in the terms of the grant, enabling the Remuneration Committee to reduce the number of shares vesting and/or impose further conditions on the award to neutralise any 'windfall gain' that might arise from a subsequent rebound in the share price as markets recover. As it is not possible to predict the extent of any 'windfall gain' that might arise, the Remuneration Committee determined that any adjustment would be made at the end of the three year performance period, taking into consideration all relevant factors at that time. There are many factors to be considered which include:

- The share price at grant compared to the market before the impact of Covid-19 and the movement in share price of comparator organisations and key indices before and after grant.
- The share price at vesting and any increase compared with comparator organisations and key indices over the same time period.
- An assessment of any share price growth that may be attributable to an improvement in corporate performance, as opposed to general market movements.
- The impact on performance conditions (EPS and TSR growth) and whether any unusual market conditions during the performance period made them materially easier or more difficult to achieve.

The Remuneration Committee's report for 2023 will include a full description of the factors considered and the determination of any 'windfall gain' adjustment.

Base pay increases In accordance with our remuneration policy, base pay is reviewed annually taking into account external and internal factors, including overall business performance. The Remuneration Committee have decided that no increases will apply for 2021, and therefore executive directors' base pay will remain unchanged.

Board changes

In June 2020, Ric Lewis joined the Group Board as an independent non-executive director and also as a member of this Committee. To streamline executive representation on the Group Board, Kerrigan Procter (CEO LGC) and

Michelle Scrimgeour (CEO LGIM) stood down as executive directors on 26 November 2020. They continue in their executive roles, with the policies and practices applying to their remuneration unchanged. Remuneration reporting regulations require us to report their remuneration only while they were executive directors, but to ensure full transparency, their remuneration outcomes for the whole of 2020 are disclosed in this report as additional notes.

Consideration of the wider workforce

The Committee's terms of reference provide that they have regard to remuneration for all employees across the Group. The policies and practices applying to executive directors are the same as for the wider workforce in most instances, although quantum and participation may vary. During 2020, it was particularly important to protect employees against the health and financial impacts of Covid-19. All permanent UK employees have access to private medical insurance, emergency assistance when travelling on business, and a 24/7 employee assistance helpline.

In addition there are several wellbeing support packages, including Unmind (a confidential mental health app), emergency childcare and eldercare support. Employees were also given additional time off, and participated in charity and community events to support those impacted by Covid-19. As our workplaces began to close due to the government restrictions and employees started to work from home (where they could effectively do so) we maintained all employees' jobs at full pay, even if they were unable to work fully during this period due to caring responsibilities.

In 2020, the average annual base pay increase for UK employees was 3.6%. As in previous years, higher percentage increases were applied to the lower paid, reflecting their proportionally greater exposure to price inflation. The same approach has been adopted for 2021. Those earning less than £30,000 a year may receive a base pay increase of up to 3.0%, but those earning more than £100,000 a year will generally not receive any base pay increase for 2021. Annual bonuses for employees are based on Group, divisional, and individual performance. Some bonuses will be paid to employees for 2020, in particular where individual performance targets were achieved.

Continuing our support for all Legal & General employees, several new benefits were introduced during 2020, including an electric car scheme, a facility for employees to flex their life insurance, income protection and critical illness cover through a new product developed by Legal & General called 'Protect', and an extension of our wellbeing support packages to include family members of employees.

Around two thirds of employees invest in the Share Purchase and ShareSave plans so that, through their employment, they can become shareholders in Legal & General. ShareSave has been offered by Legal & General for over 40 years, and we intend to continue to offer in 2021.

The decision to protect employees' pay, particularly the lower paid, during 2020 while executive director outcomes are much reduced, has resulted in a significant reduction in the CEO pay ratio from a median of 105:1 for 2019, to 41:1 for 2020. Continued focus on all employee opportunities has also produced a further improvement in our median gender pay gap for 2020, with the effect of recent senior female hires and promotions starting to be reflected in the results.

2021 and beyond

A new remuneration policy was presented for approval at the 2020 Annual General Meeting, and I am pleased that this received 95.7% votes in favour. The new policy means that executive directors' shareholding requirement has increased to 325% of base pay, with a requirement to maintain their shareholding for at least two years after leaving employment, and pension contributions will be aligned between executive directors and the majority of the UK workforce by 2022. The remuneration policy table is reproduced on pages 94 and 95 and the full remuneration policy can be found in the 2019 annual report and on the company website.

From 2021, environmental, social and governance (ESG) measures have been included as targets in the Annual Variable Pay (AVP) plan, and will be considered for the vesting of Performance Share Plan (PSP) awards.

In conclusion

For 2020, planned growth in some of our key metrics was not achieved. As a result, total remuneration for executive directors in place at 31 December 2020, is down by more than 50% compared to 2019. This reflects the geared remuneration structure for executive directors designed to reward performance and align with the experience of our shareholders. The Remuneration Committee will actively continue to review remuneration and consider shareholders' experience and views, to ensure that outcomes remain appropriate in all the circumstances. I trust that you will find this report a useful and clear account of the remuneration decisions and outcomes for the year.



Lesley Knox
Chairman of the Remuneration Committee

Quick read summary

Remuneration policy summary and 2020 implementation

Remuneration element and time horizon

Base pay



Policy summary

Operation

Reviewed annually, with increases effective 1 March.

Opportunity

No maximum, but any increases will normally be in line with the range for other UK employees. In specific circumstances, the Committee may award increases above this level.

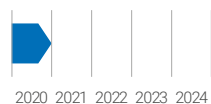
Performance

Personal performance will be taken into consideration in determining any increase.

2020 implementation

	Effective 1 March 2020	Effective 1 March 2021	% increase
Nigel Wilson	£979,500	£979,500	–
Jeff Davies	£590,000	£590,000	–
Kerrigan Procter	£545,000	£545,000	–
Michelle Scrimgeour	£595,000	£595,000	–
Employees below the Board (average)			2.2%

Pension contributions



Operation

Defined contribution pension plan or a cash allowance in lieu. Base pay is the only element of pensionable remuneration.

Opportunity

For executive directors, appointed since 2019, pension contributions are aligned to that available to the majority of the workforce (currently 10% of base pay). Pension contributions for executive directors appointed before 2019 are currently aligned with the contributions for other senior managers in the UK, but will be aligned with the majority of the UK workforce by 2022.

Performance

No performance conditions.

Pension contributions during 2020 (as % of base pay):

Nigel Wilson	15%
Jeff Davies	13.8%
Kerrigan Procter	15%
Michelle Scrimgeour	10%
Majority of UK workforce	10%
Other senior managers in the UK	15%

Benefits



Operation

In line with benefits provided to other employees and senior managers in the UK.

Opportunity

Maximum amount is the cost of providing benefits, and subject to plan limits and HMRC rules.

Performance

No performance conditions.

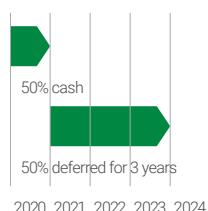
Benefits during 2020 included:

- Allowance in lieu of a company car.
- Private medical insurance.
- Life insurance.
- Income protection.
- All-employee (ShareSave and Share Purchase) plans.

Remuneration policy summary and 2020 implementation

Remuneration element and time horizon

Annual Variable Pay (AVP)



Policy summary

Operation

Performance assessed over a one-year period, with targets and weightings set annually. Awards are determined after the year end, taking into consideration performance against targets, individual performance and overall business performance. 50% of any AVP award is paid in cash, and 50% is deferred into shares for a further three years. Malus and clawback provisions apply.

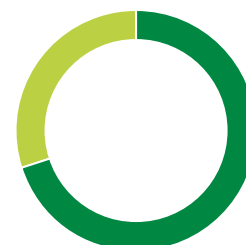
Opportunity

Up to 150% of base pay for the Group Chief Executive and Chief Financial Officer, and 175% of base pay for the other executive directors. No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.

Performance

Financial performance (70% weighting), plus strategic and personal performance.

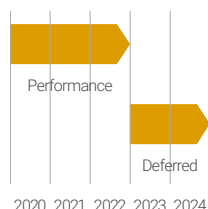
2020 implementation



70% Financial performance
30% Strategic and personal performance

Bonus for 2020 (as % of base pay):	At target	At max.	Actual 2020 (as % of max.)
Nigel Wilson	75%	150%	23.5%
Jeff Davies	75%	150%	24.1%
Kerrigan Procter	87.5%	175%	28.4%
Michelle Scrimgeour	87.5%	175%	37.0%

Performance Share Plan (PSP)



Operation

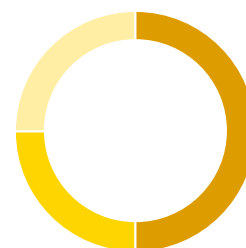
Conditional award of shares, subject to a performance period of no less than three years and a holding period such that no awards are released before five years from grant. Performance targets are set annually by the Committee, aligned with the delivery of shareholder returns over the longer term. The Committee may amend the vesting downwards (but not increase the level of vesting) dependent on the underlying performance of the Group. PSP awards are subject to malus and clawback.

Opportunity

The maximum award opportunity is 300% of base pay (although the normal award opportunity is 250% of base pay). 15% of the award vests for threshold performance, increasing to 100% of the award vesting for maximum performance.

Performance

An appropriate mix (normally an equal weighting) of earnings performance and shareholder return.



50% EPS
25% TSR (vs FTSE 100)
25% TSR (vs comparator group)

PSP award grants in 2020 (as % of base pay):	Maximum	2020 grant
Nigel Wilson	300%	250%
Jeff Davies	300%	250%
Kerrigan Procter	300%	250%
Michelle Scrimgeour	300%	250%

Quick read summary

continued

Shareholding requirements

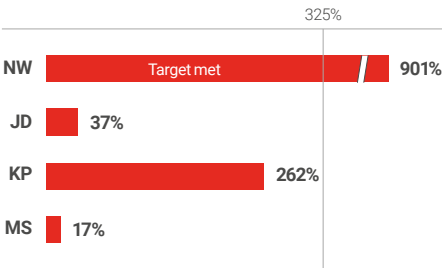
Executive directors' share ownership



Executive directors are expected to retain any after tax vested shares until their shareholding requirements are met, and maintain that shareholding requirement (or actual shareholding if lower) for at least two years after leaving employment.

In 2020, the shareholding requirement increased to 325% of base pay for all executive directors.

Share ownership at 31 December 2020

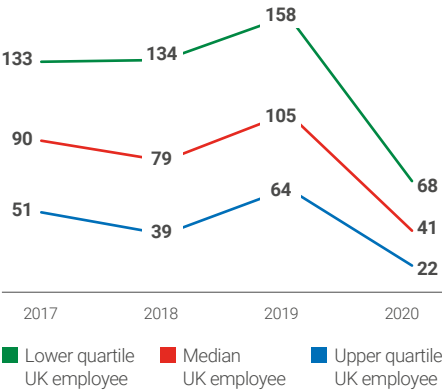


CEO pay ratio

Total remuneration

The chart opposite shows the ratio between the CEO single figure total remuneration (as disclosed on page 109) in comparison with the total remuneration of UK employees at lower quartile, median, and upper quartile.

For 2020, the CEO pay ratio has decreased, reflecting the lower bonus and lower level of vesting of PSP awards in respect of 2020.



Alignment with strategy and 2020 performance outcomes

The performance measures for the incentive plans are directly aligned to the Group's key performance indicators. The Group Board reviews the KPIs annually and adds or changes them where appropriate. KPIs are explained in more detail on pages 17 and 18 and further details of performance measures and outcomes are provided on pages 98 to 101.

Overarching drivers of the business

Group KPIs	Incentive plans (weightings)	2020 performance targets and outcomes			
		AVP		PSP	
		Group CEO & CFO	Divisional CEOs		
					Actual ¹ Threshold Target Maximum
Profitability	Net release from operations (NRO)	20%	5.7%		£1,511m £1,579m £1,682m £1,734m
	Operating profit	25%	7.1%		£2,007m £2,085m £2,210m £2,273m
	Earnings per share (EPS) 1 year growth	12.5%	3.6%		19.5p 28.8p 31.3p 32.2p
	Return on Equity (ROE)	12.5%	3.6%		12.9% 18.5% 19.0% 19.5%
	Divisional financial performance (see page 99)		50%		
	Earnings per share (EPS) 3 year average annual growth			50%	-3.5% 5.0% 14.0%
Shareholder value creation	TSR vs FTSE 100 (rank out of 95)			25%	47.0 Median 36.6 Top 20th
	TSR vs comparator group (rank out of 27)			25%	12.5 Median 9.4 Top 20th
Strategic priorities	(see page 99):	30%	30%		
		100%	100%	100%	

1. Performance measures exclude the impact of mortality assumption changes, profits and gain on disposal, less separation costs relating to the Mature Savings business.

Total remuneration received (£'000)

Nigel Wilson

Actual remuneration

2019	1,107	1,292	1,921	4,320
2020	1,144	346	479	1,969

Maximum remuneration

2020	1,144	1,469	1,981	4,594
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Kerrigan Procter

Actual remuneration

2019	619	707	1,004	2,330
2020	636	271	250	1,157

Maximum remuneration

2020	636	954	1,035	2,625
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Jeff Davies

Actual remuneration

2019	642	763	1,057	2,462
2020	684	213	264	1,161

Maximum remuneration

2020	684	885	1,090	2,659
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Michelle Scrimgeour

Actual remuneration

2019	288	372	1,763	2,423
2020	671	385		1,056

Maximum remuneration

2020	671	1,041		1,712
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Key

- Fixed (base pay, benefits and pension contributions)
- Annual Variable Pay (AVP)
- Performance Share Plan (PSP)
- Replacement awards.

For full transparency, these figures reflect remuneration received for the whole of 2020, notwithstanding that Kerrigan Procter and Michelle Scrimgeour stood down as executive directors on 26 November 2020.

Remuneration policy

The directors' remuneration policy was approved by shareholders by way of a binding vote at the 2020 AGM on 21 May 2020. The policy table, which contains key aspects of the approved policy, is set out below. A copy of the remuneration policy, including accompanying disclosure, can be found in the 2019 annual report, and on the company's website.

	Fixed pay			Annual Variable Pay (AVP)
	Base pay	Pension contributions	Benefits	
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the market and requirements of the role.	Provides a basis for savings to provide an income in retirement.	Provides benefits and allowances appropriate to the market, and to assist employees in efficiently carrying out their duties.	Incentivises and rewards the achievement of annual financial performance and delivery of strategic priorities. 50% of any AVP award is deferred into shares, reinforcing retention and alignment with shareholders, by encouraging long-term focus and risk alignment.
Operation	<p>Reviewed annually with effect from 1 March, taking into account:</p> <ul style="list-style-type: none"> The individual's skills, experience and performance. Scope of the role. External market data, including other FTSE 100 companies and other financial and non-financial institutions. Pay and conditions elsewhere in the Group; and Overall business performance. <p>There is no obligation to increase base pay upon any such review, and any decision to increase base pay will take into account the associated impact on overall quantum.</p>	<p>In line with other employees in the UK, executive directors may:</p> <ul style="list-style-type: none"> Participate in a defined contribution pension plan; or Receive a cash allowance in lieu; or Receive some combination thereof. <p>Non-UK national executives may be permitted to participate in home-country pension plans where relevant.</p> <p>Base pay is the only element of pensionable remuneration.</p>	<p>In line with other employees in the UK, benefits currently include:</p> <ul style="list-style-type: none"> Private medical insurance. Life insurance. Income protection; and All-employee (ShareSave and Share Purchase) plans. <p>Executive directors may participate in voluntary benefits and choose to acquire Legal & General products which they fund themselves, sometimes through salary sacrifice.</p> <p>In line with other senior managers in the UK, executive directors receive a non-pensionable cash allowance in lieu of a company car.</p> <p>Where an executive director is required to relocate, or perform duties outside their home country, additional benefits may be provided, (including healthcare and assistance for housing, school fees, home travel, relocation costs and tax compliance advice) for a period not exceeding two years.</p>	<p>In normal circumstances:</p> <ul style="list-style-type: none"> Performance is assessed over a one-year period. Performance measures and weightings are set annually to ensure they are appropriately stretching, and aligned with the Group's strategic priorities. Performance targets take into account internal forecasts, market expectations and prior year performance. Target normally equates to the forecast in the strategic plan, with maximum set at an appropriate stretch above plan, but still within the company's risk appetite. AVP awards are determined after the year end, taking into consideration performance against targets, individual performance, and overall business performance. 50% of any AVP award is paid in cash, after the year end, with 50% deferred into restricted shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements) for a further three years. Dividends or dividend equivalents may accrue during the deferral period and vest and are paid in shares upon vesting. Malus and clawback apply to both cash awards and deferred awards.
Opportunity	<p>There is no set maximum base pay, but any increases will normally be in line with the range of increases for other UK employees. In specific circumstances, the Committee may award increases above this level, for example where:</p> <ul style="list-style-type: none"> Base pay for a recently appointed executive director has been set with a view to allowing progression in the role over time; or There has been a significant increase in the size or scope of an executive director's role or responsibilities; or There is a significant change in the regulatory environment. 	<p>For new executive directors, pension contributions are aligned to that available to the majority of the workforce (currently up to 10% of base pay).</p> <p>Pension contributions for executive directors appointed before 2019 are currently aligned with the contributions for other senior managers in the UK defined contribution pension plan (currently up to 15% of base pay).</p> <p>Pension contributions will be aligned between the majority of the UK workforce and all executive directors by 2022.</p>	<p>The maximum amount paid in respect of benefits will be the actual cost of providing those benefits which, particularly in the case of insured benefits, may vary from year to year, although the Committee is mindful of achieving the best value from benefit providers.</p> <p>The maximum opportunity for participation in the all-employee share plans is the same for all employees and takes into account prevailing HMRC rules.</p>	<p>The maximum opportunity in respect of any financial year is:</p> <ul style="list-style-type: none"> 150% of base pay for the Group Chief Executive and Chief Financial Officer. 175% of base pay for other executive directors. <p>No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.</p> <p>The Committee will consider the calculated outcome in the context of a range of factors (not just the specific performance measures) including risk management, behaviours, culture, capital generation, Solvency II coverage ratio and sustainable financial performance, and may apply a 'moderator' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction.</p>
Performance	Personal performance will be taken into consideration in determining any base pay increase.	There are no performance conditions.	There are no performance conditions.	<p>A combination of:</p> <ul style="list-style-type: none"> Financial performance (primary measure with at least 70% weighting) – to ensure growth and return to shareholders; and Strategic and personal performance – to safeguard the future, with the development of future income streams, and focus on key metrics including customers, culture and (from 2021) ESG.

	Performance Share Plan (PSP)	Non-executive directors' fees	Shareholding requirements
Purpose and link to strategy	Provides a direct and transparent link between executive pay and the delivery of shareholder returns over the longer term.	Compensates non-executive directors for their responsibilities and time commitment.	Provides alignment with shareholder returns and ensures the impact on directors' shareholdings moves in line with Legal & General's share price.
Operation	<p>A conditional award of shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements). In normal circumstances:</p> <ul style="list-style-type: none"> • Subject to a performance period of no less than three years. • Subject to a holding period such that no awards are released before five years from the date of grant. • Performance measures and targets are set annually by the Committee to ensure they are relevant and appropriately stretching, and aligned with the delivery of shareholder returns over the longer term. • Performance targets take into account, internal forecasts, any guidance provided to the market, market expectations, prior performance, and the company's risk appetite. • Dividends or dividend equivalents may accrue in the period following the end of the performance period until vesting and release; and • Malus and clawback apply. <p>Exceptionally, the Committee may adjust and amend the PSP awards in accordance with the rules, including:</p> <ul style="list-style-type: none"> • Lengthen the performance period and/ or the holding period for future awards. • Reduce (but not increase) the level of vesting dependent upon the performance of the Group. 	<p>Fees for the Chairman and non-executive directors are set at an appropriate level to reflect:</p> <ul style="list-style-type: none"> • Time commitment required to fulfil the role. • Responsibilities and duties of the positions; and • Typical competitor practice in the FTSE 100 and other financial services institutions. <p>Fees comprise a base fee for membership of the Board, plus (where applicable) additional fees for:</p> <ul style="list-style-type: none"> • Senior Independent Director (SID). • Committee chairmanship; and • Committee membership (not including the Nominations and Corporate Governance Committee). <p>Additional fees for membership of Committee, or chairmanship or membership of subsidiary boards, or other fixed fees may apply if justified by time or commitment.</p> <p>The Chairman receives an inclusive fee for the role. The Chairman's fee is reviewed annually by the Committee, and the non-executive directors' fees are reviewed by the executive directors. There is no obligation to increase fees upon any such review.</p>	<p>Executive directors are expected to retain any after tax vested share awards until their shareholding requirements are met, and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment with the Group.</p> <p>The Committee retains the discretion to withhold future PSP grants if executive directors are not making sufficient progress towards their shareholding requirement.</p> <p>Non-executive directors may elect to receive a proportion of their fees (normally 50%) in Legal & General shares until their shareholding requirement is met.</p> <p>The sale of shares prior to the shareholding requirements being met may be permitted in extenuating situations, for example, a change to personal circumstances, ill health, etc.</p>
Opportunity or requirement	<p>The maximum opportunity for an executive director in respect of any financial year is 300% of base pay (although the Committee's current intention is that the normal award opportunity will be 250% of base pay).</p> <ul style="list-style-type: none"> • 15% of the award vests for threshold performance. • 100% of the award vests for achievement of maximum. <p>The Committee assesses the formulaic vesting outcome, and may amend the vesting downwards (but not increase the level of vesting) considering a range of factors including overall performance, risk management, capital generation, Solvency II coverage ratio, and (from 2021) ESG.</p>	<p>Fees are subject to the aggregate limit in the company's Articles of Association. Any changes in this limit would be subject to shareholder approval.</p> <p>The Chairman and non-executive directors are not eligible to participate in any benefit, pension or incentive plan. However, additional benefits may be provided if the Board feels this is justified, such as tax compliance advice, work permits or similar. Expenses incurred in carrying out duties (and any associated tax liability) may be reimbursed or paid directly by the company.</p>	<p>Shares owned outright equivalent to:</p> <ul style="list-style-type: none"> • 325% of base pay for executive directors; and • 100% of base fee for non-executive directors.
Performance	<p>An appropriate mix (normally an equal weighting) of:</p> <ul style="list-style-type: none"> • Earnings performance – to incentivise growth in earnings; and • Shareholder return – to deliver a competitive return for shareholders. 	Not applicable.	Not applicable.

Annual report on remuneration

Audited information

Content contained within a grey outline box indicates that all the information in the panel is audited.

Planned implementation for 2021

Content contained within a black outline box indicates that all the information in the panel is planned for implementation for 2021.

'Single figure' of remuneration – executive directors

The following table shows a single total figure of remuneration for each executive director in respect of qualifying services for the 2020 financial year, together with a comparative figure for 2019.

Single figure table

Executive director	Fixed				Variable						Total £'000
	Base pay £'000	Benefits £'000	Pensions £'000	Total fixed £'000	PSP				Total variable £'000		
					AVP £'000	Replacement award £'000	Face value £'000	Share price appreciation £'000			
2020											
Nigel Wilson	974	24	146	1,144	346	–	561	(82)	825	1,969	
Jeff Davies	584	23	77	684	213	–	309	(45)	477	1,161	
Kerrigan Procter	494	23	62	579	244	–	293	(43)	494	1,073	
Michelle Scrimgeour	532	18	54	604	347	–	–	–	347	951	
2019											
Nigel Wilson	942	24	141	1,107	1,292	–	1,975*	(54)	3,213	4,320	
Jeff Davies	548	22	72	642	763	–	1,087*	(30)	1,820	2,462	
Kerrigan Procter	518	31	70	619	707	–	1,032*	(28)	1,711	2,330	
Michelle Scrimgeour – from 1 July 2019	192	6	19	217	372	1,763	–	–	2,135	2,352	

Both Kerrigan and Michelle stepped down from the Board on 26 November 2020 and in accordance with reporting requirements the single figure table provides details of their remuneration for the period when they were Group Board directors.

Since stepping down from the Board both Kerrigan and Michelle continue to be employed as CEO Legal & General Capital¹ and CEO Legal & General Investment Management and their remuneration is unchanged. In order to provide full transparency, details of their full remuneration for 2020 are provided below.

Executive Director	Base pay (£'000)	Benefits (£'000)	Pension (£'000)	Total Fixed (£'000)	AVP (£'000)	PSP (£'000)	Total Variable (£'000)	Total (£'000)
Kerrigan Procter	542	25	69	636	271	250	521	1,157
Michelle Scrimgeour	592	20	59	671	385	–	385	1,056

*Reporting of the 2017 PSP in the 2019 annual report

The vesting date of the 2017 PSP award occurred after the 2019 results announcement. As a result, the PSP figures recognised in the 2019 annual report were based on a three-month average share price to 31 December 2019. The 2017 PSP figures reported in the 2019 single figure table above now reflect the actual vesting price of the shares, which vested on 6 March 2020, at £2.414 per share. The figures in the 2019 report were £2,193,000 (Nigel Wilson), £1,206,000 (Jeff Davies) and £1,146,000 (Kerrigan Procter).

1. Later this year Kerrigan will move from his current role as CEO Legal & General Capital to a new role as President of Asia, Legal & General Group.

Base pay

Executive director	Annual base pay as at 1 January 2020	Annual base pay effective 1 March 2020	Total base pay paid in 2020	Annual base pay effective 1 March 2021	% increase
Nigel Wilson	945,000	979,500	973,833	979,500	–
Jeff Davies	555,000	590,000	584,167	590,000	–
Kerrigan Procter	525,000	545,000	493,806 ¹	545,000	–
Michelle Scrimgeour	575,000	595,000	531,861 ¹	595,000	–

Benefits

Benefits include the elements shown in the table below.

Executive director	Car allowance, insurances and taxable expenses £'000	Dividends £'000	Discount SAYE and SIP matching shares £'000	Total benefits £'000
2020				
Nigel Wilson	19	4	1	24
Jeff Davies	20	1	2	23
Kerrigan Procter ¹	18	4	1	23
Michelle Scrimgeour ¹	18	–	–	18
2019				
Nigel Wilson	20	3	1	24
Jeff Davies	20	1	1	22
Kerrigan Procter	20	3	8	31
Michelle Scrimgeour	6	–	–	6

The Share Incentive Plan (SIP) matching shares and dividends relate to the all-employee share purchase plan. No dividends are payable on outstanding share bonus plan (SBP) or PSP awards. The Save As You Earn (SAYE) is calculated based on the value of the discount on SAYE share options exercised in the year. No directors exercised SAYE options during the year.

Benefits for 2021

Benefits for 2021 remain in line with policy.

Pension

Nigel Wilson and Kerrigan Procter received a cash allowance of 15% of base pay. Jeff Davies received a cash allowance of 13.8% of base pay and Michelle Scrimgeour received a cash allowance of 10% of base pay. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2021

Pension arrangements for 2021 remain unchanged for both the executive directors, Nigel Wilson (a cash allowance of 15% of base pay) and Jeff Davies (a cash allowance of 13.8% of base pay) and for the former executive directors, Kerrigan Procter (a cash allowance of 15% of base pay) and Michelle Scrimgeour (a cash allowance of 10% of base pay).

1. These figures represent the value of benefits received for the period in which Kerrigan Procter and Michelle Scrimgeour were executive directors. Details of the value of Kerrigan's and Michelle's benefits for the full year can be found on page 96.

Annual report on remuneration

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2020 Annual Variable Pay (AVP) awards

This reflects the total AVP awards to be paid in 2021 based on performance for the year ended 31 December 2020. The value includes both the cash element and the portion deferred into shares (50% of the award).

The executive directors' AVP awards in relation to performance during 2020 were agreed by the Committee in February 2020 and were measured against a basket of metrics and objectives. For Nigel Wilson and Jeff Davies, they were weighted between group financial objectives (70%) and other strategic personal objectives including effective risk management (30%). For Kerrigan Procter and Michelle Scrimgeour they were weighted between group financial objectives (20%), divisional objectives (50%) and other strategic personal objectives (30%).

Since 2017, the AVP awards have been subject to potential adjustment based on an assessment of overall financial performance, risk and any other circumstances considered relevant by the Remuneration Committee as well as a Solvency II performance measure. For 2020, the Solvency II performance measure was assessed by the Committee on a qualitative assessment of performance informed by input from the Chief Risk Officer and the Risk Committee. Based on this assessment and consideration of all the circumstances, it was determined that no adjustment was necessary to the formulaic outcome.

For 2020, AVP payouts as a percentage of the maximum were: Nigel Wilson 23.5%, Jeff Davies 24.1%, Kerrigan Procter 28.4% and Michelle Scrimgeour 37.0%. The tables below illustrate performance against each of the measures.

Performance outcome (% of maximum)					AVP award (£)		
Executive director	Group financial (max 70%/20%)	Divisional financial (max 50%)	Strategic personal (max 30%)	Total (max 100%)	Cash	Deferred	Total
N Wilson	–	n/a	23.5	23.5	172,850	172,850	345,700
J Davies	–	n/a	24.1	24.1	106,450	106,450	212,900
K Procter	–	5.9	22.5	28.4	122,082	122,082	244,164 ¹
M Scrimgeour	–	13.0	24.0	37.0	173,520	173,520	347,040 ¹

In these unusual circumstances, our 2020 results demonstrated the resilience of our business model, with financial performance sustained at a level that enabled continued dividend payments to shareholders. Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support and continued to pay Legal & General employees as normal. Nonetheless, the 2020 financial performance targets had assumed growth and that was not achieved. As a result executive directors will receive no bonus based on Group financial performance for 2020, although some divisional financial performance targets were achieved.

30% of the bonus opportunity for executive directors is based on strategic objectives, and the Committee carefully considered whether it was appropriate to pay any bonus based on the achievement of strategic objectives when Group financial performance targets had not been achieved. Reflecting on the necessary change in business focus during the year to protect stakeholders, and the progress of strategic objectives despite the impact of Covid-19, the Committee concluded that it would be inappropriate to exercise its discretion to prevent a bonus payout based on the achievement of these strategic objectives (strategic implementation, effective risk management and company culture).

Group financial – achievement

Performance measures	Weighting				2020 performance				Payout % of maximum
	Nigel Wilson	Jeff Davies	Kerrigan Procter	Michelle Scrimgeour	Threshold	Target	Maximum	Actual	
Net release from operations	20.00%	20.00%	5.71%	5.71%	1,579	1,682	1,734	1,511	0%
Operating profit ^{2,3}	25.00%	25.00%	7.14%	7.14%	2,085	2,210	2,273	2,007	0%
Adjusted EPS ²	12.50%	12.50%	3.57%	3.57%	28.8	31.2	32.2	19.5	0%
Adjusted ROE ²	12.50%	12.50%	3.57%	3.57%	18.5	19.0	19.5	12.9	0%
Solvency II performance ⁴					Underpin				

- These figures represent the AVP received for the period in which Kerrigan Procter and Michelle Scrimgeour were executive directors. For full transparency, details of Kerrigan's and Michelle's full year AVP can be found on page 96.
- Performance measures exclude the impact of mortality assumption changes, profits and gain on disposal, less separation costs relating to the Mature Savings business.
- References to 'operating profit' in the Annual report on remuneration represent 'Group adjusted operating profit', an alternative performance measure defined in the glossary.
- Solvency II performance assessed on a qualitative basis.



Divisional performance – achievement

Divisional objectives represent a maximum of 50% of the total AVP opportunity for Kerrigan Procter and Michelle Scrimgeour. The key measures for Legal & General Capital (LGC) were operating profit (for direct investments and traded portfolio but excluding modular housing), profit before tax (PBT, for direct investments excluding modular housing), PBT (traded portfolio), PBT (modular housing) and divisional expenses. The key measures for Legal & General Investment Management (LGIM) were operating profit (excluding workplace savings), PBT, divisional expenses, global annualised net new revenue and external net flows.

Divisional and personal strategic objectives are considered by the Group Board to be commercially sensitive. The actual targets are not formally disclosed in the annual report and will not be disclosed in this year's report or in a future report as they relate to subsidiaries of the Group. Performance commentary is given in the table below.

Executive director	Divisional measures	Summary of performance	Payout (out of 50%)
Kerrigan Procter	LGC key measures were operating profit (for direct investments and traded portfolio but excluding modular housing), PBT (for direct investments excluding modular housing), PBT (traded portfolio), PBT (modular housing) and divisional expenses	<ul style="list-style-type: none"> Growth of the direct investment portfolio to £3.1bn, an increase of 9% over 2019. Operating profit of £275m, a decrease of 24% due to lower profits from direct investments and the pause in housebuilding activity due to Covid-19. 	5.9%
Michelle Scrimgeour	LGIM key measures were operating profit (excluding workplace savings), PBT, divisional expenses, global annualised net new revenue and external net flows	<ul style="list-style-type: none"> Operating profit growth of 3%, up to £404m. Assets under management up by £82.7bn, an increase of 7% on 2019. External net flows of £20.4bn, down on 2019. Cost income ratio increasing to 57%, reflecting continued investment to ensure operational efficiency and future growth. 	13.0%

Strategic personal performance – achievement

Personal objectives represent a maximum 30% of the total AVP opportunity. For all of the directors, the objectives covered strategic implementation, effective risk management, customer experience and company culture. A performance commentary is given in the table below.

Executive director	Overview of measures	Summary of performance	Payout (out of 30%)
Nigel Wilson	For 2020, Nigel's objectives focused on delivering on the medium-term strategy and ensuring good progress against the company's five year aims as set out at our Capital Markets Event, and continuing to deliver benefits to society through investments in the real economy.	<p>Nigel's award reflects his delivery against all his strategic personal objectives including:</p> <ul style="list-style-type: none"> Delivering business performance consistent with the achievement of the company's five year aims, including growth in our retirement and investment businesses and maintaining a resilient Solvency II position. Strong leadership through the year, ensuring good engagement across the business and continued effective delivery of services to clients. 	23.5%
Jeff Davies	Jeff's objectives included delivering against the company's medium-term strategy with a focus on ensuring the sustainability of performance through effective management of the balance sheet.	<p>Jeff's award reflects his continued strong performance throughout the year and dealing with the additional challenges presented by Covid-19. Key achievements include:</p> <ul style="list-style-type: none"> Driving performance of the Group finance function, embracing technology to build engagement. Ensuring a Solvency II surplus of £7.4 billion, before payment of dividends, through effective management of the balance sheet. Ensuring continued effective delivery of financial reporting and controls as the function adapted to a remote working environment. 	24.1%
Kerrigan Procter	Kerrigan's objectives focused on the continued implementation of LGC's strategy to invest in the real economy across housing, specialist commercial property, clean energy, and SME finance as well as continued development of a strong culture and risk discipline across the business.	<p>Kerrigan's award reflects his strong performance in delivering across the core areas of strategic focus and his response to the challenges created by Covid-19, including:</p> <ul style="list-style-type: none"> Significant new investments including the Life and Mind sciences building in Oxford, the Health Innovation campus in Birmingham, Sheffield's West Bar Square and Kensa Group. Set up of a new Suburban Build to Rent business to deliver 1,000 new homes a year by 2024. Strong management of the health and safety risks faced by the housing businesses due to Covid-19. 	22.5%
Michelle Scrimgeour	Michelle's objectives focused on delivering progress against LGIM's strategic pillars of modernising, diversifying and internationalising the business and continued strengthening of risk governance within the business.	<p>Michelle's award reflects her delivery against key objectives, including:</p> <ul style="list-style-type: none"> Progress on stewardship and ESG activities, with an A+ rating from the UN Principles for Responsible Investing. Technology investments to create a scalable global operating model and further enhance customer service, including the 'Manage Your Account' portal for 4 million DC scheme members. Continued international growth across the US, Asia and Europe with a 5% increase in AUM. Continued strengthening of risk governance. 	24.0%

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Risk consideration

The Committee reviewed a comprehensive report from the Chief Risk Officer to ascertain that the executive directors' objectives had been fulfilled within the risk appetite of the Group. In addition, the Committee received feedback from the Group Regulatory Risk and Compliance function that there were no issues to consider around regulatory breaches or customer outcomes of such materiality that they would prevent payment of any AVP award or trigger a recommendation that malus should be applied. The Committee was satisfied that the AVP awards should be paid.

Deferral policy

In line with our policy, 50% of all 2020 AVP awards were deferred for three years into conditional shares, subject to continued employment and clawback/malus provisions.

AVP potential 2021

In line with our policy, for 2021 the target and maximum AVP opportunities for our executive directors will be:

Executive director	Target opportunity (% of base pay)	Maximum opportunity (% of base pay)
Nigel Wilson	75%	150%
Jeff Davies	75%	150%

Performance will be based on a combination of group financial performance targets as well as strategic (including environmental, social and governance measures) and personal measures. The percentage weightings will be the same as in 2020. Group financial targets will be disclosed in the 2021 annual report. Some strategic and personal targets are considered confidential and will not be disclosed in any future report.

In line with our policy, 50% of all 2021 AVP awards will be deferred for three years into conditional shares, subject to continued employment and clawback/malus provisions.

Details of how the 2018 PSP award vested

The 2018 PSP award vested at 24.2% in March 2021 based on a combination of TSR (50%) and EPS growth (50%) over the three-year performance period ended 31 December 2020.

Performance measure	Weighting	Outcome (% of maximum)
TSR	50%	24.2
EPS growth (% p.a.)	50%	0
Overall	100%	24.2

The Committee carefully reviewed the company's underlying performance over the performance period taking into consideration a qualitative assessment of Solvency II performance. The Committee saw no reason not to allow the PSP to vest in accordance with the TSR and financial performance out-turn.

The results are shown below:

Grant date	Performance period	Comparator group	Legal & General's TSR ¹	Comparator group median rank	Comparator group 80th percentile TSR performance	Legal & General's notional rank	% of award vesting against comparator group	Percentage of element vesting
16 April 2018	1 January 2018 to 31 December 2020	FTSE 100		47.0	19.0	36.6	46.5%	
		Bespoke comparator group	5.9%	12.5	5.0	9.4	50.3%	48.4%
Performance target								
Performance condition	Threshold		Maximum		Actual performance		Percentage of element vesting	
EPS growth (% p.a.)	5.0%		14.0%		(3.5)%		0%	
1. TSR is calculated under the PSP scheme rules using the three-month average prior to the start and end of the performance period.								
The figures reported for the 2018 PSP, with a performance period ended 31 December 2020, reflect the market value of the awards that will vest in March 2021. The share price at the date of vesting was not known at the end of the financial year and as such the value included in the 'single figure' of remuneration is based on the number of shares that will vest multiplied by the average share price over the quarter ended 31 December 2020 (£2.283).								
Executive director	Shares granted in 2018		Shares vesting in March 2021		Estimated value of shares on vesting (£)			
Nigel Wilson	867,717		209,988		479,323			
Jeff Davies	477,385		115,527		263,705			
Kerrigan Procter	453,515		109,751		250,520			
Michelle Scrimgeour	—		—		—			

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Performance Share Plan (PSP) 2021 awards: Nigel Wilson, Jeff Davies, Kerrigan Procter, and Michelle Scrimgeour will each be granted an award over nil-cost options with a face value of 250% of base pay.

For the 2021 award, the following performance measures will be used:

- Relative TSR performance against the FTSE 100 (25% of award) and a bespoke group of companies (25% of award).
- EPS growth (50% of award).

Vesting of awards will be subject to an assessment of performance against Solvency II objectives. From 2021, environmental, social and governance (ESG) measures will be considered for the vesting of performance share plan (PSP) awards.

Having considered the business plan over the coming three years and market expectations of performance and given the level of stretch within the TSR performance conditions, the Committee considered it appropriate to continue to set threshold vesting (15% of the award) at median TSR performance and maximum vesting at the upper quintile TSR performance.

For the EPS growth measure the Committee considered it appropriate for vesting to be based on performance as set out in the table below:

EPS growth p.a.	Proportion of shares vesting
<5%	0%
5%	15%
12%	100%
Between 5% and 12%	Straight line basis between 15% and 100%

Other remuneration information

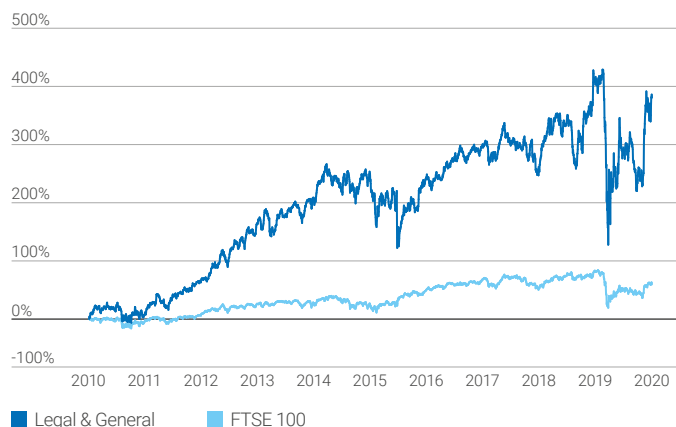
Total shareholder return (TSR)

The chart shows the value, as at 31 December 2020, of £100 invested in Legal & General shares on 31 December 2010, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the company is a member of this index.

Total shareholder return (%)



As at 31 December 2020



Chief Executive – historic remuneration information

The table below shows the remuneration of the Group Chief Executive in place at the time over the same period.

Year	Name	Group Chief Executive single figure of total remuneration (£'000)	Annual variable element against maximum opportunity	PSP vesting rates against maximum opportunity
2020	Nigel Wilson	1,969	23.5%	24.2%
2019	Nigel Wilson	4,592	91.1%	86.9%
2018	Nigel Wilson	3,398	80.4%	48.7%
2017	Nigel Wilson	3,439	85.3%	59.9%
2016	Nigel Wilson	5,417	87.8%	76.6%
2015	Nigel Wilson	5,497	86.3%	100%
2014	Nigel Wilson	4,213	90.7%	100%
2013	Nigel Wilson	4,072	93.1%	100%
2012	Nigel Wilson – appointed CEO 30 June 2012	898	96.0%	0% ¹
	Tim Breedon – retired 30 June 2012	3,280	84.8%	100% ²
2011	Tim Breedon	2,325	79.6%	16.6%

1. The 2009 PSP vested in full in 2012. However, no PSP is shown in the figure for Nigel Wilson as, while he received the PSP, it vested during the time he was CFO.

2. The 2009 PSP vested in full in 2012. The PSP figure that vested for Tim Breedon is shown in his figure as it vested during the time he was Group Chief Executive.

Due to the timing of the vesting of PSP awards, initially PSP figures within the single figure are calculated based on three-month average share prices to 31 December of the respective year. In the following year, as noted under the single figure table on page 96 for the 2019 PSP, the figures are restated to reflect the actual share price on the vesting date. The figures in the table above have been restated for the years 2015-2019.

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Scheme interests awarded during the financial year

The following table sets out details of PSP awards made in 2020.

Executive director	Reason for award	Award type	Awards granted in 2020	Grant price £	Face value at grant price £
Nigel Wilson	PSP	Conditional shares	1,068,110	2.2926	2,448,749
	Deferred bonus	Conditional shares	277,497	2.3287	646,198
Jeff Davies	PSP	Conditional shares	643,374	2.2926	1,474,999
	Deferred bonus	Conditional shares	163,720	2.3287	381,249
Kerrigan Procter	PSP	Conditional shares	594,303	2.2926	1,362,499
	Deferred bonus	Conditional shares	151,717	2.3287	353,298
Michelle Scrimgeour	PSP	Conditional shares	648,826	2.2926	1,487,498
	Deferred bonus	Conditional shares	79,831	2.3287	185,900

Performance conditions for PSP awards granted in 2020

The PSP awards were granted on 12 August 2020. 25% of the award will vest based on TSR performance relative to the FTSE 100, 25% of the award will vest based on TSR performance relative to a bespoke peer group (comprising Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, CNP Assurance, Gjensidige Forsikring, Hannover Rueck., Lincoln National, M&G, Mapfre, Metlife, Muenchener Ruck., NN Group, Phoenix Group, Prudential Financial, Prudential, Sampo A, Standard Life Aberdeen, Swiss Re, Talanx and Zurich Insurance Group), and 50% of the award will vest based on the EPS growth. Vesting will be based on performance as set out in the table below:

Vesting level	TSR	EPS growth p.a.
0%	Below median	<5%
15%	Median	5%
100%	80th percentile and above	12%
Straight line basis between 15% and 100%	Between median and the 80th percentile	Between 5% and 12%

Ordinarily, share awards are granted in April of each year, following announcement of the company's annual results. Due to market volatility in April 2020 as a result of the Covid-19 pandemic, the Remuneration Committee agreed to defer the grant of share awards to executive directors and Persons Discharging Managerial Responsibility (PDMR) until markets had become more settled. The share awards were subsequently granted on 12 August 2020 based on the average share price at the time of grant. For the PSP awards this was based on the average share price for the five days preceding the grant date and for the deferred bonus SBP awards this was based on the average share price for the three days preceding the grant date. In both cases the share price at grant was higher than if the grant had been made in April 2020 as originally intended. The PSP awards were granted with an additional provision that the Remuneration Committee may amend the vesting downwards (but not increase the level of vesting) to ensure there are no 'windfall gains' as a result of a low share price due to market volatility at the time of grant. The PSP awards granted do not attract dividend equivalents during the vesting period.

At the end of the three-year performance period commencing 1 January 2020, the Committee will critically assess whether the formulaic vesting outcome is justified. To do this, the Committee will look at a number of factors including: whether the result is reflective of underlying performance and has been achieved within the company's agreed risk appetite, the Solvency II coverage ratio, the quality of earnings and the nature of any changes in leverage or key assumptions. If such considerations mean that the formulaic outcome of the vesting schedule is not felt to be justified, then the Committee can exercise downwards discretion. The Remuneration Committee may also consider reducing the number of shares vesting and/or impose further conditions on the award to neutralise any 'windfall gain' that might arise.

Payments to past directors

As set out in the 2019 annual report and accounts, Mark Zinkula had a maximum of 331,292 shares to vest from the 2018 PSP award. As indicated on page 101 the 2018 PSP award vested at 24.2% based on performance.

Mark's outstanding deferred share bonus awards have vested or will vest at the normal times as set out in the table below:

Bonus year	Grant date	Vesting date	Awards	Grant price
2016	18/04/2017	18/04/2020	166,682	£2.495
2017	16/04/2018	16/04/2021	164,818	£2.688
2018	16/04/2019	16/04/2022	121,306	£2.867
2019	14/04/2020	14/04/2023	100,979	£2.043

Statement of directors' shareholding and share interests

Total shareholding of executive directors:

	Type	Owned outright/ vested shares	Subject to deferral/ holding period	Total vested and unvested shares (excludes any shares with performance conditions)	Subject to performance conditions	Shares sold or acquired during the period 1 January 2021 and 9 March 2021	
						Owned outright/ vested shares	Subject to deferral/ holding period
Nigel Wilson	Shares	3,299,219	688,904	3,988,123	–	143	81
	ESP	17,487	4,815	22,302	–	–	–
	Options	–	678,629	678,629	2,763,934	–	–
Jeff Davies	Shares	79,096	397,759	476,855	–	143	81
	ESP	2,514	1,388	3,902	–	–	–
	Options	–	300,269	300,269	1,606,850	–	–
Kerrigan Procter	Shares	516,217	392,026	908,243	–	125,704	81
	ESP	20,632	1,355	21,987	–	–	–
	Options	–	327,343	327,343	1,507,634	–	–
Michelle Scrimgeour	Shares	37,766	357,130	394,896	–	–	–
	ESP	–	–	–	–	–	–
	Options	–	–	–	648,826	–	–

Annual report on remuneration

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Shareholding requirement – executive directors

The shareholding requirement for all executive directors is 325% of base pay.

	Actual share ownership as % of 2020 base salary: vested shares ¹	Guidelines on share ownership as a % of base salary	Guideline met	Shares owned at 1 January 2020	Shares owned at 31 December 2020	Shares sold or acquired during the period 1 January 2021 and 9 March 2021
Nigel Wilson	901%	325%	Yes	3,013,450	3,316,706	224
Jeff Davies	37%	325%	No	1,582	81,610	224
Kerrigan Procter	262%	325%	No	460,162	536,849	125,785
Michelle Scrimgeour – appointed 2 September 2019	17%	325%	No	–	37,766	–

1. Closing share price as at 31 December 2020: £2.662

Notes

Shares used for the above calculation exclude those with performance conditions, any unexercised options, those shares subject to a period of deferral and any shares held in a private trust where the executive director is not a trustee. They include vested shares where the executive director has beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependant child under the age of 18 years.

Although the share ownership guidelines are not contractually binding, executive directors are normally expected to retain any after tax vested share awards until the guideline is met. The Committee retains the discretion to withhold future grants under the PSP if executives are not making satisfactory progress against the guidelines. Once shareholding requirements have been met, executive directors may sell surplus shares if they wish. The Committee has discretion to allow executive directors to sell shares prior to the shareholding guidelines being met if there are extenuating circumstances, for example, changes to personal circumstances.

From 2020 all executive directors will also be required to maintain this level of shareholding for two years post-cessation of their employment.

Share options exercised during 2020

The following table shows all share options exercised by the executive directors during 2020.

Executive director	Date of grant	Shares exercised	Exercise date	Share price at date of exercise £	Gain £
Nigel Wilson	14/04/2015	170,045	19/04/2020	2.054	349,272
Nigel Wilson	21/04/2016	158,009	19/04/2020	2.054	324,550
Nigel Wilson	18/04/2017	265,173	19/04/2020	2.054	544,665
Jeff Davies	18/04/2017	145,859	09/03/2020	2.180	317,973
Jeff Davies	07/04/2017	1,791	22/06/2020	2.205	349
Kerrigan Procter	14/04/2015	44,844	17/12/2020	2.587	116,011
Kerrigan Procter	21/04/2016	53,501	17/12/2020	2.587	138,407
Kerrigan Procter	18/04/2017	138,566	17/12/2020	2.587	358,470

Non-executive directors' remuneration – 2020

Non-executive directors' fees

The fees for the Chairman and non-executive directors were reviewed during 2020 and with effect from 1 August 2020 the fee for the Chairman was increased from £505,000 to £523,000. The attendance fees for non-executive directors were changed to £10,000 for membership of each of the Audit, Remuneration and Group Risk Committees (rather than being payable for sitting on any two Board committees). The current limit for fees paid to non-executive directors is an aggregate of £1,500,000 p.a. The table below sets out the current fees.

Annual fees	Current fee £
Chairman	523,000
Base fee	75,000
Additional fees:	
Senior Independent Director	30,000
Committee Chairmanship fees (Audit, Remuneration and Group Risk Committees)	30,000
Attendance fee (Audit, Remuneration and Group Risk Committees)	10,000

The table below shows the actual fees paid to our non-executive directors in 2020 and 2019.

Non-executive director		Fees for 2020	Benefits for 2020 ³	Total remuneration for 2020	Fees for 2019	Benefits for 2019	Total remuneration for 2019
Sir John Kingman	Chairman T N	512,500	–	512,500	496,250	–	496,250
Henrietta Baldock ¹	A N R Ri	199,167	–	199,167	190,625	1,115	191,740
Philip Broadley	A T N R Ri	119,167	3,053	122,220	115,000	1,439	116,439
Lesley Knox ²	A N R Ri	219,167	1,628	220,795	165,000	3,062	168,062
George Lewis	A N Ri	71,458	21,227	92,685	102,708	17,906	120,614
Ric Lewis	N R Ri – appointed 18 June 2020	49,532	–	49,532	–	–	–
Julia Wilson	A T N Ri	119,167	89	119,256	115,000	367	115,367
Toby Strauss	A T N Ri	115,000	444	115,444	115,000	437	115,437

Key:

NED Committee membership: N = Nominations & Corporate Governance Ri = Risk
A = Audit R = Remuneration T = Technology

- Henrietta Baldock is also Chair of the Legal and General Assurance Society Board for which she receives a separate fee to that paid to her as a non-executive director of the Group. The actual fees in the table above include her total fees for both roles.
- Lesley Knox is also Chair of the Legal & General Investment Management (Holdings) Limited Board for which she receives a separate fee to that paid to her as a non-executive director of the Group. The actual fees in the table above include her fees for both roles.
- Benefits for non-executive directors relate to taxable travel and accommodation expenses incurred while undertaking their roles as non-executive directors for Legal & General.

Shareholding requirements – non-executive directors

Non-executive directors are required to build up a shareholding equivalent to one times base fee. The table below shows their shareholding as at 4 January 2021, taking into account share purchases in relation to December 2020 fees, purchased on 4 January 2021.

Name	Shareholding as at 4 January 2021	Shareholding as a % of base fee	Guideline met	Shares purchased from 5 January 2021 to 9 March 2021
Sir John Kingman	258,955	132%	Yes	1,872
Henrietta Baldock	20,637	73%	On target	2,652
Philip Broadley	92,260	327%	Yes	–
Lesley Knox	77,600	275%	Yes	–
George Lewis	30,912	110%	Yes	2,602
Ric Lewis	6,655	24%	On target	3,315
Toby Strauss	54,620	194%	Yes	3,182
Julia Wilson	51,823	184%	Yes	–

Non-executive directors' terms of employment

	Current letter of appointment start date	Current letter of appointment end date
Sir John Kingman	24 October 2016	24 October 2021
Julia Wilson	09 December 2017	09 December 2020 ¹
Henrietta Baldock	04 October 2018	04 October 2021
Philip Broadley	08 July 2019	08 July 2022
Lesley Knox	01 June 2019	01 June 2022
George Lewis	01 November 2018	01 November 2021
Ric Lewis	18 June 2020	18 June 2023
Toby Strauss	01 January 2020	01 January 2023

The standard term for non-executive directors is three years and for the Chairman is five years. All non-executive directors are subject to annual re-election.

- Julia Wilson, the company's Senior Independent Director, will be stepping down from the Board on 31 March 2021 following a nine-year tenure. Philip Broadley, Chair of the Audit Committee, will take on the position of Senior Independent Director following Julia's departure.

Annual report on remuneration

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Remuneration for employees below Board

General remuneration policy

The Group's remuneration policy is designed to reward, motivate and retain high performers in line with the risk appetite of the Group. Remuneration is considered within the overall context of the Group's sector and the markets in which the divisions operate. The policy for the majority of employees continues to be to pay around the relevant mid-market range with a competitive package designed to align the interests of employees with those of shareholders, and with an appropriate proportion of total remuneration dependent upon performance.

We define core remuneration as base pay, annual bonus and other benefits such as pension. Key employees are also eligible to participate in the performance share plan (PSP).

Summary of the remuneration structure for employees below the Board

Element	Policy
Base pay	<p>We aim to attract and retain key employees by paying base pay which delivers competitive total remuneration. Factors taken into account when determining salaries include:</p> <ul style="list-style-type: none"> • The nature, size and scope of the role. • The knowledge, skills and experience of the individual. • Individual and overall business performance. • Pay and conditions elsewhere in the Group. • Appropriate external market data. <p>As a member of the Living Wage Foundation, base pay is also set with reference to the Foundation's UK and London living wage levels.</p> <p>During 2020, the average base pay increase was 3.6%. For the latest pay review the approach adopted was for the lowest paid employees (less than £30,000) to receive, on average, the highest increases (generally 3% of base pay).</p>
Annual bonus	<p>The majority of employees participate in a discretionary bonus plan, unless an alternative plan applies based on role. An employee will be considered for a discretionary bonus award based on achievement against objectives, conduct and behaviours, the role performed during that year and internal relativities.</p> <p>The Group operates bespoke bonus plans where business appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans.</p> <p>Bonuses above a certain threshold are subject to deferral with the deferral amount increasing with the size of the bonus. Deferred awards are normally held in shares for three years.</p> <p>The company reserves the right to adjust deferral levels for code staff as deemed appropriate.</p>
Performance share plan (PSP)	<p>Participation in the PSP is offered to a small number of senior executives each year in recognition of the strategic and influential role that they hold in terms of driving company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years.</p> <p>PSP awards were made to around 80 employees during 2020.</p> <p>Where appropriate, grants under the PSP may also be made for new employees who join the company during the year in key roles.</p>
Other share plans and long-term incentives	<p>The company operates a Share Bonus Plan (SBP) which provides the vehicle for deferral of annual bonuses in the majority of cases and also allows for a limited number of awards of shares to high potential individuals and those with critical skills.</p>
Benefits	<p>All UK employees have access to private medical insurance, life insurance, and a range of family-friendly policies (maternity, paternity, adoption and shared parental leave). In addition there are several wellbeing support packages including Unmind (a confidential mental health app), childcare and eldercare support.</p>
Pension	<p>All employees are given the opportunity to participate in a Group Pension Scheme. The pension opportunity offered to the majority of the workforce is 10% of base pay.</p>
Employee share plans	<p>All employees are given the opportunity to participate in a ShareSave plan and an Employee Share Purchase plan. These are both HMRC approved plans which offer all employees the opportunity to share in the success of the business.</p>

Annual equal pay audit

The Group seeks to ensure that our pay policies and practices are free from unfair bias. Part of the pay review process is an annual equal pay audit that reviews pay and bonus decisions by gender, ethnicity, age and full-time versus part-time working. In addition, it considers the application of the pay policy more widely, in particular looking at decisions made in the annual pay review across grades, functions and divisions.

Gender pay reporting

The Group has published its gender pay report for 2020. Further details can also be found on page 54 of the annual report.

Pay ratio in relation to the Group CEO

Since 2016 we have voluntarily disclosed details of the pay ratio in relation to the Group CEO and the wider UK employee population. From 2018 we made some amendments to how we report the information in order to align with the reporting requirements set out by BEIS, which came into effect for financial years starting 1 January 2019.

The tables below provide the ratio between the CEO base pay and single figure total remuneration and the base pay and total remuneration for UK employees banded by percentile.

Total remuneration

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2020	B	22	41	68	90,324	47,472	29,030
2019	B	64	105	158	67,744	41,177	27,408
	A	61	105	167	70,892	40,982	25,814
2018	B	39	79	134	86,082	42,906	25,381
	A	49	83	132	69,923	40,814	25,730
2017	B	51	90	133	67,475	38,055	25,891
	A	52	89	137	66,572	38,802	25,023

Base pay

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2020	B	14	23	40	70,167	42,408	24,479
2019	B	16	26	40	59,692	36,000	23,375
	A	16	27	42	60,000	35,000	22,550
2018	B	13	26	41	71,583	35,493	22,570
	A	16	27	41	57,853	34,475	22,781
2017	B	18	27	42	51,550	33,706	21,765
	A	16	27	42	58,020	33,649	22,148

Pay ratio commentary

Between 2019 and 2020 the ratio of total remuneration for the Group CEO compared to UK employees has fallen. The decrease is the result of the lower bonus and lower level of vesting of the 2018 PSP compared with the PSP awards in the previous three years.

Methodology

We have chosen option B as our method for calculating the pay ratio for 2020, consistent with the methodology for reporting of the gender pay gap. The total remuneration figures for the UK employees are based on salaries at 1 December 2020. Bonus amounts for 2020 are not determined for some eligible employees until after publication of this report, and therefore it is not possible to determine the exact 2020 total remuneration for all UK employees (option A) within this timescale. For completeness and transparency, we have included the pay ratios based on the option A method for previous years and we will also retrospectively disclose the pay ratio for 2020 based on the option A method in the 2021 report. We do not believe that this will result in pay ratio figures which are materially different to the 2020 figures disclosed above.



Gender Pay Gap Report

Our 2020 gender pay gap report is available on our group website. See: www.legalandgeneralgroup.com/investors/results-reports-and-presentations/

Annual report on remuneration

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Percentage change in directors' in 2020 remuneration compared with all UK employees

As required under the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the analysis has been expanded to cover all executive directors and non-executive directors, rather than just the Group CEO as has been the case in previous years.

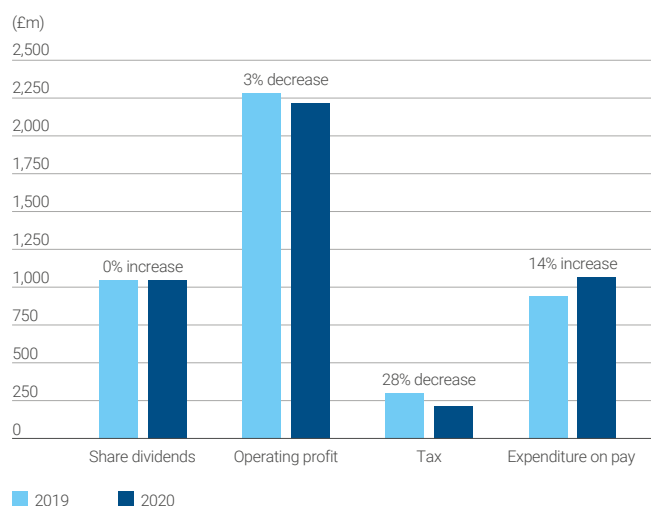
	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)
Executive directors			
Nigel Wilson	3.4%	3.4%	(73.2)%
Jeff Davies	6.6%	6.3%	(72.1)%
Kerrigan Procter	3.2%	(7.1)%	(61.7)%
Michelle Scrimgeour	2.9%	2.5%	(48.2)%
Chairman & NEDs¹			
Sir John Kingman	3.3%	n/a	n/a
Henrietta Baldock	4.5%	n/a	n/a
Philip Broadley	3.6%	n/a	n/a
Lesley Knox	1.9%	n/a	n/a
George Lewis	4.9%	n/a	n/a
Ric Lewis	n/a	n/a	n/a
Toby Strauss	0.0%	n/a	n/a
Julia Wilson	3.6%	n/a	n/a
Average for UK employees	3.5%	3.5%	2.7%

1. The increase in fees for non-executive directors of the Group is a result of the change in the fee structure in relation to committee memberships. The base fee for non-executive directors has not changed from 2019.

As with last year we have chosen the whole UK employee population as the comparator group. This group has been chosen because it includes a wider cross section of the Group's employees. The increase in benefits for the employee comparator group relates to the impact of base pay increases.

Relative importance of spend on pay

The chart opposite shows the relative importance of spend on pay compared to shareholder dividends and operating profit for the year. Operating profit has been shown because it is a KPI of the business. No share buybacks were made in 2019 or 2020.



Remuneration Committee

The table below shows the members and attendees of the Remuneration Committee during 2020.

Committee members, attendees and advice

Meetings in 2020

During 2020, the Committee met six times and in addition had ongoing dialogue via email and telephone discussion. An outline of the Committee undertakings during 2020 is shown in the table below. During 2020 the Remuneration Committee comprised the following non-executive directors:

Year	Number of Remuneration Committee meetings attended during 2020
Lesley Knox	6/6
Philip Broadley	6/6
Henrietta Baldock	6/6
Ric Lewis	3/3

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First		<ul style="list-style-type: none"> Reviewed findings of the CRO report. Approved the 2019/20 annual pay review and executive pay awards. Approved vesting of the 2017 PSP, LGIM LTIP and LGC Direct Investment Share Awards. 	<ul style="list-style-type: none"> Approved the 2020 AVP performance measures. Approved the 2020 ShareSave invitation. 	
Second			<ul style="list-style-type: none"> Consideration of approach to 2020 PSP and SBP awards in light of the impact of Covid-19. 	
Third	<ul style="list-style-type: none"> Reviewed outcomes of AGM season. 	<ul style="list-style-type: none"> Financial update and indicative variable pay update for executive teams. 	<ul style="list-style-type: none"> Approval of 2020 PSP awards for executive directors and other PDMRs. Review of pension arrangements. 	<ul style="list-style-type: none"> Review of potential implications on remuneration of Investment Firm Prudential Regime.
Fourth	<ul style="list-style-type: none"> Review and approval of Committee terms of reference. Review of report on the activities of the Group Reward Steering Committee in 2020. 	<ul style="list-style-type: none"> Review of the base pay increase budget proposals for 2021. Consideration of incentive out-turns in respect of 2020. 	<ul style="list-style-type: none"> Review of AVP and PSP performance measures and targets for 2021. 	<ul style="list-style-type: none"> Review of code staff lists. Approved remuneration policy statements for FCA and PRA.

At the invitation of the Remuneration Committee, the Group Chairman attends Committee meetings. Where appropriate, the Group Chief Executive, Nigel Wilson, and the Group HR Director, Group Reward Director, Head of Executive Compensation, Director of Group Finance and Group Chief Risk Officer also attend meetings. No person is present during any discussion relating to his or her own remuneration.

At the invitation of the Remuneration Committee, a representative from Deloitte also attended Committee meetings. During 2020, Deloitte principally advised the Committee on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. Deloitte were appointed by the Committee. The Committee reflects on the quality of advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received from the Deloitte LLP engagement team is objective and independent. Deloitte are signatories to the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The total fees paid to Deloitte in relation to Remuneration Committee work during 2020 were £105,600 (excluding VAT). While fee estimates are required for bespoke pieces of work, fees are generally charged based on time with hourly rates in line with the level of expertise and seniority of the adviser concerned. During the year, Deloitte also provided the company with consulting services.

Annual report on remuneration

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Terms of reference

The Committee's terms of reference are available on our website. The remit of the Committee includes the remuneration strategy and policy framework for the whole company as well as the executive directors.

The Committee particularly focuses on:

- Determining the individual remuneration for executive directors and for other designated individuals or for those who are discharging a head of control function role.
- Undertaking direct oversight on the remuneration of other high earners in the Group.
- Oversight of the remuneration of Code staff and employees in the control and oversight functions.
- Oversight of remuneration policies and structures for all employees.

Considering risk

The Reward Steering Committee (RSC) and the Group Regulatory Risk and Compliance Function make a key contribution to the process of designing reward structures and evaluating whether achievement of objectives and any payment from plans have taken into account the overall risk profile of the Group.

Reward Steering Committee (RSC)

Reporting to the Remuneration Committee, the RSC helps set the framework within which our incentive arrangements are normally reviewed and implemented, with a view to supporting business strategy, whilst acting within the Group's risk appetite. The members of the RSC include the Group HR Director, Group Chief Risk Officer (CRO), Group Conduct Risk Director, Regulatory Risk Director, LGIM Chief Compliance Officer, the Director of Group Finance, the Group Reward Director and the Head of Executive Compensation.

Where a business unit tables a proposal for consideration, the relevant business manager is required to attend the RSC meeting to explain the background and to answer all questions and challenges from the RSC.

Group Regulatory Risk and Compliance Function

The Remuneration Committee also works closely with the Group Regulatory Risk and Compliance Function with respect to remuneration proposals.

In particular, the function reports to the Committee on an annual basis on whether any risks have been taken outside of pre-agreed parameters, there have been regulatory breaches, or they are aware of any other considerations that may lead the Committee to consider whether it should impact the payment of bonuses to staff (including in particular the executive directors and Code staff).

The CRO also specifically looks at the overall risk profile of the Group and whether executive directors have achieved objectives within the Group's accepted risk appetite. The CRO also reviews the executive directors' objectives for the forthcoming year to ensure they are in line with the risk parameters.

Since the implementation of a new Solvency II remuneration policy in 2016, the scope of the CRO report has been extended to consider whether there are any risk considerations which may warrant adjustments to the overall level of corporate annual variable pay awards.

Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance and any changes to the Group's executive pay arrangements.

During 2019, we reviewed our approach to remuneration in the context of future business strategy, updated investor guidelines and evolving best practice, and sought feedback from shareholders and representative bodies. The responses that we received helped shape our thinking with respect to the new remuneration policy which was approved by shareholders at the 2020 AGM in May 2020. Unfortunately due to Covid-19 restrictions we had to change the format of the 2020 AGM but we have continued to engage with shareholders throughout the year and were able to hold a virtual shareholder event in December 2020.

During 2021 the Committee will continue to review the remuneration policy and will consult with the Group's largest shareholders on any changes.

Statement of voting at the Annual General Meeting (AGM) 2020

The table below shows the voting outcomes on the directors' remuneration policy and the directors' remuneration report at the last AGM in May 2020.

Item	For	Against	Abstain number
Remuneration policy	95.71%	4.29%	–
	4,109,620,878	184,122,218	12,853,165
2019 remuneration report	95.40%	4.60%	–
	4,089,839,555	197,291,047	19,465,659

Dilution limits

The company's all-employee plans and the now-closed ESOS operate within the Investment Association's dilution limit of 5% of issued capital in 10 years for executive schemes, and all its plans will operate within the 10% of issued capital in 10 years limit for all schemes.

As at 31 December 2020, the company had 4.92% of share capital available under the 5% in 10 years limit and 9.62% of share capital under the 10% in 10 years limit.

As at 31 December 2020, 33,172,865 shares were held by the Employee Benefit Trust to hedge outstanding awards of 74,327,125 shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

The company considers that certain external appointments can help to broaden the experience and contribution to the Board of the executive directors. Any such appointments are subject to annual agreement by the Group and must not be with competing companies. Subject to the Group's agreement, any fees may be retained by the individual. However, they received no fees for the below appointments.

External appointments held in 2020 are shown below:

	Role and organisation	Fees
Nigel Wilson	n/a	Nil
Jeff Davies	n/a	Nil
Kerrigan Procter	n/a	Nil
Michelle Scrimgeour	Director of The Investment Association, Member of the FCA Practitioner Panel	Nil



#ShareTheOrange

We are proud to support #ShareTheOrange, Alzheimer's Research UK's campaign to challenge misconceptions about dementia, for the third year.

The brain of a person with Alzheimer's disease, the most common cause of dementia, weighs around 140g less than a healthy brain – about the weight of an orange. One in five people still incorrectly believe that dementia is an inevitable part of ageing. The campaign's award winning films help to counter this belief and show that dementia is caused by physical diseases that could be slowed, and ultimately stopped, through research.

Legal & General has helped the UK's leading dementia research charity reach new audiences with this important message. The 2020 campaign featured films with Christopher Eccleston, Bryan Cranston and Samuel L. Jackson and had over 3.6 million views.