



Leading investor in UK build to rent

Built for rent, designed for life

Box Makers Yard is a build to rent scheme in Bristol. There are 376 private and affordable apartments purpose-designed and built to support the flexible lifestyle of today's renters. Residents have the benefit of a gym, work from home space, private dining rooms, two roof terraces and superfast broadband.

The c.£95 million development welcomed the first residents in January 2021 and was fully let within eight months.

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Board of directors

Committee membership key

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

Other Board members during the year were:

Julia Wilson retired from the Board on 31 March 2021.



Sir John Kingman Chairman

Appointed October 2016

N T

John brings financial sector, government and regulatory experience to the Board. John previously served as Second Permanent Secretary to HM Treasury, where he had responsibility for the Treasury's economics ministry functions and 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 (UKFI); and from 2010 – 2012, John was Global Co-Head of the Financial Institutions Group at Rothschild. From 2016 – 2021 he was the first Chair of UK Research & Innovation, which oversees Government science funding of c.£8 billion a year.

Other appointments:

- National Gallery (Deputy Chair and Trustee)
- Tesco Bank (Chair)



Sir Nigel Wilson Group Chief Executive Officer

Appointed CFO September 2009; appointed CEO June 2012

Nigel brings strong leadership skills to the Board. Nigel was knighted for services to Finance and Regional Development in the 2022 New Year's Honours List. Nigel was awarded City AM's 'Business Personality of the Year' in 2014. Nigel also won the 'Most Admired Leader' award at Britain's Most Admired Companies Awards 2017. In 2019 Nigel won 'Change Maker of the Year' at the Seven Hills Change Makers Summit. Nigel was Chairman of the Investment Association's review of Executive Pay and the government's review of Mission Led Business (both 2016 – 2017). He was a member of the government's Patient Capital Review Industry Panel and a Commissioner in the Resolution Foundation's Intergenerational Commission (both 2017 – 2018). He is currently on the Prime Minister's Build Back Better Council and Levelling Up Council.



Jeff Davies Group 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. Jeff is a Fellow of the Institute of Actuaries.



Philip Broadley Senior Independent Director

Appointed July 2016; Senior Independent Non-Executive Director from 31 March 2021

A N R Ri T

Philip 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 (Chairman of Governors)
- London Library (Treasurer & Trustee)



Henrietta Baldock Independent Non-Executive Director

Appointed October 2018

N R Ri

Henrietta was appointed to the Board in October 2018 and has been Chair of the Group's principal operating subsidiary, 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 Chair of the European Financial Institutions team at Bank of America Merrill Lynch.

Other appointments:

- Investec Plc (Non-Executive Director)
- Investec Bank Plc (Non-Executive Director)
- Investec Wealth & Investment Limited (Non-Executive Director and Chair)
- Hydro Industries Limited (Non-Executive Director)



Nilufer von Bismarck OBE Independent Non-Executive Director

Appointed May 2021

A N R Ri T

Nilufer was previously the 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. As well as a deep and extensive understanding of the financial services sector, Nilufer has considerable experience across a range of other industries and sectors, including real estate, green infrastructure and fintech. Nilufer was appointed as the designated non-executive director for climate in January 2022 and will take on the role of designated workforce director in April 2022.

Other appointments:

- Into University (Trustee)



Lesley Knox
Independent Non-Executive Director
Appointed June 2016

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 will have served as the designated workforce director from 2018 until April 2022. Lesley was appointed as Chair of the company's principal subsidiary Legal & General Investment Management (Holdings) Limited in July 2019.

Other appointments:

- 3i Group plc (Senior Independent Director)
- Dovecot Studios Limited (Non-Executive Director)
- Genus Plc (Senior Independent Non-Executive Director)
- Grosvenor Group Limited Pension Fund (Trustee)
- National Galleries of Scotland Foundation (Trustee)



George Lewis
Independent Non-Executive Director
Appointed November 2018

A N R 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 2007 – 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, Enbridge Income Fund and Cenovus Energy Inc.

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 in 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 €13 billion in assets under management.

Other appointments:

- Dartmouth College (USA) (Trustee)
- Royal National Children's SpringBoard Foundation (Director)
- The Black Heart Foundation (Trustee, Chairman and Founder)
- Eastside Young Leaders' Academy (Patron)
- Black Equity Organisation (BEO) (Trustee)
- Tappit Technologies (UK) Ltd (Non-Executive Director)
- Beam Up Ltd (Non-Executive Director)



Toby Strauss
Independent Non-Executive Director
Appointed January 2017

A N Ri T

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

Other appointments:

- Age UK (Chair)
- Brewin Dolphin Holdings Plc (Chair)

Board appointment post year end



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.



Laura Wade-Gery
Independent Non-Executive Director
Appointed January 2022

N T

Laura was appointed to the Board in January 2022. She has extensive knowledge of digital transformation, business strategy and customer experience transformation. Her previous executive roles include her position as Director of Multi-Channel, a main Board member at Marks and Spencer Group plc and as CEO of Tesco.com and Tesco Direct. She was also previously an advisor to the Government Digital Service 2012 – 2016 and a Non-Executive Director of the John Lewis Partnership 2017.

Other appointments:

- British Land Plc (Non-Executive Director)
- NHS Digital (Chair)
- NHS England (Non-Executive Director)



Tushar Morzaria
Due to join the Board as Independent
Non-Executive Director on 27 May
2022

A N R Ri

Tushar is currently (until 22 April 2022) the Group Finance Director at Barclays Plc and has extensive financial services experience. Prior to his role at Barclays, he was the Chief Financial Officer of Global Investment Banking at JP Morgan Chase & Co and before that, held various roles at SG Warburg, Credit Suisse and JPMorgan Chase. Tushar will retire from his position at Barclays Plc prior to joining Legal & General. Tushar has extensive knowledge of strategic financial management, investment banking and operational and regulatory relations and a deep understanding of equity and debt capital management.

Other appointments:

- BP plc (Non-Executive Director)
- 100 Group Main Committee (Member)
- Sterling Risk Free Reference Rates Working Group (Chair)

Executive Committee

Sir Nigel Wilson

Group Chief Executive Officer

See Board of directors pages 62 to 63.

Jeff Davies

Group Chief Financial Officer

See Board of directors pages 62 to 63.

Geoffrey Timms

Group General Counsel and Company Secretary

See Board of directors pages 62 to 63

Other Executive Committee members during the year:

Simon Gadd stepped down as Group Chief Risk Officer in March 2021 and took on the role of Group Climate Change Director.

Other business unit Chief Executive Officers (CEOs) and Presidents



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 co-chair of the COP26 Business Leaders Group. Michelle holds a BA (Hons) in French from the University of Sheffield.



Kerrigan Procter President of Asia, Legal & General Capital

Kerrigan has been President of Asia, Legal & General Group since July 2021. He was previously Chief Executive Officer of Legal & General Capital from January 2018 to June 2021. 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 2013 – 2017, and Head of Solutions at Legal & General Investment Management 2006 – 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.



Laura Mason Chief Executive Officer, Legal & General Capital

Laura has been Chief Executive Officer of Legal & General Capital since July 2021. She was previously CEO of Legal & General's Institutional Retirement business from January 2018 to June 2021. Laura joined Legal & General in 2011 and has served in several roles since then, including as part of the senior management team responsible for setting up Legal & General Capital over 2014 – 2015. 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.



Bernie Hickman Chief Executive Officer, Legal & General Retail

During the reporting year, Bernie was CEO of Legal & General Insurance, responsible for the Insurance and Fintech businesses in the UK and US. Since 1 January 2022, Bernie has been the Chief Executive Officer of Legal & General Retail, responsible for the Retail and Workplace businesses within the group. 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.



Andrew Kail Chief Executive Officer, Legal & General Retirement Institutional

During the reporting year, Andrew was CEO of Legal & General's Retail Retirement business. Since 1 January 2022, Andrew has been the Chief Executive Officer of Legal & General's Institutional Retirement business. Prior to joining Legal & General in March 2021, Andrew was 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.

Additional Executive Committee members

John Godfrey
Group Corporate Affairs Director

John has worked in the City for more than 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 Human Resources Director

Emma joined Legal & General as Group HR Director in 2017. Emma's responsibilities include Group Real Estate and Internal Communications as well as membership of a number of our subsidiary boards. 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.



Chris Knight
Group Chief Risk Officer

Chris has been the Group Chief Risk Officer since May 2021. Chris was previously the Chief Executive Officer of Legal & General's Retail Retirement business. Prior to that he was the Chief Financial Officer of Legal & General's Retirement division where he was responsible for driving the financial results of the business. Chris has also served as the Finance Director of the group's UK Savings and Protection business. Chris is a qualified actuary and has had a 32-year career in the UK and international financial services markets. He joined Legal & General in 2009.

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 Exco 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, the environment and corporate social responsibility. Exco has regular updates from relevant external advisers and partners to develop its knowledge and outlook.



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 the Lloyd's of London market. He was also previously an audit consultant at the London Stock Exchange Group. Stephen is a Chartered Member of the Institute of Internal Auditors.

Letter from the Chairman



Sir John Kingman
Chairman

I am delighted to present our 2021 Governance report which provides insight into how we, the Board, have approached our responsibilities during this year.

Covid-19 has continued to affect each of us and has had an unprecedented impact on our customers, employees and society at large. Throughout this crisis our business has been very resilient and continued to provide the products and services that our customers need. I am proud to report that, even during another challenging year, our colleagues have continued to adapt and have remained professional, committed and resilient in the face of adversity. I would like to extend my thanks to all our valued colleagues for their continued hard work and commitment to doing the best for our customers.

The strength of our diversified business model meant we were able to weather the volatility of 2020 and were well positioned to deliver profitable growth again during 2021. While the pandemic and its effects will no doubt be with us for some time, the Board is also looking to the future and to the many opportunities for Legal & General to make investments that are economically, environmentally and socially valuable, in line with our long-term commitment to delivering inclusive capitalism and supporting the Building Back Better and Levelling Up agendas. In particular, addressing climate change (one of Legal & General's six strategic growth drivers) remains at the forefront of our minds as we face not only the biggest challenge, but also the biggest investment opportunity, of our lifetimes. The Board was

proud to see Michelle Scrimgeour, Chief Executive, Legal & General Investment Management, play such a central role in COP26 as co-chair of the COP26 Business Leaders Group.

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 continued to navigate the challenges presented by Covid-19 to ensure our business can continue to flourish. Our governance framework has supported us well to be able to continue to make agile and robust decisions throughout this period.

For the year ended 31 December 2021, 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, save in respect of pensions alignment required under Code provision 38 where we will achieve full compliance by 31 December 2022 as further detailed on page 103. Further details on our compliance with the Code and how we have applied the various principles can be found on pages 80 to 81.

Annual General Meeting

In light of the UK Government's Covid-19 restrictions in 2021, and with the wellbeing of our shareholders and colleagues as our primary concern, it was with much regret that we were

unable to hold a physical 2021 Annual General Meeting (AGM). We were however very pleased to be able to invite shareholders to join the AGM virtually via an online video platform. Through the platform, shareholders were able to view a live video stream of our AGM and participate in a live Q&A session with the Board. I am delighted that a number of our shareholders were able to join us virtually on the day to hear from myself, Sir Nigel Wilson and our Committee Chairs and I would like to thank those who participated in our live Q&A session or who submitted questions in advance.

The Board also recognises that the AGM presents an important opportunity for our shareholders to get to know newer Board members and to understand the skills and experience that they bring to the Board. In the absence of a physical meeting, we made available on our website a recorded interview with our two newest non-executive directors, Ric Lewis and Nilufer von Bismarck OBE. We hope that shareholders found this useful and informative.

The Board also took the opportunity to ask shareholders to support a proposal to change our articles of association to allow us to hold hybrid AGMs in the future. A hybrid AGM allows shareholders to attend and vote either in person or virtually. The Board recommended the change in order to allow our shareholders to have greater flexibility in deciding how they wish to participate in our AGMs and with a view to promoting greater participation and engagement. We are pleased that shareholders supported this proposal and we look forward to holding our first hybrid AGM this year.

Whilst last year's arrangements were no substitute for meeting shareholders in person, we hope that shareholders still felt connected to, and heard by, the Board through the steps that we took and I would like to thank shareholders for their understanding during this challenging period.

The 2022 AGM will be held on Thursday 26 May 2022 at 11am at the British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JP with additional facilities for shareholders to join and vote electronically. 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: group.legalandgeneral.com/AGM.



Finding what you need online
group.legalandgeneral.com/AGM

Stakeholder engagement

The Board has previously welcomed the changes to the Code aimed at promoting greater transparency around stakeholder engagement. As a Board, we are conscious of the impact that our business and decisions have on our stakeholders, as well as our wider societal impact. 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 continued to create challenges 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 68 to 73.

Board changes and succession planning

Legal & General 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 March 2021, Julia Wilson retired as Senior Independent Director after a nine-year tenure on the Board, in accordance with the UK Corporate Governance Code requirement. I would like to once again thank Julia for her enormous contribution to the Board and the Company and for her valued support to me during my time as Chairman. Philip Broadley succeeded Julia as our Senior Independent Director and I would also like to thank him for his support during this year.

Nilufer von Bismarck OBE joined the Board as a Non-Executive Director on 1 May 2021. Nilufer has spent a large part of her 34-year legal career working with major international financial institutions and also has considerable experience across a range of other industries and sectors, including real estate, green infrastructure and fintech. In November 2021, we announced the appointment of Laura Wade-Gery as an independent non-executive director with effect from 3 January 2022. Laura's extensive knowledge of digital transformation and customer experience will further bolster the Board as the Company seeks to become a market leader in the digital provision of insurance and other financial solutions. We also announced the appointment of Tushar Morzaria who will join the Board as an independent non-executive director and will take over from Philip Broadley as Audit Committee chair when he joins us in May 2022. As the current Group Finance Director of Barclays Plc and with extensive financial services experience, Tushar is well positioned to fulfil the duties as Audit Committee chair and I look forward to welcoming him in May. We have also recently announced that Toby Strauss will stand down from the Board in April 2022 following his recent appointment as the Chair of Age UK.

I would like to thank Toby for his very considerable contribution to the Board and especially as Chair of the Risk Committee. I will assume the role as the Chair of the Risk Committee on a temporary basis pending the appointment of Toby's successor.

This year, the Nominations and Corporate Governance Committee, together with the Board, has continued to focus on succession planning. We review both our Group Board and Executive Committee succession plans regularly and fully. I am pleased to report that Nilufer von Bismarck will succeed Lesley Knox as the designated workforce director with effect from April 2022. Lesley has done an outstanding job in establishing the role of the designated workforce director since it was created in 2018 and has discharged her role with great commitment and rigour. Lesley has championed the voice of our employees during Board discussions and has ensured that the Board has received regular and valuable insights into our employees. I would like to thank Lesley for the dedication she has shown to this role during her tenure.

As a Board, we consider the climate emergency to be a real and emerging risk to our business and the communities in which we operate. However, we also recognise the potential opportunities that can be created. Our commitment to climate issues is detailed on pages 18 and 19 and also in our climate report which can be found at group.legalandgeneral.com/reports. We consider that it is vital that the Board remains focused on this important topic and the Board is therefore pleased to have appointed Nilufer von Bismarck to the new role of designated non-executive director for climate. The Board agreed that Nilufer was an excellent candidate for both this role and as successor to Lesley as the designated workforce director, particularly as the climate emergency is an issue which our employees feel passionately about.

There were also a number of executive changes during the year. Laura Mason succeeded Kerrigan Procter as Chief Executive, Legal & General Capital and Kerrigan has moved to a new role as President of Asia to co-ordinate the group's expansion plans in Asia. In addition, since 1 January 2022, Andrew Kail has been appointed as Chief Executive, Legal & General Retirement Institutional and the Group's Retail businesses (Legal & General Insurance and Legal & General Retirement Retail) have been combined under the leadership of Bernie Hickman. We continue to closely monitor diversity in 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, ensuring that everyone across Legal & General understands their responsibilities in driving an inclusive and diverse culture and the opportunities it can bring. We continue to develop a robust governance framework and use data and insights to shape our actions, measure our progress and drive accountability.

Diversity is important to us because it generates a wider pool of talent, reflecting the broadest range of human attributes, experience and backgrounds. We are building an inclusive culture that celebrates diversity and creates fair opportunities for all.

Laura Mason continues in her role as executive sponsor for diversity and inclusion, and great progress has been made with our diversity and inclusion initiatives across the group. See page 48 for more about these initiatives.

Subsidiary boards

At Legal & General we have benefited 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 and 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 benefited greatly from the addition of independent non-executive directors to many of our subsidiary boards.

Board effectiveness

The Board conducted an internal Board review in 2021 which was externally facilitated by the Board evaluation specialists Independent Board Evaluation and included a review of the effectiveness of the Board and its Committees. Further details of the process and outcome of this evaluation can be found on pages 78 and 79.



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 below sets out our s.172 statement which provides details of the Board's engagement with our key stakeholders during the year and how stakeholder considerations have helped shape Board decisions and outcomes. Additional details of our key stakeholders and why they are important to us are set out on pages 16 to 17.

Through its engagement with key stakeholders, the Board seeks to understand the views, priorities and issues of each stakeholder group so that these can be carefully considered and balanced by the Board as part of its decision making. Additionally, the Group Company Secretary attends each Board meeting and is available to provide support to the Board in ensuring that sufficient consideration is given in relation to stakeholder views during Board discussions.

Engagement with our stakeholders

Shareholders



Overview

Our shareholders and bondholders are vital to the future success of our business, business growth and the generation of sustainable returns.

Engagement

Continuing engagement

- During the year the Chairman, Group CEO and Group CFO continued to meet with multiple investors.
- 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.
- Each year the Group CEO and CFO meet with investors and analysts following the release of our half-year and full-year financial results.
- The AGM provides an important opportunity each year for the Board to engage with all shareholders, particularly retail shareholders who might otherwise have limited direct engagement with the Board. In 2021 our AGM was held in One Coleman Street and, due to Covid-19, shareholders were not able to attend in person but were invited to join virtually via an online video platform. The Board was delighted to provide shareholders with the opportunity to ask live questions during the meeting.
- We provide easy access for our shareholders to the company's announcements, results and investor information through a dedicated shareholder section of our website. The website contains the Company's London Stock Exchange regulatory announcements and a copy of our annual reports and other relevant publications. A webcast of half-year and full-year results presentations for the current period is also made available via a link on the website which is permanently available.

Additional current year engagement

- In May, the Group CFO met with several investors to gain insights on their views at the Autonomous Insurers and Asset Wealth Manager Financials Forum.
- In September, the Chairman participated in the Goldman Sachs Chairman's Forum where he engaged with a range of different types of investor. Feedback from investor meetings was shared with the wider Board throughout the year.
- In October, we hosted a Capital Markets event for investors and analysts at our London Headquarters. Investors also had the opportunity to join virtually. The event focused on Legal & General Capital (LGC) and consisted of presentations on LGC's strategy, its approach and investment capability, financial performance and ambitions, and included a live Q&A with the Group CEO and the LGC management team. All of the material from the event was made available on the investors section of the group website.

Outcomes

- The Board is committed to continuing to enhance its engagement and interaction with our shareholders. Accordingly, the Board sought shareholder approval to make a change to the company's Articles of Association to permit hybrid AGMs. The Board hopes that this change will encourage more shareholders to participate in our AGM. The Board is very much looking forward to holding its first hybrid AGM on 26 May 2022.
- A full year dividend of 18.45 pence was approved by the Group Board on 8 March 2022.

Engagement with our stakeholders continued

Suppliers



Overview

Proactive interaction with our suppliers and treating our suppliers fairly allows us to drive higher standards and reduce risk in our supply chain whilst benefitting 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 material procurements, 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 is put to the Board for consideration and approval, as required.
- The Group Chief Financial Officer and the Legal & General Resources Board continued to receive updates regarding any supplier performance issues associated with Covid-19, including the continued work undertaken with suppliers to mitigate any risks.
- Lesley Knox is the Group Board sponsor for modern slavery and drives this agenda through her membership of the Modern Slavery and Human Rights Committee.

Additional current year engagement

- The Executive Risk Committee, Group Risk Committee and Group Technology Committee received reports relating to cyber security and supplier governance throughout the year.
- The Legal & General Resources Board and Group Environmental Committee were updated throughout the year on the progress of topics such as supplier diversity and modern slavery as well as the environment.
- Outputs from a current review of potential supply chain risks due to logistics delays, price increases and shortages will be presented to senior management during 2022.
- Throughout the year the Modern Slavery and Human Rights Committee has been progressing risk assessments for the balance of our supply chain and has incorporated these results into our Financial Watchlist for material suppliers. See page 50 for information on our sustainable supply chain.

Outcomes

- This year we joined the Supplier Diversity Council UK to take a lead role in progressing this important topic and help shape the principles and toolkits needed. The Council meets regularly with the objective of raising awareness, sharing knowledge and looking at ways of helping to drive greater opportunity for small and diverse firms.
- We also enhanced our Sustainable Sourcing Principles Statement in November 2021 to bring greater clarity and detail in the guidance to buyers and supplier managers.
- Group Procurement is continuing to progress its five-year transformation journey. Once finalised, this will include the deployment of e-sourcing and supplier management tools which is anticipated to bring more granular analytics as well as digital sourcing capabilities.
- Following feedback from key stakeholders, our purchase order system continues to be utilised to drive payment efficiencies and cost controls.
- Our senior management team worked in collaboration with Stronger Together to deliver external workshops to over 40 suppliers in relation to human rights and spotting the signs of modern slavery. We have also delivered extensive training to promote awareness of this important topic. For more information on our activities in relation to modern slavery, refer to page 51.

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

- Certain non-executive directors of the Group Board 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 and wider governance, operational resilience, cyber, culture, regulatory matters (including the review of Solvency II) and customer outcomes. The directors share insights from these meetings at each Group Board meeting.
- At each meeting, the Group Board receives a conduct 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 attends a Group Board meeting to discuss its priorities. The PRA attends the Group Board annually as part of the PRA's Periodic Summary Meeting (PSM) cycle.
- Throughout 2021 we continued to hold quarterly meetings with both the FCA and PRA on our plans to transition away from the interest rate benchmark LIBOR.

Additional current year engagement

- At the beginning of 2021, we were still working closely with the PRA and FCA on our response to Covid-19, with interactions decreasing after the first quarter 2021.
- Regular meetings continue to take place between management, our risk function and the PRA and FCA. We continue to brief the FCA on a programme to transform our financial crime risk management framework, and on the progress to close out a programme of work reviewing group-wide conflicts of interest. Additionally, there have been regular engagement meetings regarding the transformation of LGIM's middle office function and its move to a strategic target operating model.
- The Group Board values its open dialogue with the PRA and therefore invited the PRA to attend its July Board meeting to discuss and share its views on the 2021 PSM Letter.

Outcomes

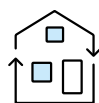
- We have proactively engaged with our regulators this year to feed back industry views on Solvency II reform, including the PRA's Quantitative Impact Study to test a range of policy options which could lead to reform of the current solvency regulation for insurers; we hope these interactions make a positive contribution to the work of our regulators in achieving their statutory objectives. We have also used these opportunities to gain insights to requirements which have improved our own approach to regulatory compliance.
- Following extensive scrutiny and review at the Group Risk Committee, in May the Group Board approved the submission of the Internal Model Major Change application to the PRA. Our regular, transparent and constructive dialogue with the PRA helped to ensure that we received approval for this enhancement in December.
- In July, we actively engaged with the PRA to achieve approval for the PRA's non-objection to the redemption of £300m 10% subordinated notes due in 2041 and issued by the Company.
- Our Affordable Homes business worked closely with the Regulator of Social Housing to achieve approval for the creation of four newly incorporated entities within the group that are registered providers of social housing, to facilitate the provision of affordable housing across England.
- The Group Chief Financial Officer joined the Productive Finance Working Group, a joint forum of the Bank of England, Her Majesty's Treasury and FCA, with the objective of finding solutions to overcome the barriers to investing in long term, less liquid assets, with a particular focus on DC pension scheme investment.

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 for the management of environmental impact, with a particular focus on the delivery of our strategic response to climate change.
- Jeff Davies is the Group Board sponsor of the climate report, whilst, as noted above, Lesley Knox is Group Board sponsor for Modern Slavery. 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.
- Our continued relationship with the Duke of Edinburgh's Award Scheme enables us to support young people across the UK and US, especially important given the impacts of Covid-19 on young people's prospects.
- Sir Nigel Wilson, our 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.
- We demonstrate our continued commitment to net zero through our membership of the Net Zero Asset Managers Initiative and the Net Zero Asset Owner's Alliance.
- Responding to the challenges of ageing demographics is a strategic priority for us and we are pleased to continue to support the University of Edinburgh's Advanced Care Research Centre.

Additional current year engagement

- Michelle Scrimgeour, CEO of our investment management business, led our engagement at the COP26 summit in Glasgow in November in her capacity as co-Chair of the government's COP26 Business Leaders Group. As part of our engagement with COP26, we made a range of commitments in support of our ambition to align with the 1.5°C 'Paris' objective. Michelle and John Godfrey, our Group Corporate Affairs Director, delivered an update on COP26 outcomes to the GEC in November to develop the Committee's knowledge and outlook.
- In October, Philip Broadley, our Senior Independent Director, hosted a business breakfast with His Royal Highness the Earl of Wessex and a number of high profile business leaders at our London Headquarters to discuss employers' roles in supporting young people's prospects in employment.
- Following LGC's launch of its residential housing arm, Suburban Build to Rent, members of the Group Board visited one of our Build to Rent sites in Bristol to see first-hand the impact of the investment on the community. The Board also held a strategy event in Oxford and received a tour of the city which highlighted the impact of our investments.
- Members of the Group Board visited The Interchange building in Cardiff Central Square. The Interchange 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 and develop buildings with net zero carbon targets. In addition, The Interchange will be the new office for our Cardiff-based colleagues.

Outcomes

- Page 73 provides examples of some of our recent investments which have positively impacted communities.
- We have established a partnership with Sir Michael Marmot and the University College of London Institute of Health Equity in order to explore the specific role of business in addressing health inequity. An update was delivered to the Group Board in May and the Board were enthusiastic and supportive of the partnership, demonstrating our continued commitment to inclusive capitalism.
- This year represented an important milestone for our Modular Homes business with contracts to deliver 185 Modular Homes in Bristol and 95 highly-sustainable, energy efficient and affordable homes in Warminster. Legal & General Modular Homes are leading the way in the delivery of high-quality, affordable and sustainable homes with each home achieving a minimum of energy performance certificate 'A' rating by design. Currently fewer than 2% of new build homes in the UK achieve this high standard. This will help support local communities by enabling councils and housing associations to deliver future development and housebuilding projects in shorter timescales. In September, the CEO of Modular Homes hosted a site visit in Bristol for members of the Group Board which included an overview of the Modular Homes housing delivery programme and sustainability benefits. The CEO of Modular Homes also provided an update to the Group Executive Committee in September.
- In April we joined the Glasgow Financial Alliance for Net Zero, a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy.
- As we look to implement our climate change commitments and targets, Nilufer von Bismarck was appointed as the designated non-executive director for climate and will act as a single point of contact for the business and as a conduit for the Board.
- Sir Nigel Wilson became a member of the Prime Minister and Chancellor's Build Back Better Business Council which brings together a broad range of business leaders from across the whole British economy to work in partnership with the government in an effort to unlock investment and boost job creation.

Engagement with our stakeholders continued

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 report provides an update on progress made in relation to the customer journey and a view for the year ahead.
- 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.

Additional current year engagement

- In April, Sir John Kingman visited our Hove office and undertook various call listening activities to gain a deeper understanding of the customer journey.
- In November, Nilufer von Bismarck, one of our non-executive directors, spent a day with our Home Finance and Financial Advice team in Solihull. The team walked through the customer journey, shared insights from customer feedback and provided an overview of the future roadmap for developments. Nilufer also spent time call listening with our Retail Protection team in Cardiff in September to gain further insights into the customer journey.
- The managing director of our newly formed Retirement Solutions business presented to the Board in July to provide insight into how customers are at the heart of our strategy. This included an overview of the extensive customer research that has taken place to develop our understanding of customer needs and expectations.
- During the first half of 2021, the Group Executive Committee received regular updates on customer performance to ensure any detrimental impacts to customer service as a result of Covid-19 were minimised.
- The CEO of our LGI Retail Protection business shares an additional monthly update with the Board which details the service recovery plan for customer claims and which includes detailed customer MI.

Outcomes

- Throughout the year customer feedback has been positive, with 80% of respondents scoring us 7 or above in customer satisfaction ratings (65% of respondents gave us a 9 or 10).
- Our telephony service level agreements (SLAs) have generally been strong and improved throughout the year. This was helped as our call centre colleagues were able to return to the office. Where SLAs have not quite been reached, the challenge and focus from the Board has helped shape the recovery plans of respective businesses.
- After reviewing the customer journey and our customer research, we have delivered improvements that make it easier for our customers to connect with us. The number of customer logins to our digital portals increased by 30% in 2021 vs 2020. We've also improved our online functionality and introduced new self-service options which has led to a reduction in a number of our end-to-end customer journey times and increased self-service transactions by 29%.
- A strong and persistent Board focus on our retail protection claims experience has improved claims timings throughout the year. In Q4 2021, the time it took us to settle non-medical claims reduced by 19 days compared to Q2 2021.
- Our continued focus on vulnerable customers has meant that our teams are better placed to identify and respond to instances of vulnerability. Some of our key successes have emerged from relationships with third-party organisations and charities. Across the group, we have used their expertise to help us understand customer needs, train our staff, improve our documentation, and provide additional support to our customers where appropriate.
- In January, we launched two new services in an effort to make life simpler for our customers and address a growing customer need – a 'stand-alone' tracing service to help customers track down lost or forgotten pension pots, and a consolidation solution, for those wanting to bring their various pension savings together.
- To help our customers approaching retirement understand their options and better manage their financial affairs in later life, we have introduced a free online course with The Open University to equip our customers with knowledge of retirement planning.

Stakeholder engagement

continued

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 continued in her role as designated workforce director and reported to the Board at each meeting on employee-related matters.
- We continued with our Voice surveys, widening the scope to include, for the first time, employees of CALA Homes alongside employees from elsewhere within our group. The surveys continue to provide us with valuable insights on what is important to our employees. During 2021, the Board and Group Executive Committee received periodic reports on Voice data.
- To continue to ensure engagement with employees during Covid-19, we continued with our efforts to update employees through our internal communications. Dedicated business partnering teams and a central internal communications function continued to provide updates, especially through The Hub, our digital workspace. This allowed members of our Group Executive Committee to communicate regularly with all employees on a range of themes including (but not limited to) business strategy, commercial updates, wellbeing, inclusion and climate change.
- We continued to engage closely with employee representatives – particularly through our partnership with Unite – to ensure that our offices remained Covid-19 safe.
- Our D&I Council – chaired by Laura Mason, CEO of LGC, and comprising senior leaders from across the business – continued to meet. For more information on our diversity and inclusivity progress and achievements, refer to page 48.
- 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

- Members of the Group Board hosted a celebratory employee lunch to mark the 25th anniversary of the group's presence in Cardiff. This enabled the Board members to meet with, and listen to insights from, a range of employees from our different teams in Cardiff.
- As previously noted, members of the Group Board met with employees from our offices in Hove, Cardiff and Solihull this year. The Board welcomes the invaluable opportunities site visits provide the Board in being able to hear, first hand, insights and opinions from our employees.
- The Group Chairman and Lesley Knox also took part in The Listening Project, during which they heard first hand from employees from a range of ethnic backgrounds about their experience at Legal & General in a focus group setting.
- With the shift in focus from managing the acute crisis of Covid-19 towards planning for a post-lockdown future, we engaged with our employees through our Future of Work surveys in March 2021.
- Building on our 2020 efforts, further virtual town hall meetings were held during 2021, including for our full-year results. During 2021 we also launched a new video series, Your Question Time, in which employees were invited to ask members of the Group Executive Committee questions of interest.

Outcomes

- This year Lesley Knox, in her role as designated workforce director, has attended virtual meetings across our operating divisions, as well as in-person meetings where possible. A report from the designated workforce director, including details of activities throughout the year and the output of this engagement, is provided on page 74.
- 77% of employees took part in the fourth quarter Voice survey, providing 27,684 individual comments. Our employee satisfaction score fell by one point to 76 compared to October 2020, although it remained above pre-Covid-19 levels (74 in March 2020).
- Our D&I Council sponsored Count Me In, a communication campaign designed to improve the quality and quantity of diversity data we hold on our people. This led to an improvement in the completeness of our data. For instance, data held on ethnicity increased from 52.6% (December 2020) to 67.9% (December 2021).
- To recognise the importance of mental and physical wellbeing to our employees, our Chief Financial Officer, Jeff Davies, was named as our executive sponsor for wellbeing. We continued to support our Mental Health First Aider network and promote employee access to wellbeing resources including our Employee Assistance Programme and Unmind mobile app, as well as introducing new wellbeing-focused training for line managers, a constituency we identified as key for promoting overall wellbeing. We also arranged virtual wellbeing and mindfulness sessions for employees led by individuals with personal experience, such as Fearné Cotton and Roman Kemp, our Wellbeing Ambassador.
- This year we launched a new menopause policy as a result of feedback from our employees about the need for better provision on this topic.
- The insights and data gathered from our Future of Work surveys, which was supplemented by stakeholder interviews and engagement with employee representatives, has helped inform our Group Executive Committee's planning for the post-Covid-19 workplace.

Major decisions and discussions during 2021

Stakeholder considerations are an integral part of the Board's decision making and we seek to embed this in our key subsidiary boards and decision making committees throughout the organisation. As part of the submission to the relevant decision-making forum, all group and subsidiary Board papers must demonstrate that any potential impacts to stakeholders have been considered.

Whilst not all decisions affect every stakeholder group, our Board and Committees endeavour to balance the sometimes conflicting needs of our stakeholders to ensure that all are treated consistently and fairly. When making key decisions, the Board is mindful of maintaining a high standard of business conduct and ensuring that decisions are taken to promote the Company's long-term sustainable success.

You can find our s.172 statement on pages 68 to 72.

Some of the major decisions and considerations of key decision-making forums during 2021 include:



Shareholders



Suppliers



Regulators



Communities



Customers



Employees

Major decision	Strategic link	Key stakeholder groups impacted
Setting and approval of a capital budget for the writing of new pension risk transfer business in 2021 in order to ensure continued prudent balance sheet management.	This decision demonstrates the execution of our strategic priority to become global leaders in pension de-risking and retirement income solutions.	
Approval of changes to Articles of Association to allow hybrid AGMs.	The change to our Articles allows our shareholders and employee shareholders greater flexibility in deciding how they wish to participate in our AGM through the use of technological innovation.	
Approval of the £500 million joint venture between Legal & General Capital and NatWest Pension Trustee Limited (the defined benefit pension scheme of NatWest Group) to fund the development of 5,100 retirement homes across 34 schemes in England.	This transaction shows our commitment to investing in the real economy for the benefit of society and demonstrates the ability of our Capital business to attract third-party capital to its investment portfolio in an effort to crystallise value for shareholders. In addition, this joint venture supports our aim to address climate change through the positioning of our own investments as the majority of the retirement homes will be net zero.	
Approval of £105 million funding for the development of a new innovation district with the University of Oxford, extending Oxford's existing BegBroke Science Park, through Legal & General Capital's joint venture with the University.	This transaction demonstrates our commitment to investing in long-term assets that benefit society; the first phase of the scheme will bring forward new teaching facilities, and future phases will seek to develop new affordable homes and subsidised key-worker accommodation.	
Approval of Bruntwood SciTech, LGC's joint venture with Bruntwood, to proceed with a partnership with the University of Manchester to deliver ID (Innovation District) Manchester, a new £1 billion innovation district across the city centre to accelerate the dissemination of the world-leading research.	This transaction aims to deliver our strategic priority of investing capital over the long-term, we aim to become leaders in direct investments whilst benefitting society through socially responsible investments. In addition, this investment supports our technological innovation ambitions by supporting the growth of the UK's science and technology infrastructure.	
Approval to sell Legal & General's stake in MediaCity, LGC's long-standing joint venture with Peel Land & Property Group.	This transaction is part of our dynamic and strategic approach to recycling profits and investing in new projects which are reviving town and city centres across the UK.	

Looking at one of our major projects in more detail: Sale of the Personal Investing Business

Following the sale of LGIM's Personal Investing legacy book of business (the "PI Business") to Fidelity in 2020, this year the Board oversaw the migration of eligible customers to Fidelity in tranches during the course of 2021. The migration process completed in December 2021. The PI Business comprised approximately 280,000 customers invested in ISA, Junior ISA and General Investment Account products, holding LGIM Funds. Post-transfer, the migrated customers remain invested in LGIM funds (unless they elect to transfer their investments to alternative funds) for which LGIM will continue to earn an investment management fee.

Our stakeholder impact analysis identified the following risks and benefits to our key stakeholders:

Risk	Mitigant/Benefit	
Risks associated with a failure to deliver the required customer outcomes.	The impact on customers was a key consideration for the Board when considering and implementing the sale and transition of the PI Business to Fidelity. The LGIM team worked closely with Fidelity prior to the transaction being signed to assess the impact of the transaction on customers and to ensure that customer outcomes would be delivered, with a particular focus on costs and charges, continuation of service, availability of propositional features and financial stability/capital. The impact on customers continued to be assessed by the Board through regular updates throughout the migration process.	
Risk of negative impact on Legal & General employees dedicated to the PI business.	At the time of the sale and throughout 2021, we worked closely with our trade union, Unite, to help employees explore available opportunities within the business and redeploy as many of the employee workforce dedicated to the PI business as possible. Where redundancies were unavoidable, we negotiated that employees would be paid out their notice periods rather than being required to work and agreed to pay enhanced pro-rated bonuses for 2021, to which employees would not generally be entitled.	
Risks with regulatory engagement.	There was proactive engagement and dialogue with the FCA throughout the sale and migration process.	

Employee engagement



Lesley Knox
Designated workforce director

Covid-19 overshadowed 2020 and has also impacted 2021, but for many employees 2021 has been a return to more normal ways of working and a gradual return to the office. This meant that as the year went on, the issues and feedback raised by employees with me changed too.

Throughout the year, I continued to meet employees, both virtually and in person, as part of my plan to engage with them and represent their views. My model of “listen, reflect and represent” has held good throughout this time. The frequency of discussion about people issues at the Board throughout the past three years shows how seriously Legal & General takes understanding the views of its people.

During the first half of 2021, the safe re-occupation of our office spaces was the key concern raised in meetings. Understandably, there were health and safety questions, especially amongst those who had not accessed offices at all during lockdown. The work we did during 2020 to keep offices safe stood us in good stead for 2021: safety measures were well understood, observed very strictly, and audited by Unite and the Health and Safety Executive.

During the first half of the year in particular, our employees took a keen interest in the future of work: our way of thinking about and describing how we will use office and home-based working in combination in future. We knew from research carried out during the initial lockdown that employees valued elements of home working but missed the interpersonal contact that office working brings, as well as, in some cases, being in far from ideal situations for working at home.

Further research carried out during March 2021, borne out by conversations I have had with employees, showed that the preference for the majority of our people would be a form of hybrid working, which is the assumption on which we have based our future of work plans.

Other issues have also come to the fore during my engagements with employees. Some of them have been specific to us, especially relating to the quality of office facilities. But issues larger than Legal & General have been part of the dialogue too. Examples include diversity and inclusion and wellbeing, which are all of great interest to the Board. I was pleased to be part of the Company’s “Listening Project”, in which the Chair and I met employees from various ethnic minority communities in order to understand their views on lived experience at Legal & General and in industry more broadly. Alongside similar sessions run for the Executive team, these were helpful in focusing the Company’s diversity and inclusion efforts in 2021.

As in 2019 and 2020, the mainstay of my engagements in 2021 was through informal and formal meetings with various groups of employees. This ranged from attending sections of team away days through to joining groups such as the Hove Health and Safety Committee, the LGC culture champions and the Modern Slavery Committee. I also received regular updates on the results of our employee survey, Voice, which are presented to the Nominations and Corporate Governance Committee as a matter of course.

Our employees continue to give positive feedback about the efforts taken by Legal & General to keep them informed, through online communications, virtual town halls and video content, including the short videos designed to introduce our new non-executive directors.

2021 was the final year of my role as the employee representative on the Board as I hand over to my successor Nilufer von Bismarck in April 2022, but I will continue to be interested in our employees and I look forward to hearing Nilufer’s reports to the Board. I would like to thank the employees I have spent time with over the last three years. Their openness in talking about working at Legal & General and their suggestions have helped make it a better place for everyone to work.

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. Pages 80 to 81 set out at a high level how we have complied with each of the principles, save in respect of pensions alignment required under Code provision 38 where we will achieve full compliance by 31 December 2022 as further detailed on page 103. The information required under Disclosure Guidance and Transparency Rule 7.2.6 can be found in the Directors' report on pages 234 to 237. Each year, the Board reviews the group's corporate governance framework and compliance with the Code.

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. Nilufer von Bismarck OBE was appointed to the Board as an independent non-executive director in May 2021, bringing to the Board extensive experience in financial services. Laura Wade-Gery was appointed to the Board in January 2022. Laura has extensive knowledge of digital transformation and customer experience. Laura's appointment reflects the Company's commitment to technological innovation as it seeks to become a market leader in the digital provision of insurance and other financial solutions. We also announced the appointment of Tushar Morzaria who will join the Board in May 2022 as an independent non-executive director. Tushar will also take over from Philip Broadley as Audit Committee chair when he joins us. As the current Group Finance Director of Barclays Plc and with extensive financial services experience, Tushar is very well positioned to fulfil the duties as Audit Committee chair. We have also recently announced that Toby Strauss will stand down from the Board at the end of April 2022 following his recent appointment as the Chair of Age UK and I would like to thank him for his very considerable contribution to the Board and especially as Chair of the Risk Committee. I will assume the role as the Chair of the Risk Committee on a temporary basis pending the appointment of Toby's successor.

Julia Wilson retired from the Board on 31 March 2021 following a nine-year tenure in accordance with the Code. Philip Broadley has succeeded Julia as Senior Independent Director.

When considering the appointment 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	Retirements
Nilufer von Bismarck 1 May 2021	Julia Wilson 31 March 2021
Laura Wade-Gery 3 January 2022	Toby Strauss 29 April 2022
Tushar Morzaria 27 May 2022	

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 Sir 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 pages 68 to 72.

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 the boards of the group's 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 2021

The Board held eight full formal Board meetings during 2021, including two strategy events. 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. The Board also held a number of Board calls between formal meetings to keep abreast of business developments. A table of individual Board member attendance at the formal Board and Committee meetings is provided on page 78. The non-executive directors have a private meeting without the executives present after each Board meeting and otherwise when required. The non-executive directors, led by the Senior Independent Director, meet without the executive directors and the Chairman periodically to review the Chairman's performance. Board members also meet 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 Officer, 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.
- regular updates from the Chair of each of the Group Committees and designated workforce director.
- discussions on strategic ambitions, acquisitions, material transactions and other material initiatives.
- risk and compliance matters.
- legal and governance matters.
- people and employee engagement matters
- ESG considerations.

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

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.

Governance report

continued

Key areas of focus in 2021	Discussion and actions arising
Strategy	<ul style="list-style-type: none"> 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. The Board held a full-day strategy event in April which covered, among other things, the opportunities for the group to deliver value creation through ESG and the continued focus on scaling asset origination capabilities in LGC. The Board further discussed in detail the group's medium-term strategy which includes scaling our alternative asset businesses and internationalising the group's diverse businesses in selected markets with a focus on growth in the US and Asia, leveraging existing strengths across the group. The Board held a further two-day offsite strategy event in November which covered areas such as our people and the retail retirement strategy. The Board also discussed internationalisation opportunities for LGIM. The event was held in Oxford and the Board visited a number of development sites as part of our Oxford University Development partnership. The Board considered strategic ambitions at its Board meetings and further considered corporate and material transactions, including consideration of material pension risk transfer transactions, to ensure that proposed transactions were aligned with the group's strategy and risk appetite. The Board had early sight of pipeline initiatives. The Board reviews and oversees material strategic projects, including in respect of a new global operating model and IT platform for LGIM and the group's preparation for the implementation of IFRS 17.
Covid-19	<ul style="list-style-type: none"> The Board continued to monitor and scrutinise the impact of Covid-19 on the group and the group's response to it, including moving the business back to a business as usual position. The Board received regular updates on, and had regular discussions in relation to, the group's return to the workplace, including the importance of preserving our collaborative culture balanced with ensuring the safety of the workforce and taking into account the workforce's views on hybrid ways of working. 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.
Governance and risk management	<ul style="list-style-type: none"> Following an external Board evaluation in 2020, the Board conducted an internal Board evaluation in 2021 which was externally facilitated by Board evaluation specialists Independent Board Evaluation. An action plan was drafted and agreed by the Board following the evaluation. Following recommendations from the Nominations and Corporate Governance Committee, the Board approved the appointment 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, 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 2021 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. The Board approved a proposal to update the Company's Articles of Association to permit hybrid AGMs to allow our shareholders to have greater flexibility in deciding how they wish to participate in our AGMs and with a view to promoting greater participation and engagement. The Board regularly discussed furthering the group's agenda to create a diverse and inclusive organisation, including with regard to gender and ethnicity. During the year a number of Board members visited the Modular Homes and Build to Rent sites in Bristol and were also given a tour of the new Cardiff office and Legal & General's regeneration of Cardiff Central Square. Board members also met with employees in Cardiff to celebrate Legal & General's 25th anniversary of being in Cardiff. Board members visited Oxford as part of their offsite strategy event and met with members of the community to see first-hand the impact of Legal & General's investment in the city. As part of her induction, Nilufer von Bismarck visited our Solihull office to meet with colleagues, listen to insights from customer feedback and an overview of the future roadmap for developments. Nilufer also visited our Retail Protection colleagues in Cardiff and participated in call listening exercises to learn about the customer journey. Board members met regularly through the year with key regulators, the Prudential Regulation Authority and Financial Conduct Authority and feedback from the meetings was discussed at each Board meeting.
ESG	<ul style="list-style-type: none"> The Board regularly received updates and discussed the range of activities the group is pursuing in respect of climate change. Simon Gadd was appointed as the Group Climate Change Director and works alongside the Board to develop the group's thinking and planning. The Board appointed Nilufer von Bismarck as designated non-executive director for climate to act as a single point of contact on climate matters for the business and to act as a conduit for the Board. Whilst considering new investments, the Board ensured that they aligned with the group's macro growth drivers, such as addressing climate change and investing in the real economy to bring societal change. The Board received an in-depth climate 'stock-take' update which set out how the group is approaching the challenges and opportunities associated with the climate change crisis. The update highlighted the importance of embedding Legal & General's response to climate change and broader environmental impacts into the way it operates. Michelle Scrimgeour led the group's engagement at the COP26 summit in Glasgow in November in her capacity as co-chair of the government's COP26 Business Leaders Group. As part of our engagement with COP26, we made a range of commitments in support of our ambition to align with the 1.5°C 'Paris' objective. Michelle and John Godfrey, our Group Corporate Affairs Director, provided an update to the Board on the conference and its outcomes. The Board received updates on the group's housing property portfolio, including an update on our Modular Homes business which helps councils and housing associations deliver affordable homes in shorter delivery timescales to benefit towns and cities across the UK.

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

The Board believes that continual 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 employees. This ensures directors obtain a detailed insight into 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 principles.
- 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
 - compliance
 - group internal audit
 - 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 Chairman 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 2021 the Board received detailed training sessions on technology risk and governance, cyber security and IFRS 17. The 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.

Technology Committee

The Technology Committee was established in January 2018 primarily to provide assurance to the Board on the delivery of the group's programme to implement planned enhancements to the group's IT estate, and 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 Technology Committee decided to 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 and strategic technology opportunities for the group.

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.
- reviewing risks relating to IT and cyber security and plans for mitigation or treatment.
- reviewing and approving any proposed technology projects and contracts within its remit of responsibility.
- considering current capability relating to technology, cyber and digital skills and plans to address any gaps.
- considering the adequacy, resilience and performance of suppliers and supply chains for IT and cyber.

During 2021, the Committee membership comprised the Chairman and four independent non-executive directors, including the Senior Independent Director and the Chairs of the Audit Committee and Risk Committee. In addition, one of the Group CEO, Group CFO, Chief Risk Officer and Chief Technology Officer 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 four times during 2021.

The group IT community was at the forefront of the group's Covid-19 response as the group moved to a more agile way of working. The Technology Committee continued to assess the impact of Covid-19 on the group's technology estate and our technology suppliers throughout 2021.

In 2021 the Committee:

- received regular updates from the Technology Executive Committee and the Executive Security Committee.
- reviewed risks relating to cyber security and the cyber-resilience of suppliers.
- 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 and reviewed and approved divisional technology transformation programmes.
- maintained oversight of the group's IT, digital and cyber strategies and the corresponding implementation plans.
- received deep dive insights into major IT and cyber programmes across the group.
- received updates on the technological threats and opportunities available to the group.
- received updates on the group's data capabilities and the opportunities this could create.
- received presentations from external speakers to provide an overview of industry trends and potential threats in relation to cyber security.

Governance report

continued

Board and Committee meetings attendance during 2021¹

Director	Appointment date	Committee appointments	Board (8)	Audit Committee (5)	Nominations and Corporate Governance Committee (3)	Remuneration Committee (5)	Risk Committee (5)	Technology Committee (4)
Chairman and executive directors								
Sir J Kingman ²	24 October 2016	N T	8/8		3/3			4/4
Sir N D Wilson	1 September 2009		8/8					
J Davies	9 March 2017		8/8					
Non-executive directors								
H Baldock ³	4 October 2018	N R Ri	8/8	1/1	3/3	5/5	5/5	
N von Bismarck ⁴	1 May 2021	A N R Ri T	5/5	4/4	3/3		3/3	3/3
P Broadley	8 July 2016	A N R Ri T	8/8	5/5	3/3	5/5	5/5	4/4
L Knox ⁵	1 June 2016	N R Ri	8/8	1/1	3/3	5/5	5/5	
G Lewis ⁶	1 November 2018	A N R Ri	8/8	5/5	3/3	1/1	5/5	
R Lewis ⁷	18 June 2020	N R Ri	8/8		2/3	5/5	5/5	
T Strauss	1 January 2017	A N R Ri T	8/8	5/5	3/3		5/5	4/4
J Wilson ⁸	9 November 2011	A N Ri	2/2	1/1			1/1	

- Attendance at meetings in accordance with the formal schedule of meetings.
- Attends all Audit, Remuneration and Risk Committee meetings as an invitee.
- Stood down from the Audit Committee on 31 March 2021.
- Appointed to the Board, Audit Committee, Nominations and Corporate Governance Committee and Technology Committee on 1 May 2021 and subsequently to the Risk Committee on 1 July 2021.
- Stood down from the Audit Committee on 31 March 2021.
- Appointed to the Remuneration Committee on 7 October 2021.
- Unable to attend January Nominations and Corporate Governance Committee meeting due to a family bereavement.
- Retired from the Board on 31 March 2021.

Committee membership key

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

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. In accordance with the Code, the Board commissions externally facilitated reviews regularly. The Board conducted an external evaluation in 2020 which 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 recommendations from the 2020 evaluation were reviewed and approved by the Board and regular updates on progress were provided at each Board meeting throughout the year. There is further detail on the progress the Board has made against those recommendations reported on the following page. In 2021 the Board undertook an internal review which was externally facilitated by IBE and commenced in October 2021. In addition, the Senior Independent Director formally appraised the Chairman's performance. The Board has reviewed the findings and approved the associated actions. The Board is kept up to date on the progress made against the agreed actions.

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. Questionnaires were issued to 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. Following the final report, recommendations were considered by the Board and an action plan for areas of focus was agreed.

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 and indicated that the Board is working effectively, with Board members noting the further strengthening of the Board in key areas with new non-executive director appointments. The key recommendations

continue to reflect important focus areas for the Board, namely (i) the continued and active oversight of Board and senior management succession and (ii) developing newer non-executive directors' knowledge of the business, including through site visits to see the business and investments first-hand. Furthermore, the Board is focused on embedding relationships following a period where physical engagement has been made more challenging as a result of Covid-19. Progress to implement the recommendations is underway and is monitored by the Group Company Secretary and reported to the Board at each Board meeting.

A summary of the recommendations from the 2020 board evaluation and progress against them is provided below:

Recommendations from 2020 review	Progress against 2020 recommendations
Ensure active and regular oversight of Board and senior management succession, discussing and agreeing succession options and timing for key roles.	<p>There was a focused session on non-executive succession planning at the Nominations and Corporate Governance Committee meeting in May 2021. As a result of this session, and following a formal recruitment process, new non-executive directors were appointed during the year.</p> <p>Executive development and succession planning was discussed at the Nominations and Corporate Governance Committee meeting in May and further non-executive director calls were held to discuss succession.</p> <p>Divisional CEOs are encouraged to bring members of their senior leadership team to Board meetings to give the Board the opportunity to meet and interact with some of the Company's valued and high potential individuals across the business, allowing further visibility of the talent pipeline. It is also an opportunity for these employees to meet with Board members and gain some insight into their roles and perspectives.</p> <p>The Nominations and Corporate Governance Committee considered the succession plans in place for the role of designated workforce director at its May meeting. As a result, it was agreed that Nilufer von Bismarck will succeed Lesley Knox as the designated workforce director in April 2022.</p> <p>The Board considers climate change to be a key area of focus. As a result, the Nominations and Corporate Governance Committee appointed Nilufer von Bismarck as the Board's designated non-executive director for climate in January 2022.</p> <p>The Nominations and Corporate Governance Committee also discussed succession planning for the chair of our Audit Committee following Philip Broadley's six-year tenure in the role and his appointment as the Senior Independent Director in 2021. Tushar Morzaria will take over from Philip as Audit Committee chair when he joins the Board in May 2022. As the current Group Finance Director of Barclays Plc and with extensive financial services experience, Tushar is well positioned to fulfil the duties as Audit Committee chair.</p> <p>The Board 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. A formal process was undertaken which included both internal and external candidates to identify the successor to Laura Mason as Chief Executive, Legal & General Institutional Retirement (LGRI), following her appointment as Chief Executive, Legal & General Capital. At the conclusion of that process and following Committee discussions, a number of changes to our executive team were announced in October 2021, including Andrew Kail's appointment to the role of Chief Executive, LGRI. It was further agreed that the group's retail and insurance businesses (Legal & General Insurance and Legal & General Retail Retirement) would come together to form Legal & General Retail under the leadership of Bernie Hickman. Following well-planned and appropriate handovers, the changes to the executive team took place in January 2022.</p>
Develop newer non-executive directors' knowledge of the business.	<p>Nilufer von Bismarck was appointed to the Board in May 2021 and has undergone a thorough induction plan which has included meeting with all divisional Chief Executives and key senior personnel, site visits to operational centres and call listening exercises. It was important that Nilufer's feedback was sought on the induction plan and she has worked closely with our Company Secretariat team to ensure she has been provided with all the necessary induction sessions to build her knowledge and understanding of the business. The same interactive approach will be adopted and encouraged for our further new non-executive directors.</p>
Refresh, test and clearly articulate the group's medium-term strategy, especially looking beyond the current very strong pipeline.	<p>The group's medium-term strategy was discussed and debated at the Board strategy day in April. It was further considered at the Board's two-day offsite strategy event in November 2021 where the Board focused its discussion on our people, future opportunities for the group and overseas expansion.</p>
Continue to enhance the support provided to the Board in terms of training, facilities and quality of papers.	<p>Covid-19, coupled with the move to remote working, accelerated the Board's digital journey. Improvements have been made to the Board's video conferencing facilities to allow Board meetings to operate on a hybrid basis. Where Government restrictions have allowed, Board members have attended Board meetings in person in a socially distanced environment.</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. A glossary of acronyms was made available to Board members as a reference. A number of Executive Business Awareness sessions have taken place throughout the year to enhance the Board's knowledge and understanding of key areas of the business.</p>



Sir John Kingman
Chairman

Committed to the highest standards

Compliance with the 2018 UK Corporate Governance Code (the 'Code'): for the year ended 31 December 2021, we are pleased to report that we have applied the principles and complied with the provisions of the Code, save in respect of pensions alignment required under Code provision 38, where we will achieve full compliance by 31 December 2022 as further detailed on page 103.

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. The schedule of matters reserved is reviewed and approved by the Board on an annual basis. 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. Board members are encouraged to discuss strategic matters with relevant executives on an ongoing basis. The Board's main activities throughout the year are detailed on page 76.

B. Purpose and culture

The Board held a strategy meeting in April 2021 and met for a two day, offsite strategy event in November 2021 to consider the group's strategy. The Board regularly reviews the Chief Risk Officer's 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 a number of our stakeholders and gain first-hand insight into culture in the various business divisions. As part of these site visits, Board members will set aside time to meet with smaller groups of employees to speak directly with them both with and without management present. Employees are invited to ask questions and feedback is provided to the next Board meeting. The Chairman, Group Chief Executive and Group Chief Financial Officer have also hosted virtual town hall events throughout the year. Lesley Knox, designated non-executive

director for engagement with the workforce, provided feedback at each Board meeting, alongside periodic feedback from the Voice survey and the annual performance review process which helps directors to assess Company culture. Lesley Knox has also met with employees to discuss Legal & General's culture and values and has attended various team meetings and away days to experience the culture herself. Lesley encourages an open and transparent question and answer session at each meeting she joins and will progress actions arising from these meetings. 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 2.

C. Resources and controls

The Board's agenda is set by the Chairman and deals with those matters reserved for the Board, including matters relating to the group's strategic plan, risk appetite, and systems of internal control and corporate governance policies. Matters delegated to the Group Chief Executive Officer 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 52 to 59.

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 68 to 72. 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. Board members were able to visit a number of Legal & General sites throughout the year and engaged with employees and members of the community.

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 updates on this. Additionally, employees are encouraged to share their views through the Voice survey and with Lesley Knox, the designated workforce director. Further details are available on page 74. Details on the company's approach to investing in and rewarding its workforce can be found on page 16 and page 112.

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, there were two executive directors and seven independent non-executive directors on the Board as at year-end. In January 2022, a further non-executive director joined the Board bringing the number of independent directors to eight. 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 Sir Nigel Wilson, Group Chief Executive Officer, 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 62 to 63. 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 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 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 gender. The Board Diversity and Inclusion Policy is published externally on the Company's website: group.legalandgeneral.com/en/about-us/corporate-governance/diversity. A summary can be found on page 84 to 85.

K. Skills, experience and knowledge of the Board

In making recommendations for appointments, the Nominations and Corporate Governance Committee considers the balance of skills, experience and knowledge needed in order to enhance the Board and support the group in the execution of its strategy. Further details of the appointments undertaken during the year can be found on pages 82 to 83. All directors are subject to shareholder election or re-election at the AGM, with the exception of those directors who are retiring at the conclusion of the meeting. None of the non-executive directors have currently served over nine years on the Board.

L. Board evaluation

The Board undergoes an externally facilitated evaluation every three years. An external Board evaluation was undertaken during 2020. The 2021 annual report includes details of the 2021 internal review which was externally facilitated by the Board evaluation specialists Independent Board Evaluation and commenced in October 2021. An update on the progress made against the recommendations from the 2020 external review is also provided.

4. Audit, risk and internal control

M. Internal and external audit

The Audit Committee comprises four 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, internal control and risk management systems 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. Details of how the Committee assesses the effectiveness and independence of the external auditors can be found on page 91. KPMG were appointed as the group's external auditors with effect from the financial year ended 31 December 2018 following a tender process in 2016.

N. Fair, balanced and understandable assessment

The Strategic report, located on pages 2 to 59, sets out the performance of the Company, the business model, strategy, and the risks and uncertainties relating to the Company's future prospects. 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 page 56. Page 55 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 Audit and Risk Committees are set out on pages 86 to 93.

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 executive 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 100 to 101.

Q. Executive remuneration

The Remuneration Committee is responsible for setting the remuneration for 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 reflected in the Remuneration Committee Terms of Reference and set out in the Directors' report on remuneration.



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



Committee terms of reference

All Committee terms of reference can be found on our website: group.legalandgeneral.com/committees

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 (Chairman)
Henrietta Baldock
Nilufer von Bismarck (from May 2021)
Philip Broadley
Lesley Knox
George Lewis
Ric Lewis
Toby Strauss
Julia Wilson (retired March 2021)

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: group.legalandgeneral.com/committees

The role of the Committee

The role of the Committee is to ensure that the Board's composition, and that of its Committees, is appropriate to discharge its duties effectively and oversee the implementation of the Company's strategy. 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 for talent 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.
- monitoring and assessing the group's commitment to diversity and inclusion across the group.

How the Committee spent its time in 2021 Board composition and succession

In the first half of the year, the Committee undertook a rigorous review of the Board's composition to support discussions on non-executive director succession. This included a capability assessment of Board members' knowledge, skills and experience in the context of the Company's short and medium-term strategy, supported by a self-assessment analysis undertaken by each individual director, as well as various other considerations including the tenure and independence of directors, and diversity. A key theme that emerged from the review was that the Board's effectiveness in driving and monitoring technological innovation, one of the six growth drivers of the Company's strategy, could be further enhanced with the addition of a director with digital or technology experience. A second theme, looking to Committee composition in particular, was that additional accounting and financial services experience would be a beneficial addition to the Board's knowledge and skills. The recruitment of the two new non-executive directors, Laura Wade-Gery, who joined the Board in January 2022, and Tushar Morzaria, who will join the

Board in May 2022 was undertaken with these themes as a priority, in addition to the overarching requirement that the appointee must be able to operate at a high level of financial and technical complexity, to maintain effectiveness in overseeing the Company's core strategic priorities.

The Committee engaged independent external search firm Spencer Stuart to undertake a full search against a description of the roles, the time commitment expected of directors and the Board diversity policy. Spencer Stuart was chosen for its deep knowledge of the financial services and other relevant industries and its strong experience in finding diverse and inclusive leaders. A list of potential candidates was identified and these candidates were assessed against the role specification, merit and with due regard for the benefits of all forms of diversity on the Board, including diversity of gender, ethnicity and background. A short list of candidates was narrowed down from those on the long list and those candidates were invited to an interview process facilitated by the Chairman, the Group CEO, the Group HR Director and members of the Board. Following this extensive search, selection and interview process, the Committee, following discussion, recommended Laura Wade-Gery and Tushar Morzaria's appointment to the Board. The Board approved the two appointments. Laura's appointment took effect on 3 January 2022. Tushar Morzaria will join the Board from 27 May 2022.

Laura and Tushar are highly experienced and respected individuals and will add further valuable experience and insight to the Board. The biographies of these two new non-executive directors are set out on pages 62 to 63 and show the strength and depth of skills and experience they bring to the Board.

Succession

In addition to reviewing Board composition, and in line with the recommendations coming out of the 2020 Board evaluation, in 2021 the Committee continued to focus on short, medium and long-term succession planning for the executive and senior management, with particular emphasis on how the composition of the executive management and senior leadership teams can facilitate delivering on the group's six strategic growth drivers. The Committee reviewed management succession plans and debated areas for growth, strengthening and consolidation in the context of the Company's strategy. Executive leadership of the Legal & General Institutional Retirement (LGRI) business was an important short-term succession focus for the Committee in 2021 and critical for the delivery of the strategic pillar to be a global leader in pensions de-risking and retirement income solutions. A formal process

was undertaken which included both internal and external candidates to identify the successor to Laura Mason as Chief Executive, following her appointment as Chief Executive, Legal & General Capital. At the conclusion of that process and following Committee discussions, a number of changes to our executive team were announced in October 2021, including Andrew Kail's appointment to the role of Chief Executive, LGRI. In 2021, the executive organisation structure was reviewed to understand opportunities to maximise effectiveness on delivering on another strategic pillar of helping people take responsibility for their own financial security through insurance, pensions and savings. Following discussions, it was further agreed that the group's retail businesses (Legal & General Insurance and Legal & General Retail Retirement) would be combined under the leadership of Bernie Hickman. Following well-planned and appropriate handovers, the changes to the executive team took place in January 2022.

The Committee also discussed succession planning for the chair of our Audit Committee, following Philip Broadley's six year tenure in the role and his appointment as the Senior Independent Director in 2021. Tushar Morzaria will take over from Philip as Audit Committee chair when he joins the Board in May 2022. As the current Group Finance Director of Barclays Plc, the chair of the audit committee at BP plc and with extensive accounting and financial services experience, Tushar is very well positioned to fulfil the duties as Audit Committee chair. When considering Tushar's appointment as Audit Committee chair, the Committee thought carefully about the time commitment required to undertake both this role and his other external commitments and satisfied itself that Tushar has sufficient time to fully commit to the role.

The Committee also spent time considering the successor to Lesley Knox in her role as the designated workforce director. This was an important decision for the Committee as the group's people are its most important asset. It therefore remains vital for the Board to ensure that it continues to hear the voice of the group's employees through a variety of channels, including the designated workforce director. The Committee determined that Nilufer von Bismarck OBE will be an excellent successor.

As detailed on pages 18 and 19, the group continues to show its commitment to addressing climate change, one of the group's strategic growth drivers. As part of this, and to ensure the Board's continued effectiveness in overseeing the successful implementation of the group's strategy, the Committee was delighted to recommend to the Board a designated non-executive director for climate matters across the group. The Committee

determined that Nilufer von Bismarck has the necessary skills and experience to take on the role as the Board's designated non-executive director for climate. Nilufer's appointment will further bolster the Board's focus on the group's climate commitments.

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. 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 ongoing 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 reporting 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 80 and 81.

Nominations and Corporate Governance

Committee report continued

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.

The Committee has three key areas of focus for the Board as part of driving diversity and inclusion across the group.

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 proud to have a Board which is diverse, both in terms of gender and ethnicity, but also diversity of thought and background. Our Board currently comprises 36% women and 64% men (this figure was 30% women and 70% men as at 31 December 2021, prior to Laura Wade-Gery joining the Board on 3 January 2022).

As at 31 December 2021, 20% of the Board was from an ethnically diverse background, which exceeds the target in our Board Diversity Policy and the recommendations of the Parker Review.

2. A more diverse and 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:

- 40% female representation at middle/senior management level.
- 50% female representation across our total employee base.

As of 31 December 2021, female representation across the group stood at 44.5%, down 0.2% vs our position at the end of 2020. At the middle/senior management level, representation was 35.9%, up 0.3% vs our position at the end of 2020.

Our Executive Committee comprises 25% women and 75% men, with two of our five operating businesses led by a female CEO.

Whilst we originally intended our gender targets to be achieved by the end of 2020, we have revised the outcome date to 2025. Our initial targets were aspirational, and, whilst it is disappointing to have missed them, we strongly believe in setting stretching targets to create focus. The new timeline remains challenging, although we have a clear plan to deliver against it.

We are committed to increasing the ethnic diversity of our workforce, including at our most senior grades. We have a clear strategy and plan to do this, which includes a focus on recruitment and retention of minority ethnicity talent and the creation of career development and progression opportunities for under-represented groups. Employee data is important to help us track progress and identify issues and we are keen to improve the quality of the data that we hold. As data is disclosed on a discretionary basis by employees, we have put our efforts into communicating the importance of this data, with the result that disclosure rates, for ethnicity, have increased in the year, from 52.6% to 67.9%. We will continue to engage our employees about the importance of sharing diversity data in 2022.

Recognising that our ethnicity data is not complete, as of 31 December 2021, minority ethnicity representation across the group stood at 11.9%. At senior management level, representation was 12.0%.

We continue to take practical and purposeful steps towards redressing under-representation in our workforce, including, during 2021:

- a diversity and inclusion-led audit of our recruitment processes (early careers, core and volume hiring) across all diversity and inclusion dimensions including gender and ethnicity.

- ongoing investment in development for line managers, with around 200 line managers taking part in either "D&I Basics" or "Inclusive Line Management" training.
- the introduction of anonymised CVs into the recruitment process.
- continued investment in our employee networks across the full spectrum of D&I themes, including gender and ethnicity: 2021 saw the launch of a new internal Women & Tech network to connect women working in technology and data roles and the development of a tech and digital recruitment campaign which cited attracting more women into these roles as an explicit objective.
- provision of wellbeing resources including access to a backup network for child, adult and elder care.
- ongoing external validation and benchmarking through the Women in Finance Charter, the Bloomberg Gender Equality Index, Invest in Ethnicity Matrix, Social Mobility Employers Index and Hampton-Alexander Review.

3. Broadening the diversity & inclusion agenda across our organisation

Our Global Diversity and Inclusion Council (D&I Council) continued to promote our agenda of creating a diverse and inclusive business. It is chaired by Laura Mason, CEO of LGC and our Global Diversity and Inclusion Sponsor. The D&I Council is tasked with developing our plans for improving diversity and inclusion across the group.

The Board is responsible for overseeing the implementation of our group-wide D&I policy. During 2021, members of the Board, including the Chairman, participated in The Listening Project, an exercise which involved Legal & General employees sharing their perspectives on ethnic diversity and lived experience as employees of the group.

Our D&I 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.

For more information on our D&I activity during 2021, please see page 48 of the Sustainable Business section of this report.

The Committee recognises that being diverse itself will help to promote diversity when considering succession planning, assessing Board and executive candidates and recommending appointments to the Board. As at 8 March 2021, the Committee comprises 44% women and 56% men and comprises individuals from the following ethnic groups:

- Asian – 11%.
- Black – 11%.
- White – 78%.

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 pages 82 to 83, this process was followed for the recruitment of our new non-executive directors.

Diversity Gender



As at 31 December 2021 the Board comprised:

- 30% Women
- 70% Men

As at 8 March 2022: 36% Women and 64% men

Tenure



As at 31 December 2021 the length of tenure of the non-executives varied:

- 0% Over six years
- 75% Between three and six years
- 25% Between zero and three years

Ethnicity



As at 31 December 2021 the Board comprised individuals from the following ethnic groups:

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



Finding what you need online

We have published our gender pay gap data which can be found online at group.legalandgeneral.com/reports

A summary is available on page 49 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 (Chairman)
Nilufer von Bismarck (from May 2021)
George Lewis
Toby Strauss
Henrietta Baldock (until March 2021)
Lesley Knox (until March 2021)
Julia Wilson (retired March 2021)

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 2021. 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.

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. The full biographies of all Committee members can be found on pages 62 to 63. At the end of March, Julia Wilson retired from the Audit Committee and resigned from her role on the Board. I would like to take this opportunity to thank Julia for her considerable support and wise counsel during her time as both a member and former Chair 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 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.

During 2021, the Secretary of State for Business, Energy and Industrial Strategy issued an extensive and wide-ranging consultation on "Restoring trust in audit and corporate governance." Members of the Committee reviewed the consultation and considered its implications for both the group and the Audit Committee more specifically, as well as in the wider context of ensuring that the UK remains an attractive market for shareholders, investors and broader stakeholders. We are supportive of the early establishment and empowerment of the Audit, Reporting and Governance Authority (ARGA) to ensure that reforms and associated standards are suitably embedded in relevant professional and corporate bodies, and the Committee will continue to keep a close focus on any proposed legislation, changes in corporate governance requirements and emerging best practice to ensure that the group continues to be seen as a strong advocate of high quality and transparent audit and corporate governance.

Audit Committee focus for 2021

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:

- the resilience of operational and financial controls in a continuing hybrid 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, including the impact of Covid-19, the presentation and transparency of the group's financial disclosures, including consideration of the group's Alternative Performance Measures.
- the adequacy of climate disclosures, including consideration of the group's climate report.
- the adequacy and effectiveness of our systems of internal control, including whistleblowing.
- 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 group's preparations for the transition to the new accounting standard for insurance contracts, IFRS 17.

While the global outbreak of Covid-19 has continued to have a profound impact on society, the direct impacts on the group have lessened or been mitigated during 2021, and this has allowed the Committee to adjust its activities to look at other areas of focus. One area associated with Covid-19 where the Committee has continued to spend a proportion of its time is in respect of the move to a hybrid working model. While this is recognised more and more as a 'new normal', and brings with it many benefits from an individual employee and company perspective, it also carries a new set of risks and it is right for the Committee to focus on the resilience of the control environment in light of this changed operating model, including how it is monitored and overseen in the future.

As the implementation date of IFRS 17 draws closer, the Committee's focus on the group's preparedness has continued to increase. While the Committee has continued to monitor the implementation of the systems, processes and operating model to support the delivery of the new financial reporting requirements, time has also been spent in reviewing and approving certain methodologies, policies, assumptions and reporting metrics, supported by a number of Board technical awareness sessions held outside of the normal Committee meetings.

Finally, the Committee has spent time during 2021 in consideration of the scope, focus and quality of the various sources of assurance from which it is able to gain comfort. This has included: working with Group Internal Audit to incorporate timely and independent assurance over specific elements of the IFRS 17 programme; monitoring the continued development and embedding of the group's Model & Financial Control Framework (MFCF), including the receipt and review of regular reporting on the outcome of design and operating effectiveness testing; and a decision to require independent limited assurance over certain elements of the group's climate report.

Effectiveness reviews

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

response to the evaluation, which suggested that the Committee would benefit from a smaller more technically focused membership, the composition of the Committee was revised on 1 May 2021 and Nilufer von Bismarck was appointed as a member of the Committee. Feedback was also provided to the Internal Audit Function to enhance communication and individual briefing sessions with external auditors were scheduled regularly.

In 2021 the Board undertook an internal evaluation, which was externally facilitated by IBE and included an effectiveness review of the Board Committees, including the Audit Committee. Committee members were satisfied with the effectiveness of the Committee and the progress that had been made on the Committee's succession plans.

I am pleased to report that the Committee continues to operate effectively. Looking ahead to the coming year, I expect the Committee to be focused on an ever-broadening range of topics. IFRS 17 will inevitably require a deeper and more concentrated focus as the group begins to produce comparative information for the year ending 31 December 2022, as KPMG undertakes more detailed audit work on those comparatives, and as the new financial reporting operating model goes through final implementation and testing in advance of go-live in 2023. At the same time, the Committee will continue to consider and review wider aspects of the group's reporting, particularly Alternative Performance Measures under the new accounting standards and the increasing stakeholder focus on non-financial metrics, as well as the continued embedding of the MFCF to support and demonstrate the robustness of the financial reporting control environment.

This will be my last report as Chairman of the Audit Committee. Tushar Morzaria will join the Board in May and will succeed me as Chairman of the Committee upon his appointment. Tushar has a wealth of recent and relevant expertise in financial services and will bring a fresh view to the work of the Committee. I will remain as a member of the Committee to provide continuity of experience.

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.



The Audit Committee's terms of reference, which set out full details of its responsibilities, can be viewed on our website group.legalandgeneral.com/committees

Philip Broadley
Chairman of the Audit Committee

Audit Committee report

continued

Percentage of time allocated to specific agenda items



- 58% Actuarial, accounting and financial reporting, including areas of judgement and reporting developments
- 14% External audit
- 10% Internal audit
- 8% Internal controls
- 10% Other (including governance)

How the Audit Committee spent its time in 2021

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 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.

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 have 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 group faces.

The Committee can confirm that the key judgements and significant issues considered in relation to the 2021 financial statements are consistent with the disclosures of key estimation uncertainties and critical judgements as detailed in Note 1 on page 139.

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.
- early opportunity for review and feedback on our annual report by Audit Committee members.

During the year, the Audit Committee has continued to keep abreast of significant and emerging accounting and reporting developments, including consideration of changes in disclosures arising from best practice application and Financial Reporting Council (FRC) publications on aspects of UK reporting.

Significant accounting and reporting judgements considered during 2021 are shown below:

Issue	Committee's response
Valuation of non-participating insurance contract liabilities – retirement:	<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>The non-participating insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.</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.</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 made 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, taking account of the uncertainty in more recent data as a result of Covid-19.</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>
Valuation of complex investments:	<p>The group balance sheet carries exposure to complex investments (typically classified as Level 3 in the fair value hierarchy), in line with the group's 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>Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes.</p>	<p>While 2020 saw increased volatility within asset markets as a result of Covid-19, we have experienced a market recovery and greater stability during 2021, further supported by the diversity of our asset portfolio. These harder to value assets remain a key areas of focus, however, and the Committee has continued to review the processes and controls over investment valuations, and in particular the valuation uncertainty policies and governance which include management's assessment of valuation uncertainty by asset type. While we do not currently see any material impact on the valuation of our asset portfolio arising from climate change, we expect this to be an increasing area of judgement (and therefore disclosure) in future years, and it will form a key area of focus in the Committee's review of this area.</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 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>
Valuation of non-participating insurance liabilities – insurance:	<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 2021, the Committee has continued to spend 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 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>During 2021 the Committee reviewed the rationale and assumptions used to support the change in valuation interest rate methodology for UK protection liabilities to incorporate an illiquidity premium as a reflection of available assets to back later duration cash flows yielding more than the risk-free rate.</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 considered the effectiveness of controls in place over valuation models.</p> <p>The Committee concluded that the insurance liabilities of the Insurance division are appropriate for inclusion in the financial statements.</p>

Audit Committee report

continued

Issue	Committee's response
<p>Alternative Performance Measures (APMs):</p> <p>APMs offer investors and stakeholders additional information on the Company's performance and the financial effect of 'one-off' events, and the group uses a range of these metrics to enhance understanding of the group's performance.</p>	<p>As part of its consideration of whether the annual report is fair, balanced and understandable, the Committee has paid particular attention to the use of APMs in reporting the group's performance. In this regard the Committee has reviewed the group's use of APMs in light of the FRC's thematic review in October 2021.</p> <p>The Committee has reviewed the application of adjusted operating profit, and specifically the inclusion of certain items either as part of adjusted operating profit or investment variances, to ensure that they are aligned to both the group's disclosed policies on these APMs, and the underlying principles of fair and consistent reporting. Where appropriate the Committee has reviewed additional disclosures provided to enhance transparency in respect of the group's APMs.</p> <p>The Committee concluded that the use and disclosure of APMs, including the clarity of labelling the prominence of APMs versus statutory measures, are appropriate for inclusion in the annual report.</p>
<p>IFRS 17:</p> <p>IFRS 17 is a new accounting standard for insurance contracts due to take effect on 1 January 2023. IFRS 17 is expected to have a significant impact on the reporting of the group's financial performance.</p>	<p>As well as continuing to monitor the preparedness of the group to implement IFRS 17, the Committee has reviewed a number of papers during 2021, covering various areas of policy, methodology and assumptions, such as the application of the General Measurement Model.</p> <p>In particular, the Committee has reviewed the methodology and assumptions to support the transition to IFRS 17, including the decision to apply the fair value approach to calculate the contractual service margin on transition for annuities issued prior to 2016.</p> <p>The Committee has further reviewed certain demographic assumptions which will be applied as part of the transition, as well as broader additions to the group's Accounting Policy Manual in respect of IFRS 17.</p> <p>The Committee concluded that the disclosures in respect of IFRS 17 included in Note 1 Basis of Preparation are appropriate for inclusion in the annual report.</p>

The Audit Committee, having completed its review, recommended to the Board that, when taken as a whole, the 2021 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 and the business risks that it faces. 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. The statement is underpinned by the Committee's belief that all important information has been disclosed and that the descriptions and reviews of the group's business and performance as set out in the Strategic Report are consistent with the financial reporting in the group's financial statements.

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.

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. The group has adapted quickly to the adoption of a hybrid working model, and Internal Audit were able to undertake all the audits within their Internal Audit Plan, including some additional reviews to test the continued effectiveness of the overall control environment as remote working continued during the year, as approved by the Committee, completing 115 audits in 2021. 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 and end user computer risk; outsourcing/vendor management and economic and political volatility.

The Audit Committee meets with the Group Chief Internal Auditor in private throughout the year. The Committee, in line with the Chartered Institute of Internal Auditors Financial Services Code of Practice, conducted an assessment of, and were able to confirm, the independence of the Group Chief Internal Auditor.

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.

Following a competitive tender carried out in 2016, KPMG was appointed as the group's external auditors with effect from the financial year ended 31 December 2018. In May 2021, KPMG was reappointed as the group's external auditor for the financial year ended 31 December 2021, which is their fourth year as the group's external auditor. Rees Aronson, who has been the lead audit partner for KPMG since appointment, continued in that role for the year ended 31 December 2021. Mr Aronson will retire from KPMG during the course of 2022. The Committee accepted KPMG's proposal that Salim Tharani succeeds Mr Aronson as lead audit partner for 2022. Mr Tharani has been involved as a partner on the audit for the past four years.

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 and effective audit and the ability to meet objectives within the agreed timeframes.
- the quality of its judgements and audit findings, management's response and stakeholder feedback.

The Audit Committee receives regular reports from the external auditor on audit findings, significant accounting and actuarial issues, and internal control matters. During 2021, there has been an increase in reporting relating to IFRS 17,

including work on key judgement areas, accounting policies, actuarial assumptions and the impact of the transition to IFRS 17 on audit approach and planning.

The Audit Committee meets the external auditor in private throughout the year.

As in the prior year, as a result of Covid-19 much of KPMG's audit work has been undertaken remotely. The Audit Committee has sought to understand whether this has impacted KPMG's audit plan or their ability to undertake their work effectively. KPMG's regular reporting throughout the year has demonstrated no significant or adverse impact from remote working, and the Committee is comfortable that there has been no undue impact on their effectiveness.

The Audit Committee reviews and approves the terms of engagement of the external auditor and monitors its independence. This includes maintaining the policy for overseeing the engagement of the external auditor for pre-approved audit services, audit-related services and other non-audit work. The non-audit services policy includes a 'whitelist' of permitted audit and audit-related services along with a list of prohibited services. The policy, the purpose of which is to ensure that the independence of the external auditor is not impaired, is approved by the Audit Committee and meets the requirements of the FRC Ethical Standard.

Our practice 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 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.

Remuneration

In 2021, the group spent £1.3 million on non-audit services provided by KPMG. It spent £1.3 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 31 to the consolidated financial statements. The non-audit fee represents 11% of the total audit fee for 2021.

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

	2021	2020	2019
Audit	9.3	10.1	7.1
Audit-related required by legislation	1.3	1.4	0.8
Other audit-related	1.2	0.6	1.1
Other assurance	0.1	0.6	0.3
Non-assurance	–	–	0.2
Total	11.9	12.7	9.5

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 (Chairman)
Henrietta Baldock
Nilufer von Bismarck (from July 2021)
Philip Broadley
Lesley Knox
George Lewis
Ric Lewis
Julia Wilson (retired March 2021)

Other attendees at Committee meetings include the following:

Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group Chief Internal Auditor; 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 52 to 59.

The work of the Committee is supported by the Group Chief Risk Officer and the Company Secretary, who assist 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 2021.

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.

Alongside 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. The Committee also receives an

assessment of the overall profile of conduct risks for the group; analysis and trends in complaints data and 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 continued to engage with executive and operational management during the pandemic to consider the responses being taken to the range of risks presented by Covid-19, 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 2021, and the areas of focus by the Committee.

- Operational risk management within LGIM: consideration of the operational risks implicit in LGIM's core institutional investment management business, the appetite for those risks and the control processes deployed by management.
- Outsourcing and supply chain risks: review of the group's framework for oversight of third-party supply and service arrangements, and the group's approach to ensuring compliance with new regulatory standards to be implemented in 2022.
- Financial crime risks: assessment of the evolving types of financial crime risk to which the group may be exposed, and the evolution of the group's risk management framework in response.

- LGC risk appetite: the approach, measurement and metrics used to assess risk within the different asset classes in which LGC invests and the approach to ongoing monitoring of investment risks.
- Construction and building safety risks: a review of the group's approach to managing safety risks within property construction and house building businesses and the group's response to ensuring compliance with regulatory developments.
- Reinsurance risk management: a review of the group's approach to setting reinsurance exposure limits and broader reinsurance strategies for the group's PRT and protection businesses.
- Operational resilience: a review of the group's capabilities to ensure continuity of business operations and the availability of important business services.
- Risk profile of Workplace Savings: a review of the end-to-end customer journey within the Workplace Savings business, the key risks, and the controls to ensure good customer outcomes.
- Liquidity risk management: the group's approach to managing the different liquidity risks to which we may be exposed, and the forecasting, monitoring and reporting on related liquidity requirements.
- Property risk: a review of the different types of property investment-related assets held by Legal & General and the return and risk characteristics of those assets.
- People risk: review of the dynamics of people-related risks, including emerging risk factors from new ways of working and the long-term trends in the UK employment market.
- Transition from IBOR: monitoring the group's preparations for the transition to SONIA in 2022.

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, including the addition of measures for climate-related risk exposures. In December, the Committee considered the risk profile of the group's strategic plan and its alignment with the group's overall risk appetite.

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.
- 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.

This will be my last report as Chairman of the Risk Committee. I will be standing down from the Board at the end of April 2022 and Sir John Kingman will succeed me on a temporary basis as interim Chairman of the Committee.



Toby Strauss

Chairman of the Group Risk Committee

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	94
Quick read summary	96
Remuneration policy (summary)	100
Annual report on remuneration	102

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 2022 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
Lesley Knox (Chairman)
Henrietta Baldock
Philip Broadley
George Lewis (from 7 October 2021)
Ric Lewis

Other regular attendees at the meeting include the following:

Group Chairman; Group Chief Executive Officer; Director of Group Finance; Group HR Director; Group Reward Director; Head of Executive Compensation; Representative of the independent adviser, PwC.

Letter from the Chairman Dear Shareholder

In this Remuneration Committee's report for 2021, I am pleased to describe our considerations and decisions, and the remuneration outcomes in respect of the year. The Committee is mindful of the UK Corporate Governance Code's six principles in relation to remuneration (clarity, simplicity, risk, predictability, proportionality and alignment to culture) when it considers remuneration. The Committee's view is that the remuneration framework at L&G is aligned with these areas and it will ensure that the new remuneration policy tabled in 2023 continues to be so aligned.

Link between pay and performance

Against a challenging global backdrop, Legal & General's resilience and sound business model has enabled the company to return to growth with post tax profits exceeding £2 billion for the first time, earnings per share (EPS) up 19% on 2019 and ROE of 20.5%.

Annual Variable Pay (AVP)

For executive directors, 70% of the bonus opportunity is determined by group financial performance, measured against pre-determined targets. The outcome for all of the group financial KPIs in 2020 was below threshold, due to Covid-19 disruption, and this resulted in no bonus payments for executive directors in 2020 based on group financial performance.

2021 targets were set based off the group business plan and also recognised that there remained considerable uncertainty regarding the impact of Covid-19. As the year progressed, it became clearer that the impact on 2021 would be less than 2020 and accordingly the Committee debated whether to revise the targets mid-year,

but decided to review the outcome at the end of the full year. The outcome for 2021, was a 12% increase in net release from operations, an 11% increase in adjusted operating profit, and a 72% increase in earnings per share (with the 2020 EPS comparator excluding the one-off mortality reserve release of £153 million and the £271 million gain on the Mature Savings disposal in 2020 with no equivalent in 2021). This performance was then considered in the light of the levels to which targets might have been revised in mid-2021 and also the performance in 2020 and 2019. The Committee considered the outcome of maximum bonuses for the financial performance achieved was appropriate. The targets are shown in this report on page 104.

Strategic objectives determine the other 30% of bonus opportunity, including customer, culture and environment, social and governance (ESG) metrics, as described in more detail on page 105 and in our 2021 climate report. The environmental performance measures for 2021 are aligned to the key commitments in our 2020 Task Force on Climate-related Financial Disclosures (TCFD) report, and progress against these environmental commitments will continue to be a feature of the bonus plan.

As noted above and consistent with previous years, the Committee chose to exclude the beneficial impact of mortality assumption changes from the financial results when determining bonus awards. Even excluding these items, 2021 performance significantly exceeded that for 2020 and 2019, resulting in bonus outcomes of 94.5% and 92.2% of maximum for the executive directors. Targets and outcomes are summarised in the 'Quick read' section on page 99 and in further detail on page 104.

Performance Share Plan (PSP)

The long-term incentive (PSP) awards granted in 2019 were subject to EPS growth and total shareholder return (TSR) out-performance over the three-year period ended 31 December 2021. EPS grew by 41.9% over the period (12.4% per annum), and TSR grew by 46.3%, out-performing the median of the FTSE-100 and also the bespoke comparator group. This resulted in 82.9% of the 2019 PSP award vesting with the remaining 17.1% forfeited.

In accordance with the remuneration policy, the Committee assessed the formulaic outcome, considering overall performance, risk management, progress against our environmental commitments, and other capital and solvency measures, and determined that the outcome was appropriate in all the circumstances, and no downward adjustment was required. Under the terms of the PSP plan for executive directors, the vested shares will be deferred for a further two years and released in 2024. The PSP performance targets and outcomes are summarised in the 'Quick read' section on page 99.

PSP awards are normally granted each year, subject to performance. As reported last year, the awards granted in 2020 are subject to an additional provision enabling the Committee to reduce the number of shares at vesting and/or impose further conditions to neutralise any 'windfall gain' that might arise as a result of a rebound in the share price after grant. The 2020 awards were granted at an average share price of £229.26p and are scheduled to vest in 2023. The Committee will determine at that time whether any "windfall" adjustment should be made.

International Financial Reporting Standard 17 (IFRS 17), relating to profitability recognition for insurance contracts, will replace the current reporting standard (IFRS 4) with effect from 1 January 2023. For the 2022 year, key financial results will be disclosed under IFRS 4 and subsequently under IFRS 17 in 2023. This will be the only accounting period where the results under both IFRS 4 and IFRS 17 will be presented.

The current PSP performance metrics use EPS growth over a three-year period to determine 50% of the PSP award. The change in accounting reporting standard during a performance period prevents EPS from being measured on the same basis from the start to the end of that period. The Committee has considered this issue, to determine the fairest way to measure EPS growth for performance periods spanning the change in accounting reporting standard. This issue will be considered in more detail during 2022, and the methodology adopted will be disclosed in the Remuneration Committee's report for 2023.

Base pay

As reported in our annual report last year, base pay increases for executive directors were paused in 2021 due to the economic uncertainty caused by Covid-19. With that uncertainty now diminishing, the Committee considered the broader market and overall business performance, and reviewed pay and conditions across the group to determine any base pay increase for executive directors in 2022. The average base pay increase for UK employees was 2.2% in 2021 and will be 5.2% in 2022, and within the context of the total increase received by other employees in 2021 and 2022, the Committee has determined to increase base pay for Nigel Wilson (Group Chief Executive) by 5.0% and Jeff Davies (Group Chief Financial Officer) by 7.1% with effect from 1 March 2022.

As previously indicated, pension contributions for executive directors will reduce to 10% of base pay in December 2022, to align with that available to the majority of the UK workforce.

Consideration of the wider workforce

The Committee has regard for the remuneration of all employees across the group, and perform this responsibility in the knowledge that Legal & General are an accredited Living Wage employer certified by the Living Wage Foundation. The policies and practices applying to executive directors are the same as for the wider workforce in most instances, although quantum and participation by location and grade may vary. During both 2020 and 2021, it remained important to protect employees against the effects of Covid-19, with work-from-home and protected office facilities made available. All UK employees have access to private medical insurance and a 24/7/365 employee assistance helpline.

Wellbeing support is also available to employees and their family members, including childcare and eldercare support, healthcare apps, and preferential borrow/save/advance finance facilities through our partner organisation, Salary Finance. UK employees also have the opportunity to invest their own money and become shareholders in Legal & General through the Employee Share Purchase and ShareSave plans. More than two-thirds of employees now participate in these plans.

The average annual base pay increase for UK employees was around 5.2% in 2022, in recognition of the labour market and rising costs for many employees. Most employees are eligible to be considered for a bonus payment based on group, divisional, individual and/or other specific performance metrics, with bonuses for 2021 paid shortly after the year end, at the same time as bonuses are paid to executive directors.

As the group's designated workforce director, I have had the opportunity to meet with a broad range of employees during the year, in-person and remotely, to ensure their views are appropriately represented in the Boardroom, including when considering Remuneration Committee matters. My report on page 74 provides details of some of those activities, including our continuing work on employee engagement, diversity and inclusion, and achieving a further narrowing of the gender pay gap.

2022 and beyond

At the AGM in 2023, we shall submit a new directors' remuneration policy for approval by shareholders, being the maximum three years since our current remuneration policy was approved in 2020. During 2022, the Committee will closely examine our remuneration principles and policies to ensure that they remain appropriate to support future business strategy and reflect evolving best practice. I look forward to engaging with shareholders and representative bodies to seek input to this process and reporting back to you with our proposals next year.

Again this year, to improve the transparency and clarity of our remuneration report, we have included a 'Quick read' section summarising our current remuneration policy and its implementation in 2021, showing graphically the outcomes against the various performance targets and the remuneration received by executive directors. Full details continue to be disclosed on pages 102 to 117 in accordance with the remuneration reporting regulations.

I hope that you will find this report a clear account of the Committee's considerations and decisions, and the remuneration outcomes for the year.



Lesley Knox
Chairman of the Remuneration Committee

Quick read summary

Remuneration policy summary and 2021 implementation

Remuneration element and time horizon

Base pay



Policy summary

Operation

Reviewed annually, with any 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.

2021 implementation

	Effective 1 March 2021	Effective 1 March 2022	% increase
Sir Nigel Wilson	£979,500	£1,028,500	5.0%
Jeff Davies	£590,000	£632,000	7.1%
Employees below the Board (average)			5.2%

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

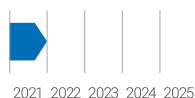
No performance conditions.

Pension contributions during 2021 (as % of base pay):

Sir Nigel Wilson*	15%
Jeff Davies*	13.2%
Majority of UK workforce	10%
Other senior managers in the UK	15%

* From 2022 pension contributions will be 10% of base pay in line with the majority of the UK workforce.

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, subject to the limits of the benefits plans and HMRC rules.

Performance

No performance conditions.

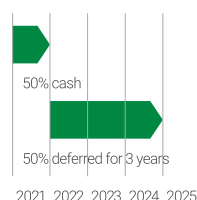
Benefits during 2021 included:

- 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 2021 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. No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.

Performance

Financial performance (at least 70% weighting), plus strategic and personal performance, including ESG measures.

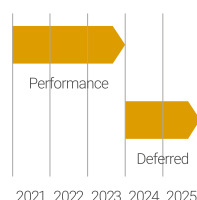
2021 implementation



70% Financial performance
30% Strategic and personal performance

Bonus for 2021 (as % of base pay):	At target	At max.	Actual 2021 (as % of max.)
Sir Nigel Wilson	75%	150%	94.5%
Jeff Davies	75%	150%	92.2%

Performance Share Plan (PSP)



Operation

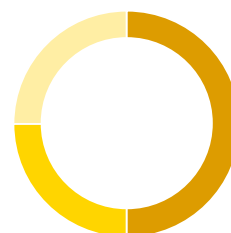
Conditional award of shares, subject to a performance period of no less than three years and a holding period such that no awards are released before five years from grant. Performance targets are set annually by the Committee, aligned with the delivery of shareholder returns over the longer term. The Committee may amend the vesting downwards (but not increase the level of vesting) depending on the overall 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 achievement of 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 grants in 2021 (as % of base pay):	Maximum	2021 grant	Vesting period end 2021 (% of grant)
Sir Nigel Wilson	300%	250%	82.9%
Jeff Davies	300%	250%	82.9%

Quick read summary

continued

Shareholding requirements

Executive directors' share ownership

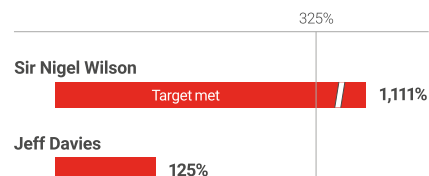


Employment + 2 years

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.

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

Share ownership at 31 December 2021

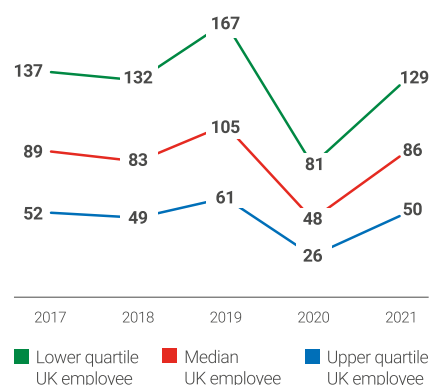


CEO pay ratio

Total remuneration

The chart opposite shows the ratio between the CEO single figure total remuneration (as disclosed on page 113) in comparison with the total remuneration of UK employees at lower, median, and upper quartiles.

For 2021, the CEO pay ratio has increased, reflecting the higher bonus and higher level of vesting of PSP awards in respect of 2021 compared to 2020.



Alignment with strategy and 2021 performance outcomes

The performance measures for the incentive plans are directly aligned to the group's key performance indicators (KPIs). The Group Board reviews the KPIs annually and adds to or changes them where appropriate. KPIs are explained in more detail on pages 26 to 27 and further details of performance measures and outcomes are provided on pages 104 to 107.

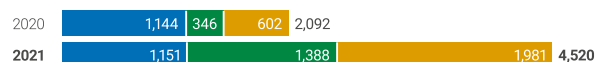
Overarching drivers of the business	Group KPIs	Incentive plans (weightings)		2021 performance targets and outcomes			
		AVP	PSP	Threshold	Target	Maximum	Actual
Profitability	Net release from operations (NRO)	20%		£1,374m	£1,477m	£1,529m	£1,688m
	Adjusted operating profit	25%		£1,893m	£2,018m	£2,081m	£2,262m
	Earnings per share (EPS) 1 year growth	12.5%		22.4p	26.1p	29.7p	34.2p
	Return on Equity (ROE)	12.5%		14.5%	15.8%	17.0%	20.5%
	Earnings per share (EPS) 3 year average annual growth		50%	5.0%		12.0%	12.4%
Shareholder value creation	TSR vs FTSE 100 (rank out of 94)		25%	46.5	36.6	19.0	
	TSR vs comparator group (rank out of 24)		25%	12.5		6.2	5.0
Strategic priorities	(see page 105):	30%					
		100%	100%				

Total remuneration received (£'000)

The charts below provide a breakdown of the total remuneration received by the Executive Directors and their maximum total remuneration opportunity.

Sir Nigel Wilson

Actual remuneration

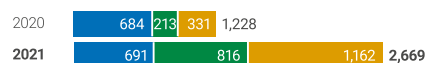


Maximum remuneration



Jeff Davies

Actual remuneration



Maximum remuneration



Key

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

The values for the 2018 PSP, which vested in 2020, in the charts above have been adjusted to reflect the share price at vesting on 11 March 2021, which was not known at the publication date of the 2020 report. Further details can be found on page 102.

Remuneration policy (summary)

The directors' remuneration policy was approved by shareholders by way of a binding vote at the 2020 AGM on 21 May 2020 and applies for three years from the 2020 AGM. The policy table, which contains key aspects of the approved policy, is set out below. A copy of the full 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 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. Targets normally equate 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 fulfill 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 or ill health.</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. 	No performance conditions.	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 2022

Content contained within a black outline box indicates that all the information in the panel is planned for implementation in 2022.

'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 2021 financial year, together with a comparative figure for 2020.

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	Face value £'000	Share price appreciation £'000			
2021										
Sir Nigel Wilson	980	24	147	1,151	1,388	1,960	21	3,369	4,520	
Jeff Davies	590	23	78	691	816	1,150	12	1,978	2,669	
2020										
Sir Nigel Wilson	974	24	146	1,144	346	561 ¹	41	948	2,092	
Jeff Davies	584	23	77	684	213	309 ¹	22	544	1,228	

1. Reporting of the 2018 PSP in the 2020 annual report

The vesting date of the 2018 PSP award occurred after the 2020 results announcement. As a result, the PSP figures recognised in the 2020 annual report were based on a three-month average share price to 31 December 2020. The 2018 PSP figures reported in the 2020 single figure table above now reflect the share price at vesting on 11 March 2021, at 286.7p per share. The figures in the 2020 report were £479,323 (Sir Nigel Wilson) and £263,705 (Jeff Davies).

Base pay

Executive director	Annual base pay as at 1 January 2021	Annual base pay effective 1 March 2021	Total base pay paid in 2021	Annual base pay effective 1 March 2022		% increase
Sir Nigel Wilson	979,500	979,500	979,500	1,028,500		5.0%
Jeff Davies	590,000	590,000	590,000	632,000		7.1%

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
2021				
Sir Nigel Wilson	19	4	1	24
Jeff Davies	20	1	2	23
2020				
Sir Nigel Wilson	19	4	1	24
Jeff Davies	20	1	2	23

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. Save As You Earn (SAYE) is calculated based on the value of the discount on SAYE share options exercised in the year.

Benefits for 2022

Benefits for 2022 remain in line with policy.

Pension

Sir Nigel Wilson received a cash allowance in lieu of pension contributions equal to 15% of base pay. Jeff Davies received a cash allowance of 13.2% of base pay. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2022

From December 2022, Sir Nigel Wilson and Jeff Davies will receive a cash allowance of 10% of base pay, aligned with employer pension contributions for the majority of the UK workforce. Prior to this change the cash allowance will remain at the current level.

Annual report on remuneration continued

2021 Annual Variable Pay (AVP) awards

The 2021 AVP awards are based on performance for the year ended 31 December 2021. 70% of the bonus opportunity is determined by financial performance and 30% is based upon the achievement of strategic objectives.

The figures below represent the total 2021 AVP awards to be paid, incorporating the amount payable in cash in 2022 (50%), and amount deferred into restricted shares for a further three years to be released in 2025 (50%) subject to continued employment with malus and clawback provisions.

Performance measure	2021 performance targets and outcome				Outcome (% of max)	Weighting	AVP award (% of maximum)	
	Threshold (0% max)	Target (50% max)	Maximum (100% max)	Actual			Sir Nigel Wilson	Jeff Davies
Net release from operations (NRO)	£1,374m	£1,477m	£1,529m	£1,688m	100% x	20% =	20%	20%
Adjusted operating profit	£1,893m	£2,018m	£2,081m	£2,262m	100% x	25% =	25%	25%
Earnings per share (EPS)	22.4p	26.1p	29.7p	34.2p	100% x	12.5% =	12.5%	12.5%
Return on Equity (ROE)	14.5%	15.8%	17.0%	20.5%	100% x	12.5% =	12.5%	12.5%
Strategic – Sir Nigel Wilson		See table below			81.7%	30% =	24.5%	
Strategic – Jeff Davies		See table below			74.0%		22.2%	
Total (% of maximum)						100%	94.5%	92.2%
							x	x
Maximum bonus opportunity (% of base pay)							150%	150%
							x	x
Base pay							£979,500	£590,000
							=	=
2021 AVP award							£1,388,400	£815,900

Strategic objectives comprise a qualitative assessment by the Remuneration Committee of operational performance and risk management, customer and culture metrics, and other strategic objectives set by the Committee, including ESG objectives. A qualitative assessment, rather than an outcome based only on pre-determined numerical targets, is considered more appropriate for the assessment of strategic objectives, as this enables the Committee to consider performance in the context of a range of factors and changing situations during the year.

Key focus areas are identified at the beginning of each year, and strategic objectives may be set individually for each executive director or assessed as their individual contribution to joint objectives. Normally, 10% of the total bonus opportunity is allocated to each category encompassing:

- **Operational performance and risk management:** determined by the Committee and supported by analysis from the Director of Group Finance and Chief Risk Officer, using quantitative and qualitative metrics, including divisional and group operational performance, capital management, prudential risk, IT and cyber risk, and internal audit.
- **Customer and culture assessment:** based on a range of metrics including customer performance scores and feedback, employee engagement scores, and progress of gender and other diversity goals.
- **Other strategic objectives:** focus on safeguarding the future and developing future income streams. For 2021, this includes progress of key environmental commitments as referenced in our 2020 climate report, prepared in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Some strategic objectives may be commercially sensitive and accordingly they will not be disclosed in this year's report or any future report until such time as they are considered no longer commercially sensitive.

A list of the key focus areas and outcomes for 2021 is set out below.

Focus areas	Assessment (out of 30%)	
	Sir Nigel Wilson	Jeff Davies
Operational performance and risk management:		
<ul style="list-style-type: none"> • Strong performance against Solvency II operational surplus goals (£3.1 billion at the end of 2021) and against ambition for Solvency II net surplus generation to cumulatively exceed dividends paid over 2020 – 2024 (£0.3 billion accrued to the end of 2021) • Strong operational performance across all divisions including: • Building 4,364 new homes in 2021 (an increase from 3,374 in 2020) • Supporting PodPoint to scale up at pace and deliver a successful IPO in Nov. 2021 • £611 million of investments in start ups during 2021 • Continued development of Fintech solutions 		
Customer and culture:		
<ul style="list-style-type: none"> • Positive customer feedback with 80% of customers scoring Legal & General 7 out of 10 or higher for customer satisfaction • Net promoter score of +73 within our institutional retirement division • Reduction in claims timings for retail protection clients (reduction of 19 days for non-medical claims from Q2 to Q4 2021) • Continued positive employee feedback with employee satisfaction index at 76% (higher than pre-Covid 19 levels) • Progressive narrowing of gender pay gap (median gap falling from 26.6% in 2020 to 24.1% in 2021) 	24.5/30	22.2/30
Other strategic:		
<ul style="list-style-type: none"> • Portfolio carbon emission intensity reduced by half by 2030, with 2021 reduction of at least 2% (actual reduction of 17.0% compared to 2020). • Provisional science-based targets (SBTs) developed for key group businesses and on track for submission within 2 year deadline • Operational footprint (occupied offices and business travel) net zero carbon emissions from 2030, with initial reduction pathway mapped during 2021 to align with science-based targets (SBTs) (2021: achieved) • Other specific strategic targets (not disclosed). 		

In addition, the Committee considers the Solvency II coverage ratio (2021: 187%) 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. For 2021, it was determined that no adjustment was necessary to the calculated AVP awards.

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continued

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 relating to regulatory breaches or customer outcomes that 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 the remuneration policy, 50% of all 2021 AVP awards have been deferred for three years into restricted shares, subject to continued employment and with malus and clawback provisions.

AVP potential 2022

In line with the remuneration policy, for 2022 the target and maximum AVP opportunities for our executive directors will be:

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

Performance will be based on group financial performance targets aligned to the group's key performance indicators, as well as strategic (including environmental, social and governance measures) and personal measures. The percentage weightings will be the same as in 2021. Group financial targets will be disclosed in the 2022 annual report. Some strategic and personal targets are considered confidential and will not be disclosed in any future report.

In line with the remuneration policy, 50% of all 2022 AVP awards will be deferred for three years into restricted shares, subject to continued employment, with malus and clawback provisions.

Details of how the 2019 PSP award vested

The 2019 PSP award vested at 82.9% of maximum in March 2022 based on a combination of total shareholder return (TSR) out-performance (50%) and earnings per share (EPS) growth (50%) over the three-year performance period ended 31 December 2021.

Performance measure	Weighting	Outcome (% of maximum)
TSR vs FTSE 100	25%	45.5%
TSR vs bespoke comparator group	25%	86.0%
EPS growth (% p.a.)	50%	100%
Total (% of maximum)	100%	82.9%

The bespoke comparator group comprises:

Abrdn, Aegon, Ageas, Allianz, Ameriprise Financial, Assicurazioni Generali, Aviva, AXA, CNP Assurances, Gjensidige Forsikring, Hannover Rueck., ING Groep, Lincoln National, Mapfre, Metlife, Muenchener Ruck., Phoenix Group Holdings, Principal Financial Group, Prudential, Prudential Financial, Sampo, Swiss Re, Talanx, Zurich Insurance Group.

The Committee reviewed the company's overall performance taking into consideration an assessment of Solvency II performance and progress against long-term environmental, social and governance (ESG) objectives. The Committee was satisfied that the PSP awards should vest in accordance with the TSR and EPS growth outcomes.

The results are shown below:

Grant date	Performance period	Comparator group	Legal & General's TSR ¹	Median rank	80th percentile rank	Legal & General's rank	Outcome (% of maximum)
16 April 2019	1 January 2019 to 31 December 2021	FTSE 100		46.5	19.0	36.6	45.5%
		Bespoke comparator group	46.3%	12.5	5.0	6.2	86.0%
Performance target							
Performance condition				Threshold	Maximum	Actual performance	Outcome (% of maximum)
EPS growth (% p.a.)				5.0%	12.0%	12.4%	100%
<p>1. TSR is calculated in accordance with the Performance Share Plan rules using the three-month average prior to the start and end of the performance period.</p> <p>The PSP award will vest on 11 March 2022. As the share price at the date of vesting was not known as of the date of this report, the value included in the 'single figure' of remuneration on page 102 has been calculated based on the number of shares vesting multiplied by the average share price over the quarter ended 31 December 2021 (288.5p). The actual share price and value at vesting will be reported in the 2022 annual report.</p>							
Executive director	Shares granted in 2019		Vesting outcome (% of maximum)		Shares vesting in March 2022		Estimated value of shares on vesting (£)
Sir Nigel Wilson	828,107		82.9%		686,501		1,980,555
Jeff Davies	486,091		82.9%		402,969		1,162,567

Performance Share Plan (PSP) 2022 awards: Sir Nigel Wilson and Jeff Davies will each be granted an award with a face value of 250% of base pay.

For the 2022 award, the following performance measures will be used:

- TSR performance relative to the FTSE 100 (25% of award)
- TSR performance relative to a bespoke comparator 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 and progress against long-term ESG objectives.

Having considered the business plan over the next three years and market expectations of performance, and given the level of stretch within the TSR performance conditions, the Committee considered it appropriate for vesting to be based on performance as set out in the table below:

	Below Threshold	Threshold	Maximum
Vesting	0%	15%	100%
TSR performance	Below median	Median	80th percentile
EPS growth	<5% p.a.	5% p.a.	12% p.a.

Performance below threshold results in nil vesting, and performance between threshold and maximum vests on a straight line basis between 15% and 100% of maximum.

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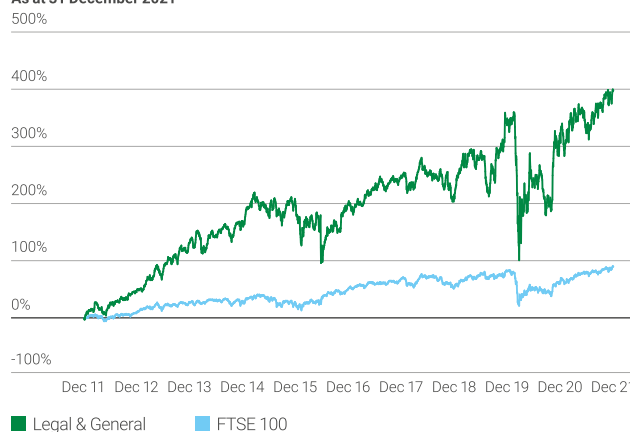
continued

Other remuneration information

Total shareholder return (TSR)

The chart shows the value, as at 31 December 2021, of £100 invested in Legal & General shares on 31 December 2011, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the comparator because the Company is a member of this index.

As at 31 December 2021



Group 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
2021	Sir Nigel Wilson	4,520	94.5%	82.9%
2020	Sir Nigel Wilson	2,092	23.5%	24.2%
2019	Sir Nigel Wilson	4,592	91.1%	86.9%
2018	Sir Nigel Wilson	3,398	80.4%	48.7%
2017	Sir Nigel Wilson	3,439	85.3%	59.9%
2016	Sir Nigel Wilson	5,417	87.8%	76.6%
2015	Sir Nigel Wilson	5,497	86.3%	100%
2014	Sir Nigel Wilson	4,213	90.7%	100%
2013	Sir Nigel Wilson	4,072	93.1%	100%
2012	Sir Nigel Wilson – appointed 30 June 2012	898	96.0%	0% ¹
	Tim Breedon – retired 30 June 2012	3,280	84.8%	100% ²

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

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 of remuneration are calculated based on the average share price for the three months ended 31 December in the respective year. As noted under the single figure of remuneration table on page 102, the figures are restated in the following year's report to reflect the actual share price on the vesting date. The figures in the table above have been restated to reflect the actual share price on vesting for the years 2015 – 2020.

Scheme interests awarded during the financial year

The following table sets out details of deferred annual variable pay (AVP) and performance share plan (PSP) awards made in 2021.

Executive director	Reason for award	Award type	Awards granted in 2021	Grant price £	Face value at grant price £
Sir Nigel Wilson	PSP	Nil-cost option	832,341	2.9420	2,448,747
	Deferred AVP	Restricted shares	58,520	2.9537	172,851
Jeff Davies	PSP	Nil-cost options	501,359	2.9420	1,474,998
	Deferred AVP	Restricted shares	36,039	2.9537	106,448

Performance conditions for PSP awards granted in 2021

The PSP awards were granted on 13 April 2021. 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 Abdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, CNP Assurances, Gjensidige Forsikring, Hannover Rueck., Lincoln National, M&G, Mapfre, Metlife, Muenchener Ruck., NN Group, Phoenix Group, Principal Financial, Prudential Financial, Prudential, Sampo A, 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:

	Below threshold	Threshold	Maximum
Vesting	0%	15%	100%
TSR performance	Below median	Median	80th percentile
EPS growth	<5% p.a.	5% p.a.	12% p.a.

Performance below threshold results in a nil vesting, and performance between threshold and maximum vests on a straight line basis between 15% and 100% of maximum.

At the end of the three-year performance period commencing 1 January 2021, the Committee will assess whether the formulaic vesting outcome is justified by looking at a number of factors including: whether the result is reflective of overall performance and has been achieved within the Company's risk appetite, the Solvency II coverage ratio, the quality of earnings, nature of any changes in leverage or key assumptions and progress against long-term ESG objectives. If such considerations mean that the formulaic outcome of the vesting is not considered to be justified, the Committee can amend the vesting downwards (but not increase the level of vesting). 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 may have arisen.

Payments for loss of office and to past directors

There were no payments to directors for loss of office and no payments to past directors during 2021.

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 2022 and 8 March 2022	
					Owned outright/ vested shares	Subject to deferral/ holding period
Sir Nigel Wilson	Shares	3,637,332	530,996	4,168,328	–	–
	ESP	19,324	5,295	24,619	–	73
	Options	–	475,161	475,161	2,728,558	–
Jeff Davies	Shares	244,739	311,031	555,770	–	–
	ESP	3,476	1,282	4,758	–	73
	Options	–	269,933	269,933	1,630,824	–

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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 2021 base salary: vested shares ¹	Shareholding requirement met	Shares owned at 1 January 2021	Shares owned at 31 December 2021	Shares sold or acquired during the period 1 January 2022 and 8 March 2022
Sir Nigel Wilson	1,111%	Yes	3,316,706	3,656,656	205
Jeff Davies	125%	No	81,610	248,215	205

1. Closing share price as at 31 December 2021: £2.975

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 shareholding requirement is not contractually binding, 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. The Committee retains the discretion to withhold future grants under the PSP if executives are not making sufficient progress towards their shareholding requirement. Once shareholding requirements have been met, executive directors may sell shares in excess of the shareholding requirement if they wish. The Committee has discretion to allow executive directors to sell shares prior to the shareholding requirement being met in extenuating situations, for example, a change to personal circumstances or ill health, etc.

Share options exercised during 2021

PSP awards may be granted in the form of nil-cost options with an exercise date no earlier than the normal vesting date. Executive Directors may also participate in the Company's ShareSave scheme. Where such share awards have been exercised during 2021 they are shown below:

Executive director	Date of grant	Shares exercised	Exercise date	Share price at date of exercise £	Gain £
Sir Nigel Wilson	21/04/2016	171,349	12/04/2021	2.962	507,536
Sir Nigel Wilson	18/04/2017	287,560	12/04/2021	2.962	851,753
Jeff Davies	18/04/2017	158,174	15/03/2021	2.870	453,959
Jeff Davies	06/04/2018	2,037	01/06/2021	2.843	1,473

Non-executive directors' remuneration – 2021

Non-executive directors' fees

The fees for the Chairman and non-executive directors were reviewed during 2021 and with effect from 1 August 2021 the fee for the Chairman was increased from £523,000 to £550,000. From 1 August 2021 the additional fee for chairing a Board committee was increased from £30,000 to £40,000 and the committee membership fee was increased from £10,000 to £15,000 for the Audit, Remuneration and Risk committees. No fee was paid for membership of the Nominations and Corporate Governance or Technology committees. The current limit for base fees paid to non-executive directors is an aggregate of £1,500,000 per annum. The table below sets out the current fees.

Annual fees	Current fee £
Chairman	550,000
Base fee	75,000
Additional fees:	
Senior Independent Director	30,000
Committee Chairmanship fee (Audit, Remuneration and Group Risk Committees)	40,000
Committee membership fee (Audit, Remuneration and Group Risk Committees)	15,000

The table below shows the actual fees paid to our non-executive directors in 2021 and 2020.

Non-executive director		Fees for 2021	Benefits for 2021 ³	Total remuneration for 2021	Fees for 2020	Benefits for 2020	Total remuneration for 2020
Sir John Kingman	Chairman T N	534,250	64	534,314	512,500	–	512,500
Henrietta Baldock ¹	N R Ri	200,833	–	200,833	199,167	–	199,167
Nilufer von Bismarck	A T N Ri – appointed 1 May 2021	67,770	–	67,770	–	–	–
Philip Broadley	A T N R Ri	155,833	1,521	157,354	119,167	3,053	122,220
Lesley Knox ²	N R Ri	223,750	3,263	227,013	219,167	1,628	220,795
George Lewis	A N R Ri	102,917	–	102,917	71,458	21,227	92,685
Ric Lewis	N R Ri	99,167	–	99,167	49,532	–	49,532
Toby Strauss	A T N Ri	121,250	–	121,250	115,000	444	115,444
Julia Wilson		31,250	–	31,250	119,167	89	119,256

Key:

NED Committee membership:
A = Audit

N = Nominations and Corporate Governance
R = Remuneration

Ri = Risk
T = Technology

- Henrietta Baldock is also Chair of the Legal & General Assurance Society Board for which she receives a separate fee to that paid to her as a non-executive director of the Company. The actual fees in the table above include her total fees for both roles. Henrietta was also a member of the Audit Committee until 31 March 2021.
- 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 Company. The actual fees in the table above include her fees for both roles. Lesley was also a member of the Audit Committee until 31 March 2021.
- The Chairman and non-executive directors are not eligible to participate in any benefits, pension or incentive plan. The amounts disclosed in the benefits section above relate to taxable travel and accommodation expenses incurred while undertaking their roles as non-executive directors for the Company.

Shareholding requirements – non-executive directors

Non-executive directors are required to build up a shareholding equivalent to 100% of base fee, typically within three years of appointment. Non-executive directors may elect to receive a proportion of their fees (normally 50%) in shares until their shareholding requirement is met. The table below shows their shareholding as at 4 January 2022, taking into account share purchases in relation to December 2021 fees.

Name	Shareholding as at 4 January 2022	Shareholding as a % of base fee	Guideline met	Shares purchased from 5 January 2022 to 8 March 2022
Sir John Kingman	274,303	148%	Met	1,723
Henrietta Baldock	37,732	150%	Met	2,380
Nilufer von Bismarck – appointed 1 May 2021	13,933	55%	On target ¹	5,967
Philip Broadley	92,260	366%	Met	–
Lesley Knox	77,600	308%	Met	–
George Lewis	41,407	164%	Met	2,977
Ric Lewis	19,711	78%	On target ¹	3,270
Toby Strauss	71,045	282%	Met	3,224
Julia Wilson – retired from the Board on 31 March 2021	51,823	206%	Met	–

- Director's are on track to meet the shareholding requirement within 3 years based on the proportion of their fee received in shares.

Non-executive directors' terms of employment

	Current letter of appointment start date	Current letter of appointment end date
Sir John Kingman	24 October 2021	24 October 2025
Henrietta Baldock	04 October 2021	04 October 2024
Nilufer von Bismarck	01 May 2021	01 May 2024
Philip Broadley	08 July 2019	08 July 2022
Lesley Knox	01 June 2019	01 June 2022
George Lewis	01 November 2021	01 November 2024
Ric Lewis	18 June 2020	18 June 2023
Toby Strauss	01 January 2020	01 January 2023
Laura Wade-Gery	03 January 2022	03 January 2025

Julia Wilson stepped down from the Board on 31 March 2021. 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 by shareholders.

Annual report on remuneration

continued

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 it operates. The policy for the majority of employees is 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
Fixed	
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 individual's skills, experience and performance. • scope of the role. • external market data. • pay and conditions elsewhere in the group. • overall business performance. <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 2021 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). For 2022, the average increases will be around 5.2%.</p>
Benefits	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 elderly care support.
Pension	All employees are given the opportunity to participate in a Group Pension Scheme. The pension opportunity offered to the majority of the UK workforce is 10% of base pay.
Variable	
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 and are subject to malus and clawback.</p> <p>The company reserves the right to adjust deferral levels for Code staff as deemed necessary to comply with regulatory requirements.</p>
Performance share plan (PSP)	<p>Participation in the PSP is offered to a small number of senior management 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 92 employees during 2021.</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	
Other share plans and long-term incentives	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.
Employee share plans	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.

Annual equal pay review

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 review 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 2021. Further details can also be found on page 49 of the annual report.

Pay ratio in relation to the Group Chief Executive Officer

Since 2016 we have voluntarily disclosed details of the pay ratio in relation to the Group Chief Executive Officer 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 base pay and single figure total remuneration of the Group Chief Executive Officer and the base pay and total remuneration of UK employees at the upper quartile (75th percentile), median (50th percentile) and lower quartile (25th percentile).

Total remuneration

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2021	B	50	86	129	90,039	52,466	34,974
2020	A	26	48	81	78,989	43,726	25,839
2019	A	61	105	167	70,892	40,982	25,814
2018	A	49	83	132	69,923	40,814	25,730
2017	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
2021	B	14	22	34	68,832	43,579	28,500
2020	A	15	26	42	65,101	37,677	23,232
2019	A	16	27	42	60,000	35,000	22,550
2018	A	16	27	41	57,853	34,475	22,781
2017	A	16	27	42	58,020	33,649	22,148

Pay ratio commentary

Between 2020 and 2021 the ratio of total remuneration for the Group CEO compared to UK employees has increased. The increase is the result of the higher bonus award and vesting level of the 2019 PSP compared with the PSP awards in the previous year.

Methodology

The Companies (Miscellaneous Reporting) Regulations 2018 permit different options for calculating the pay ratio. We have chosen option B as our method for calculating the pay ratio for 2021, consistent with the methodology for gender pay reporting. The total remuneration figures for the UK employees are based on salaries at 1 December 2021. Bonus amounts for 2021 are not able to be determined for some eligible employees until after publication of this report, and therefore it is not possible to determine the exact 2021 total remuneration for all UK employees as is required for 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 2021 based on the option A method in the 2022 report. We do not believe that this will result in pay ratio figures that are materially different to the 2021 figures disclosed above.



Gender pay gap report

Our 2021 gender pay gap report is available on our group website. See: group.legalandgeneral.com/reports

Annual report on remuneration

continued

Percentage change in directors' 2021 remuneration compared with all UK employees

As required by the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the analysis covers all executive directors and non-executive directors.

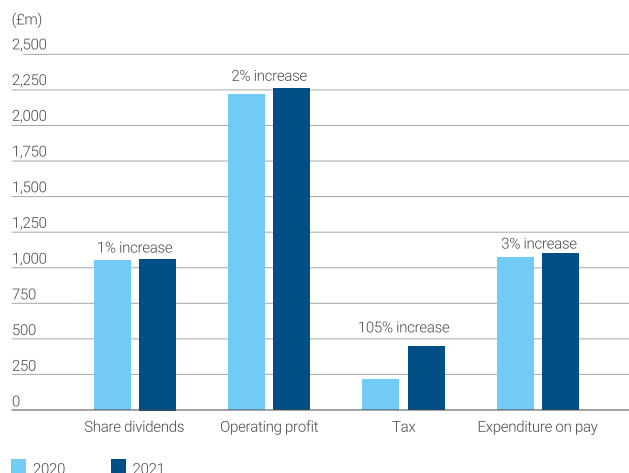
	Year ended 31 December 2021			Year ended 31 December 2020		
	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)
Executive directors						
Sir Nigel Wilson	0.0%	3.3%	301.6%	3.4%	3.4%	(73.2)%
Jeff Davies	0.0%	0.7%	282.2%	6.6%	6.3%	(72.1)%
Chairman and Non Executive Directors¹						
Sir John Kingman	4.2%	n/a	n/a	3.3%	n/a	n/a
Henrietta Baldock	0.8%	n/a	n/a	4.5%	n/a	n/a
Nilufer von Bismarck – appointed 1 May 2021	n/a	n/a	n/a	n/a	n/a	n/a
Philip Broadley	28.7%	n/a	n/a	3.6%	n/a	n/a
Lesley Knox	2.8%	n/a	n/a	1.9%	n/a	n/a
George Lewis	11.0%	n/a	n/a	4.9%	n/a	n/a
Ric Lewis	7.8%	n/a	n/a	n/a	n/a	n/a
Toby Strauss	5.0%	n/a	n/a	0.0%	n/a	n/a
Julia Wilson	4.8%	n/a	n/a	3.6%	n/a	n/a
Average for UK employees	2.4%	2.4%	19.6%	3.5%	3.5%	2.7%

1. The increase in fees for non-executive directors of the Company reflects the changes in the fee structure in relation to chairing a committee and membership of a committee as well as changes to the membership of the committees. The base fee for non-executive directors has not changed since 2019.

As with prior years the whole UK employee population has been selected as the comparator group. This group was 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 expenditure on pay compared to share dividends, adjusted operating profit and tax for the year. Adjusted operating profit has been shown because it is a key performance indicator of the business. No share buybacks were made in 2020 or 2021.



Remuneration Committee

The table below shows the members and attendees of the Remuneration Committee during 2021.

Committee members, attendees and advice

Meetings in 2021

During 2021, the Committee met five times and in addition had ongoing dialogue via email and other telecommunications. An outline of the Committee undertakings in each quarter during 2021 is shown in the table below. During 2021 the Remuneration Committee comprised the following non-executive directors:

Year	Number of Remuneration Committee meetings attended during 2021
Lesley Knox	5/5
Henrietta Baldock	5/5
Philip Broadley	5/5
George Lewis (from 7 October 2021)	1/1
Ric Lewis	5/5

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First	<ul style="list-style-type: none"> Reviewed findings of the independent Board evaluation 	<ul style="list-style-type: none"> Reviewed findings of the CRO report and group-wide culture review. Approved the 2020/21 annual pay review and executive pay awards. Approved vesting of the 2018 PSP, LGIM and CALA LTIPs. 	<ul style="list-style-type: none"> Approved the 2021 AVP performance measures. Approved 2021 PSP awards. Approved the 2021 ShareSave invitation. 	
Third	<ul style="list-style-type: none"> Reviewed outcomes of AGM. 	<ul style="list-style-type: none"> Financial update and indicative variable pay update for executive teams. Debated adjustments to 2021 AVP targets 	<ul style="list-style-type: none"> Approved pension plan arrangements for LGIM Japan. Reviewed proposals for new business unit LTIP. 	
Fourth	<ul style="list-style-type: none"> Reviewed and approved Committee terms of reference. Reviewed report on the activities of the Group Reward Steering Committee in 2021. 	<ul style="list-style-type: none"> Reviewed the base pay increase budget proposals for 2022. Considered incentive out-turns in respect of 2021. 	<ul style="list-style-type: none"> Reviewed AVP and PSP performance measures and targets for 2022. 	<ul style="list-style-type: none"> Reviewed findings of internal audit of remuneration. Reviewed Code staff lists. Approved remuneration policy statements for FCA and PRA. Reviewed IFPR requirements and impact on remuneration.

At the invitation of the Remuneration Committee, the Group Chairman attends Committee meetings. Where appropriate, the Group Chief Executive, 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 that person's own remuneration.

At the invitation of the Remuneration Committee, a representative from PriceWaterhouseCoopers (PwC) also attends Committee meetings. During 2021, PwC principally advised the Committee on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. PwC 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 PwC engagement team is objective and independent. PwC are signatories to the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The total fees paid to PwC in relation to Remuneration Committee work during 2021 were £131,650 (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, PwC also provided the Company with HR consulting services including advice to management on regulatory aspects of reward, as well as other professional services including tax, consulting, accounting regulatory compliance, and other advice to the group.

Annual report on remuneration

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Terms of reference

The Committee's terms of reference are available on the Company's website. The remit of the Committee includes the remuneration strategy and policy framework for the group as well as for 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 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, 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 any questions 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, whether there have been regulatory breaches, or they are aware of any other considerations that may lead the Committee to consider whether it should impact payments to employees (including in particular the executive directors and Code staff).

The Group Chief Risk Officer 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, and 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 Group Chief Risk Officer's 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 key stakeholders

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.

During 2022 the Committee will closely examine our remuneration principles and policies to ensure they remain appropriate in the context of future business strategy, updated investor guidelines and evolving best practice and will consult with the group's largest shareholders on any proposed changes, prior to presenting the remuneration policy for shareholder approval at the 2023 AGM.

We engaged regularly with our workforce throughout 2021, including via our workforce representative bodies Unite (the trade union) and our Management Consultative Forum, on a number of topics including pay and propose to continue this dialogue in 2022, including in relation to our new remuneration policy.

Statement of voting at the Annual General Meeting (AGM) 2021

The table below shows the voting outcomes on the directors' remuneration policy at the 2020 AGM in May 2020 and the directors' remuneration report at the last AGM in May 2021.

Item	For	Against	Abstain number
Remuneration policy	95.71%	4.29%	
	4,089,839,555	197,291,047	19,465,659
Remuneration report	97.17%	2.83%	
	3,858,805,163	112,466,802	510,910

Dilution limits

The company's share plans 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 limit of 10% of issued capital in 10 years for all schemes.

As at 31 December 2021, the company had 4.92% of share capital available under the 5% in 10 years limit and 9.60% of share capital under the 10% in 10 years limit.

As at 31 December 2021, 40,331,837 shares were held by the Employee Benefit Trust in respect of outstanding awards of 71,133,543 shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

During 2021 the executive directors held no external appointments.

Any external appointments are subject to annual agreement by the Board and must not be with competing companies. Fees may be retained by the individual subject to the Board's agreement.