Directors' report on remuneration

> Legal & General has delivered another year of resilient performance in spite of the volatile global economy."

Lesley Knox
Chair of the Remuneration Committee

Committee overview

Committee meetings and membership

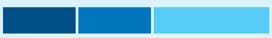
The Committee met five times during the year. The Committee comprises only independent non-executive directors, fulfilling the requirements of the UK Corporate Governance Code. The Board is satisfied that the members of the Remuneration Committee have relevant expertise and experience to deliver its responsibilities. In addition, all members of the Committee are also members of the Risk Committee, ensuring appropriate identification and consideration of any issues that are relevant to both committees.

Members
Lesley Knox (Chair)
Henrietta Baldock
Philip Broadley
George Lewis
Ric Lewis
Tushar Morzaria (from 27 May 2022)
Laura Wade-Gery (from 14 October 2022)

Gender

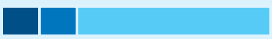
43% Women
57% Men

Tenure



28% Over 6 years
28% Between 3 – 6 years
44% Between 0 – 3 years

Ethnicity



14% South Asian
14% Black
72% White

The role of the Committee

The role of the Committee is to determine the group's framework for the remuneration policy and to manage the remuneration of executive directors and designated senior managers.

Key responsibilities

- Determine and make a recommendation to the Board on the group's remuneration policy.
- Determine the contractual terms and remuneration of the Chair, executive directors and designated senior managers, including base salary, policy and scope for pension arrangements, share and other incentive plans, bonus arrangements and shareholding requirements.
- Determine the framework for the remuneration policy for all other employees in the group.
- Design of, or amendment to, any share or cash-based performance-related pay plans operated by the company.
- Exercise the powers of the employer in relation to the operation of the group's ShareSave Scheme, Employee Share Plan and share incentive plans.
- Review the ongoing appropriateness and relevance of the group's various remuneration policies and compliance with all relevant legal and regulatory requirements.

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

Our remuneration report is organised into the following sections

Chair's introduction

In accordance with the UK Corporate Governance Code's six principles in relation to remuneration (clarity, simplicity, risk, predictability, proportionality and alignment to culture), I am pleased to describe the considerations and decisions of the Remuneration Committee, the outcomes for 2022 and the new remuneration policy which will be proposed for approval at the 2023 AGM.

Link between pay and performance

Legal & General has delivered another year of resilient performance in spite of the volatile global economy. Our adjusted operating profit was £2.5 billion and profit for the year of £2.3 billion was up 12.1% over 2021. Within this context, and considering overall financial performance, the Committee has determined the outcomes for each of the incentive plans.

Annual Variable Pay (AVP)

For executive directors, 70% of the bonus opportunity is determined by group financial performance, and 30% is determined by individual performance including strategy, risk management and culture. The outcome of group financial KPIs for 2022 included an 11.5% increase in adjusted operating profit and a 12.1% increase in earnings per share (EPS).

Individual contribution to strategy, risk management and culture are described in more detail on page 113 including ESG metrics, which are also explained in greater detail in our 2022 climate report. Consistent with previous years, the Committee chose to exclude the beneficial impact of mortality assumption changes from the financial results when determining bonus awards. 2022 performance significantly exceeded targets, resulting in bonus outcomes of 91.4% and 91.5% of maximum for each of the executive directors. The 2022 performance targets and outcomes are summarised in the 'Quick read' section on page 102 and in further detail on pages 112 and 113.

Performance Share Plan (PSP)

The long-term incentive (PSP) awards granted in 2020 were subject to EPS growth and TSR performance over the three-year period ended 31 December 2022. EPS grew by 11.0% per annum, and TSR grew by 9.3%, out-performing the median of the FTSE 100 but below the median for the bespoke comparator group. This resulted in 52.3% of the 2020 PSP award vesting.

The 2020 PSP awards were granted in a year of considerable share price volatility, due to the impact on global markets of Covid-19. At that time, the Committee chose to delay the grants until markets had started to stabilise, with the 2020 PSP awards subsequently granted in August 2020 at a share price of 229.26p. If the grant had happened in line with our usual time frame, the equivalent share price at the date of grant would have been 191.75p. By taking this action at the point of grant the Committee granted 16% fewer shares to executives than under the default approach.

The share price at that later grant date has proven to be sufficiently reflective of market conditions and average share price throughout the performance period, and therefore the Committee determined that no downward adjustment to the formulaic outcome is required as a result of 'windfall gains'. Under the terms of the PSP plan for executive directors, the vested shares will be deferred for a further two years and released in 2025. The PSP performance targets and outcomes are summarised in the 'Quick read' section on page 102.

Base pay

The average base pay increases for UK employees in 2023 was 5.8%, and within that context the Committee has determined to increase base pay by 4.5% for Sir Nigel Wilson (Group CEO) and Jeff Davies (Group CFO) with effect from 1 March 2023. As previously indicated, pension contributions for executive directors were reduced to 10% of base pay in December 2022, to align with the majority of the UK workforce.

Sir Nigel Wilson retirement

On 30 January 2023, Sir Nigel Wilson announced his intention to retire as the Group CEO. Sir Nigel has agreed to continue as Group CEO until his successor starts and he will support a smooth transition following their appointment. It is envisaged that this process will take around a year. During this time he will continue to be paid in line with the directors' remuneration policy and his contractual terms, this includes participation in the 2023 AVP and 2023 PSP plans. The Committee will determine the treatment of his remuneration at departure, in line with the policy in due course, once a successor is appointed and a retirement date is confirmed.

Committee changes

The Committee's membership has been further strengthened this year by the appointment of Tushar Morzaria and Laura Wade-Gery. I welcome the knowledge, insights and challenge that Tushar and Laura will bring to the Committee discussions.

Consideration of the wider workforce

The Committee has regard for the remuneration of all employees across the group. Legal & General is also an accredited Living Wage employer certified by the Living Wage Foundation. We are aware that our people are concerned for their own financial wellbeing as a result of the ongoing extraordinary pressures of the cost of living and so, in addition to an average annual base pay increase of 5.2% in 2022, we have made two payments totalling £1,500 to around a third of our workforce. A third payment will also be made in July 2023. These amounts are in addition to annual bonus payments and other payments and allowances, which have been calculated and determined in the normal way.

The employment policies and practices for the wider workforce are generally the same as those applying to executive directors, although quantum and participation may vary. All UK employees have access to private medical insurance and our 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 half of employees now participate in these plans.

Further details, including gender pay gap and our work on the ethnicity pay gap, is provided in the sustainable business section of the report on page 50.

> "We are aware that our people are concerned for their own financial wellbeing as a result of the ongoing extraordinary pressures of the cost of living and so, in addition to base pay increases, we have made two payments totalling £1,500 to around one third of our workforce."

Lesley Knox
Chair of the Remuneration Committee

Directors' report on remuneration
continued

"During 2022, the Committee reviewed the approach to remuneration in the context of future business strategy, updated investor guidelines and evolving best practice, and sought feedback from our major shareholders and other representative bodies. I am grateful for all the responses received."

Lesley Knox
Chair of the Remuneration Committee

Remuneration policy review
It will be three years since our directors' remuneration policy was last approved by shareholders in 2020, and therefore a new policy will be submitted for shareholder approval at the 2023 AGM. During 2022, the Committee reviewed the approach to remuneration in the context of future business strategy, updated investor guidelines and evolving best practice, and sought feedback from our major shareholders and other representative bodies. I am grateful for all the responses received.

During the course of the review, the Committee considered a number of alternative approaches, but concluded that the current policy remains aligned with the delivery of our business strategy, ensuring a direct link between executive remuneration and shareholder experience. As such, the proposed new remuneration policy is very similar to the existing policy (except as noted below), with no new incentive plans or other significant changes.

- **Annual Variable Pay (AVP)** – the current remuneration policy permits an AVP award of 175% of base pay for 'other executive directors' and limits AVP to 150% of base pay for the Group Chief Executive and Chief Financial Officer. The AVP opportunity is low in comparison to our principal competitors, and therefore to ensure we have a remuneration policy with sufficient headroom to recruit high-calibre executive directors in the future, we would like to increase the maximum AVP opportunity for all executive directors to 200% of base pay. The higher AVP opportunity would apply only to new executive directors, not the existing executive directors whose AVP opportunity would remain at 150% of base pay. The 200% maximum AVP opportunity would not be the default for any new recruit, but should ensure sufficient headroom to attract and recruit the best candidates.
- **Performance Share Plan (PSP)** – dividends do not currently accrue on PSP awards during the performance period, which creates a misalignment between executive pay and shareholder returns. It is therefore proposed that dividends will be paid on any part of a PSP award that ultimately vests.
- **Non-executive director fees** – the increasing workload of the Designated Workforce Director means that it is appropriate to pay a designated fee for this role, rather than the previous undefined fee based on time and commitment. A fixed fee, in line with the additional fee paid to the Senior Independent Director (currently £31,500) is proposed.

As part of the remuneration policy review, the Committee also considered adjusting the policy in relation to weightings of performance measures. The current policy is that a minimum of 70% of the AVP measures must be financial and that the PSP measures will have an appropriate mix of earnings performance and shareholder return (currently 50:50). We proposed these changes in order to make specific provision for other strategically important performance measures, including ESG. During the consultation process, we received a variety of responses from shareholders, many were comfortable with the proposals, whilst others expressed a preference not to adjust the weightings, but include other key performance metrics as an underpin, and adjust the calculated outcomes downwards if those targets including specific quantifiable targets for ESG, are not achieved. As a result of this feedback, the Committee have decided to leave the AVP performance weightings unchanged. In relation to PSP performance weightings we have included the flexibility within the policy to include strategic or ESG measures in the future (with a maximum weighting of 20%), given that this policy will apply for three years. For 2023, however, we do not propose to make any changes to the PSP performance measures.

The Committee also considered changing the bespoke comparator group for future PSP awards, with TSR growth measured instead against only the FTSE 100. There are no directly comparable organisations with the same business model as Legal & General, and back-testing had shown that historical PSP outcomes would not have been materially different if only TSR performance versus the FTSE 100 had been used. However, during the consultation process, many shareholders expressed a preference to retain a bespoke comparator group. The Committee considered this feedback, and have agreed to keep a bespoke comparator group, but will review and amend the constituents each year to ensure that it remains appropriate.

The proposed new remuneration policy, incorporating the above proposals, is set out on pages 103 to 109. I hope that you will find this report a clear account of the Committee's considerations, decisions and explanation of remuneration outcomes for 2022. Furthermore, I hope that you will support the proposed changes to our remuneration policy, which are designed to strengthen our approach, and continue to improve the link between director remuneration and shareholder returns.

Lesley Knox

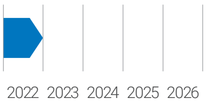
Lesley Knox
Chair of the Remuneration Committee

Quick read summary

Remuneration policy summary and 2022 implementation

Remuneration element and time horizon | **Policy summary** | **2022 implementation**

Base pay



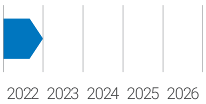
Operation
Reviewed annually, with any increases effective 1 March.

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.

	Effective 1 March 2022	Effective 1 March 2023	% increase
Sir Nigel Wilson	£1,028,500	£1,074,800	4.5%
Jeff Davies	£632,000	£660,400	4.5%
Employees below the Board (average)			5.8%

Pension contributions



Operation
DC 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 have been aligned with the contributions for other senior managers in the UK, but were changed to align with the majority of the UK workforce at the end of 2022.

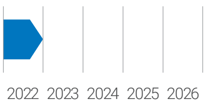
Performance
No performance conditions.

Pension contributions during 2022 (as % of base pay):

Sir Nigel Wilson*	15.0%
Jeff Davies*	13.1%
Majority of UK workforce	*10.0%*
Other senior managers in the UK	*15.0%*

* From 31 December 2022 pension contributions have been set at 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 benefit plans and HMRC rules.

Performance
No performance conditions.

Benefits during 2022 included:

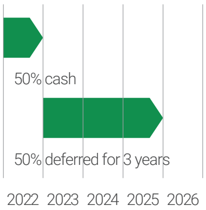
- allowance in lieu of a company car
- private medical insurance
- life insurance
- income protection
- all-employee (ShareSave and Share Purchase) plans.

Quick read summary
continued

Remuneration policy summary and 2022 implementation

Remuneration element and time horizon	Policy summary	2022 implementation

Annual Variable Pay (AVP)



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.

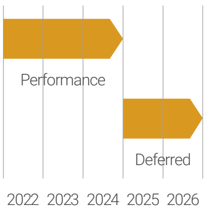
Opportunity
Up to 150% of base pay for the Group Chief Executive and Group Chief Financial Officer. No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.

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

70% Financial performance
30% Strategic and personal performance

Bonus for 2022 (as % of base pay):	At target	At max.	Actual 2022 (as % of max.)
Sir Nigel Wilson	75%	150%	91.4%
Jeff Davies	75%	150%	91.5%

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 2022 (as % of base pay):	Maximum	2022 grant	Vesting period end 2022 (% of grant)
Sir Nigel Wilson	300%	250%	52.3%
Jeff Davies	300%	250%	52.3%

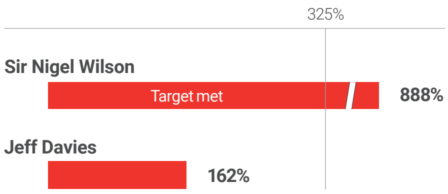
Shareholding requirements

Executive directors' share ownership

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

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

Share ownership at 31 December 2022

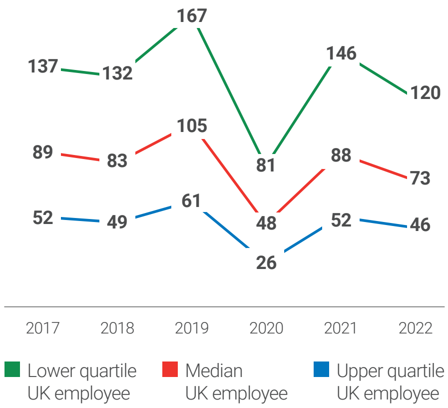


CEO pay ratio

Total remuneration

The chart opposite shows the ratio between the CEO single figure total remuneration (as disclosed on page 121) in comparison with the total remuneration of UK employees at lower, median, and upper quartiles.

For 2022, the CEO pay ratio has decreased slightly, reflecting the lower level of vesting of PSP awards in respect of 2022 compared to 2021.



Quick read summary
continued

Alignment with strategy and 2022 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 and 27 and further details of performance measures and outcomes are provided on pages 112 to 115.

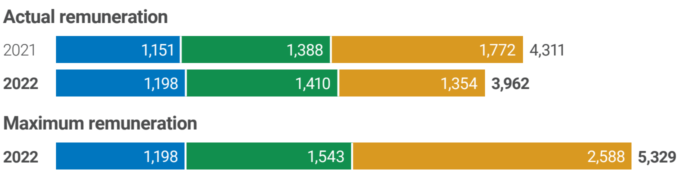
Overarching drivers of the business	Group KPIs	Incentive plans (weightings) AVP	Incentive plans (weightings) PSP	2022 performance targets and outcomes Threshold	Target	Maximum	Actual
Profitability	Net release from operations (NRO)	15.0%		£1,685m	£1,760m	£1,835m	**£1,919m**
	Adjusted operating profit	20.0%		£2,262m	£2,396m	£2,465m	**£2,523m**
	Earnings per share (EPS) 1 year growth	7.5%		34.2p	35.6p	36.9p	**38.3p**
	Return on equity (ROE)	7.5%		18.9%	19.4%	19.9%	**20.7%**
	Earnings per share (EPS) 3 year average annual growth		50.0%	5.0%		12.0%	**11.0%**
Solvency II	Solvency II operational surplus generation	10.0%		£1,683m	£1,733m	£1,783m	**£1,805m**
	Solvency II new business value add (NBVA)[1]:						
	LGRI	5.0%		3.4%	5.4%	6.4%	**8.90%**
	Retail retirement – UK annuity business	2.5%		5.2%	5.5%	5.9%	**6.27%**
	Retail insurance – UK and US protection	2.5%		6.3%	6.8%	7.2%	**7.17%**
Shareholder value creation	TSR vs FTSE 100 (rank out of 92)		25.0%	46.5 Median		19.0 Top 20th	**40.2**
	TSR vs comparator group (rank out of 23)		25.0%	12.0 Median		5.0 Top 20th	**13.6**
Strategic priorities	(see page 113):	30.0%					
		100.0%	**100.0%**				

1. New Business Value Add (NBVA) is equivalent to the margin on Solvency II new business, and represents Solvency II new business contribution as a percentage of the present value of new business premium (PVNBP).

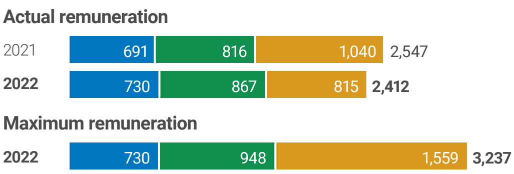
Total remuneration received (£'000)

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

Sir Nigel Wilson



Jeff Davies



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

The values for the 2019 PSP, which vested in 2021, in the charts above have been adjusted to reflect the share price at vesting on 11 March 2022, which was not known at the publication date of the 2021 report. Further details can be found on page 110.

Remuneration policy

The following sections set out our directors' remuneration policy, which is subject to shareholder approval by way of a binding vote at the 2023 AGM on 18 May 2023 and which will take effect from the conclusion of the AGM if approved.

No new incentive plans are proposed. Below is a summary of the changes between the current (2020) remuneration policy and the proposed (2023) remuneration policy:

Remuneration type	Proposed changes	Rationale
Annual Variable Pay (AVP)	• Increase the maximum AVP potential to 200% of base pay for new executive directors. • For existing executive directors the AVP potential would remain at 150% of base pay.	• The current remuneration policy permits an AVP potential of 175% of base pay for 'other executive directors' and an AVP potential of 150% of base pay for the Group Chief Executive and Group Chief Financial Officer. • This opportunity is low in comparison to our principal competitors, and therefore the higher AVP opportunity will ensure we have a remuneration policy with sufficient headroom to recruit high-calibre executive directors.
Performance Share Plan (PSP)	• Dividends to be accrued on PSP awards during the performance period, on any part of the award that ultimately vests. • No dividends will accrue on part of the PSP award that lapses. • Ability to include strategic measures including ESG, with a maximum weighting of 20%.	• Currently dividends are paid only on the vested part of the PSP award, after the award has vested. Allowing dividends to accrue during the performance period provides a greater alignment between executive remuneration and shareholder returns. • The current policy only allows for measures in relation to earnings and shareholder return. As the company's strategy and in particular ESG strategy evolves there may be a desire to include a measure in relation to ESG in future years. The change provides the Committee with the flexibility to do so.
Non-executive directors' fees	• A fee to be paid for the Designated Workforce Director role, initially to be set at £31,500 in line with the additional fee paid to the Senior Independent Director.	• The increasing work and responsibility of the Designated Workforce Director role means that it is appropriate to pay a designated fee for this role.

	Fixed pay			
	Base pay	**Pension contributions**	**Benefits**	**Annual Variable Pay (AVP)**
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	Reviewed annually with effect from 1 March, taking into account: • 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. 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.	In line with other employees in the UK, executive directors may: • participate in a DC pension plan • receive a cash allowance in lieu • receive some combination thereof. Non-UK national executives may be permitted to participate in home-country pension plans where relevant. Base pay is the only element of pensionable remuneration.	In line with other employees in the UK, benefits currently include: • private medical insurance • life insurance • income protection • all-employee (ShareSave and Share Purchase) plans. Executive directors may participate in voluntary benefits and choose to acquire Legal & General products which they fund themselves, sometimes through salary sacrifice. In line with other senior managers in the UK, executive directors receive a non-pensionable cash allowance in lieu of a company car. 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.	In normal circumstances: • performance is assessed over a one-year period • performance measures and weightings are set annually to ensure they are appropriately stretching, and aligned with the group's strategic priorities • performance targets take into account internal forecasts, market expectations and prior year performance. Target normally equates to the forecast in the strategic plan, with maximum set at an appropriate stretch above plan, but still within the company's risk appetite • AVP awards are determined after the year end, taking into consideration performance against targets, individual performance, and overall business performance • 50% of any AVP award is paid in cash, after the year end, with 50% deferred into restricted shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements) for a further three years • dividends or dividend equivalents may accrue during the deferral period and vest and are paid in shares upon vesting • malus and clawback apply to both cash awards and deferred awards.
Opportunity	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: • base pay for a recently appointed executive director has been set with a view to allowing progression in the role over time • there has been a significant increase in the size or scope of an executive director's role or responsibilities • there is a significant change in the regulatory environment.	Pension contributions for executive directors are aligned to that available to the majority of the UK workforce (currently up to 10% of base pay).	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. The maximum opportunity for participation in the all-employee share plans is the same for all employees and takes into account prevailing HMRC rules.	The maximum opportunity in respect of any financial year is: • up to 200% of base pay for any executive director appointed after the approval by shareholders of the remuneration policy • the maximum opportunity will remain at 150% of base pay for the current 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. 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.
Performance	Personal performance will be taken into consideration in determining any base pay increase.	There are no performance conditions.	There are no performance conditions.	A combination of: • financial performance (primary measure with at least 70% weighting) – to ensure growth and return to shareholders • strategic and personal performance – to safeguard the future, with the development of future income streams, and focus on key metrics including customers, culture and 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	A conditional award of shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements). In normal circumstances: • subject to a performance period of no less than three years and a further holding period of no less than two years following the end of the performance period • 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 during the performance period based on the number of shares that vest but not those that have lapsed • malus and clawback apply. Exceptionally, the Committee may adjust and amend the PSP awards in accordance with the rules, including: • lengthening the performance period and/ or the holding period for future awards • reducing (but not increasing) the level of vesting dependent upon the performance of the group.	Fees for the Chair and non-executive directors are set at an appropriate level to reflect: • time commitment required to fulfil the role • responsibilities and duties of the positions • typical competitor practice in the FTSE 100 and other financial services institutions. Fees comprise a base fee for membership of the Board, plus (where applicable) additional fees for: • Senior Independent Director (SID) • Committee Chairship • Committee membership (not including the Nominations and Corporate Governance Committee) • Designated Workforce Director. Additional fees for membership of Committee, or Chairship or membership of subsidiary Boards, or other fixed fees may apply if justified by time or commitment. The Chair receives an inclusive fee for the role. The Chair'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.	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. The Committee retains the discretion to withhold future PSP grants if executive directors are not making sufficient progress towards their shareholding requirement. Non-executive directors may elect to receive a proportion of their fees (normally 50%) in Legal & General shares until their shareholding requirement is met. The sale of shares prior to the shareholding requirements being met may be permitted in extenuating situations, for example, a change to personal circumstances, ill health, etc.
Opportunity or requirement	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). • 15% of the award vests for threshold performance. • 100% of the award vests for achievement of maximum. 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 ESG.	Fees are subject to the aggregate limit in the company's Articles of Association or any subsequent shareholder resolution. Any changes in this limit would be subject to shareholder approval. The Chair 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.	Shares owned outright equivalent to: • 325% of base pay for executive directors • 100% of base fee for non-executive directors.
Performance	An appropriate mix (normally an equal weighting) of: • earnings performance – to incentivise growth in earnings • shareholder return – to deliver a competitive return for shareholders; and • strategic performance including ESG – to incentivise the delivery of broader aspects of the company's strategy. The maximum weighting for any strategic measures will be 20%.	No performance conditions.	Not applicable. See pages 106 and 107 for Remuneration policy notes

Remuneration policy notes

Area	Commentary
Decision making process	In determining the new remuneration policy, the Remuneration Committee followed a robust process. The Committee discussed the detail of the policy over a series of meetings in 2022. The Committee considered the strategic priorities of the business and evolving market practice. Input was sought from the management team, while ensuring that conflicts of interests were suitably mitigated. An external perspective was provided by our major shareholders and independent advisors. The Committee also assessed the policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture.
Deferred share element	The deferred share element of the AVP and the PSP shall be operated in accordance with the rules of the respective plans.
Prior arrangements	The Committee reserves the right to make any remuneration payments and/ or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report, where the terms of the payment were agreed: (i) before 21 May 2014 when the group's first approved policy came into effect; (ii) before the policy above came into effect, provided that the terms of such payment were consistent with the shareholder approved policy at the time the payments were agreed; or (iii) at a time when the relevant individual was not a director of Legal & General and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of Legal & General. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to deferred awards, the terms of the payment are 'agreed' at the time the award is granted.
Minor amendments	The Committee will follow any statutory requirements when operating the policy, and may make minor amendments to the policy for regulatory, exchange control, or administrative purposes without obtaining shareholder approval for that minor amendment.
Malus/ clawback	The Committee may apply malus (i.e. reduce the number of shares in respect of which an award vests, or delay such vesting, or impose additional vesting conditions) in the event of financial misstatement, personal misconduct, failure of risk management, reputational damage, factual error in calculating payment/ vesting, material downturn in performance or other exceptional circumstances identified by the Committee. The Committee may also, in exceptional circumstances, clawback share awards which have already been released to individuals, if it considers it appropriate to do so having regard to such factors as it deems relevant – such as the likelihood of recovery, any loss suffered, and the link between the award and the event. Clawback will normally only apply within four years of the end of the relevant performance period.
Discretion in relation to future operation of the policy	In the event of a variation of the company share capital or a demerger, special dividend or any other event that may affect the company's share price, the number of shares subject to an award and/ or any exercise price applicable to the award, may be adjusted. The Committee may amend any performance conditions applicable to PSP awards if any event occurs which causes the Committee to consider an amended performance condition would be more appropriate and not materially less difficult to satisfy.
Performance measures and targets	The performance conditions for the AVP and the PSP have been chosen by the Committee to align with the group's strategic priorities and are the key performance indicators in relation to the operation of the business. AVP financial measures have been chosen to ensure company growth and return to shareholders. AVP strategic and personal measures have been set to safeguard the future of the company, by for instance, focusing on the development of future income streams and to ensure performance related to key metrics such as risk management, customer strategy and culture is taken into consideration. For the PSP, earnings measures are chosen to incentivise growth in earnings and shareholder return measures are chosen to deliver a good return on equity for shareholders.
Remuneration policy for other employees	The remuneration policy for other employees does not differ significantly from the executive remuneration policy. Further details are provided on page 107.

Recruitment remuneration

The Committee will pay no more than it considers necessary to attract appropriate candidates, and it is not contemplated that remuneration will need to be different from the structure or exceed the limits set out in the remuneration policy table. The maximum variable remuneration will be in line with that set out in the remuneration policy table, that is 500% of base pay, excluding any compensation for awards forfeited on appointment.

As a result of regulations around the globe in the financial services sector, executives are likely to have accrued deferred remuneration which may be lost upon a change of employment. Accordingly, to aid the recruitment of a new executive director, the Committee may grant deferred cash and share awards to compensate for awards forfeited upon leaving a previous employer, taking into consideration relevant factors including:

- the form of the award
- any performance conditions
- the vesting profile and likelihood of vesting
- relevant regulatory requirements and guidance.

Any awards will reflect the terms and the value of the arrangements forgone, and any such compensation will be subject to forfeiture and clawback if the executive leaves the company voluntarily within a fixed time period determined by the Committee, being not less than three years. Where possible the Committee will use existing share-based plans. However, in the event these are not appropriate, the Committee retains the discretion to use the Listing Rules exemption (LR 9.4.2) for the purpose of making an award to compensate for amounts forfeited upon leaving a previous employer.

For internal appointments, the Committee may continue to honour prior commitments made before joining the Board.

Where a new executive director has to relocate to take up the appointment, either within the UK or from overseas, practical and/ or financial support may be provided in relation to relocation or mobility including the cost of any tax incurred for a period not exceeding two years. For appointments from overseas, certain home country benefits may continue to apply. Relocation and mobility support may also apply to the recruitment of a non-executive director.

The Committee will normally align the remuneration arrangements for new non-executive directors with those outlined within the policy table.

Service contracts and appointment letters
All executive directors are subject to annual re-election. The contracts for executive directors are rolling service contracts.

When determining the leaving arrangements for an executive director, the Committee will take into account any pre-established agreements, including the rules of any incentive plans, statutory and contractual obligations, the performance and conduct of the individual and the commercial justification for any payments.

Standard notice policy is:

- 12 months' notice from the company
- 12 months' notice from the executive director.

Executive directors may be required to work during their notice period, or take a period of 'garden leave', or may be provided with payments in lieu of notice if not required to work their full notice period.

Appointment letters for non-executive directors are currently for three years, but subject to annual re-election. Appointments may be terminated by either party without notice.

Termination and payments for loss of office
Any termination payments in lieu of notice would consist solely of base pay and the cost of providing benefits for the outstanding notice period. Any statutory requirements will be observed. Our standard practice is to include within executive directors' contractual terms mitigation provisions as regards to payments in lieu of notice.

Eligibility for annual variable pay, deferred annual variable pay awards and performance share awards are governed by their respective plan rules, as summarised below:

- Annual variable pay (AVP) – there is no automatic entitlement to an annual bonus in the year of cessation of employment. However, for a 'good leaver', the Committee may determine that an executive director will receive a bonus pro-rated for the period through to leaving based on targets and performance for the full year, and an assessment of overall business and personal performance.
- Deferred AVP awards – in the event that a participant is a 'good leaver' any outstanding unvested deferred awards will normally be released in accordance with the ordinary timescale. Exceptionally, the Committee reserves the right to accelerate any vesting or payment, for example in the case of terminal illness.
- Performance share plan (PSP) – unless the Committee determines otherwise, in the event that a participant is a 'good leaver' any unvested PSP awards will be pro-rated for the period through to leaving and vest based on targets and performance to the end of the performance period, with awards released at the normal times. Exceptionally, the Committee reserves the right to accelerate vesting or payment due, for example, in the case of terminal illness.

'Good leaver' circumstances are leaving due to death, disability, ill-health or injury, redundancy, retirement with company agreement, the individual's employing company/ business ceasing to be part of the group, or other circumstances at the Committee's discretion. For all other leavers, unvested awards lapse.

Awards will generally vest early upon a takeover of the company, merger or other corporate reorganisation. Alternatively participants may be allowed or required to exchange their awards for new awards. If there is a demerger, delisting or special dividend or other transaction which may affect the share price, the Committee may allow awards to vest on the same basis as for a takeover.

The Committee reserves the right to make any other payments in connection with a director's cessation of office/ employment where the payments are made in good faith in the discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement of any claim arising in connection with the cessation of the director's office/ employment, or for any fees for outplacement assistance and/ or director's legal and/ or professional advice fees in connection with his/ her cessation of office/ employment.

Consideration of employment conditions elsewhere in the group
The remuneration policy for other UK employees is similar to that for executive directors in accordance with our philosophy that remuneration should be appropriate to the local competitive market, and reward high performance in a framework of appropriate risk management.

Some components of remuneration may apply only to certain levels of employees (for example, long-term incentives). Other components of remuneration may be paid at different levels based on grade or length of service (for example, pension participation, and some benefit entitlements and allowances). There are other variances depending on geographic location and local market practice. However, the general approach is consistent across the group. Further details are provided on page 120.

The Committee receives information regarding base pay, benefits, variable pay and terms and conditions of employees throughout the group. This includes relevant background information that allows the Committee to consider not only the highest paid, but the lowest paid and all pay levels across the group, and ensure a consistency of approach when determining the remuneration arrangements for executive directors. The Committee also has oversight of all long-term incentive awards across the company.

The company does not invite employees to comment specifically on the directors' remuneration policy, but regular employee surveys include questions about pay and benefits, and the responses are used to inform remuneration policy across the group.

Remuneration policy
continued

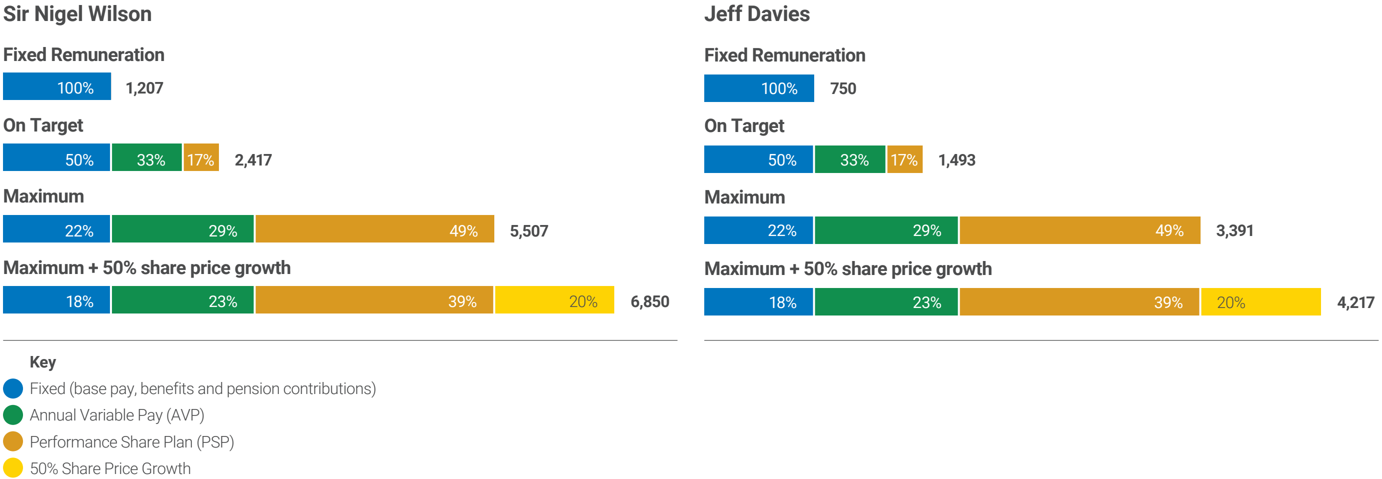
Statement of consideration of shareholder views

The Committee seeks to maintain an active dialogue with investors regarding remuneration and corporate governance more generally. During 2022, the Committee sought feedback from its 20 largest shareholders and representative bodies regarding the directors' remuneration policy, so that shareholders could enter into further discussions with the Chair of the Committee, and express their views in advance of the Committee making any final proposals. The responses helped shape the Committee's thinking in formulating the changes to the remuneration policy. The Committee is grateful to shareholders for their feedback and continues to appreciate all feedback.

Illustration of the application of the remuneration policy

The charts below illustrate the executive directors' fixed remuneration (defined below) and how much they could earn for target and maximum performance and in the event of a 50% growth in share price for PSP awards based on their remuneration for 2023.

Remuneration scenario (£'000)



In developing the scenarios, the following assumptions have been made:

Fixed remuneration	Consists of 2023 base pay, benefits (based on the value included in the single figure for 2022) and pension.
On Target	In addition to fixed remuneration: • annual variable element pays out at 50% of maximum and includes the potential value that each executive director could receive for target performance • PSP is shown at threshold (15% of maximum).
Maximum	In addition to fixed remuneration, includes the potential value that each executive director could receive for maximum performance under the annual variable element and the PSP.
Maximum + 50% share price growth	In addition to the maximum scenario, includes a 50% share price increase assumption on the PSP award.

How our approach to remuneration aligns with strategy

Our remuneration approach has been designed to support strategy and reward the achievement of long-term sustainable performance. In alignment with the provisions of the UK Corporate Governance Code, the Committee has continued to consider our approach to executive remuneration to ensure that our policies, structures and performance measures have clear strategic rationale.

The Committee considers it essential that the performance measures used for the purpose of the incentive arrangements for management are directly aligned to the group's KPIs. The following sets out how the performance measures used for the purpose of the AVP and PSP are directly linked to our 2023 KPIs (including the introduction of a new metric related to the net movement in Contractual Service Margin (CSM) following the implementation of IFRS 17 on 1 January 2023), and other strategic priorities and the rationale for these measures.

How do the performance measures used for incentive arrangements align with the group's 2023 key performance indicators and other strategic priorities?

Group KPIs and strategic priorities	**Profitability**				**Solvency II**		**Shareholder value creation**	**Strategic priorities and non-financial goals**			
	Adjusted operating profit	EPS	ROE	Contractual Service Margin	Operational surplus generation	NBVA	Total Shareholder Return	Risk	ESG	Culture	Customer
AVP	15%	10%	10%	12.5%	12.5%	10%		30% and Moderator			
PSP		50%			Underpin		50%	Underpin			

Alignment with the UK Corporate Governance Code

When determining our new directors' remuneration policy, the Committee reviewed our alignment with the provisions of the revised 2018 Code. The table below details how the Committee addressed the principles set out in the UK Corporate Governance Code in respect of the directors' remuneration policy:

Clarity	• The Committee welcomes open and frequent dialogue with shareholders on our approach to remuneration. As part of the review of the policy during 2022, shareholders were consulted to understand their views on proposed changes. • The remuneration policy for our executive directors has been designed in line with the remuneration philosophy and principles that underpin remuneration across the group, and the details of our approach to executive remuneration is transparent for all employees.
Simplicity	• Our remuneration arrangements throughout the group are simple in nature and well understood by both participants and shareholders. Although quantum and participation will vary, the policies and practices applying to executive directors are the same as for the wider workforce in most instances. • The objective of each element of our policy is explained and the amount paid in respect of each element of pay is clearly set out.
Risk	• In line with regulatory requirements, our approach aims to promote sound and effective risk management whilst supporting our long-term success. The Committee considers that the structures of incentive arrangements do not encourage inappropriate risk-taking. • In reviewing award outcomes the Committee is presented with a comprehensive report from the Chief Risk Officer to ascertain that objectives have been fulfilled within the risk appetite of the group. In addition, the Committee receives feedback from the Group Regulatory Risk and Compliance function on any issues to consider around regulatory breaches or customer outcomes. • AVP deferral, the PSP holding period and our shareholding requirement (including the post-cessation shareholding requirement) provide a clear link to the ongoing performance of the business and the experience of our shareholders. • Malus and clawback provisions apply to both the AVP and PSP.
Predictability	• Our policy contains details of threshold, target and maximum opportunity levels under our AVP and PSP, with actual outcomes dependent on performance achieved against predetermined measures and target ranges. This is illustrated by the charts on page 102.
Proportionality	• The AVP scorecard rewards achievement of our annual operating targets and the PSP scorecard rewards achievement of long-term financial and shareholder value creation targets. The Committee's ability to apply discretion to reduce formulaic outcomes under both plans ensures appropriate out-turns in the context of underlying company and individual performance. • Our performance measures and target ranges under the AVP and PSP are aligned to company strategy. This is illustrated by the chart above.
Alignment to culture	• Under the AVP, the Committee assesses performance against a range of objectives, including those related to our customers and culture, strategy and risk, including ESG measures. This ensures that reward is not determined solely on financial performance but also drives behaviours consistent with Legal & General's culture.

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 2023
Content contained within a black outline box indicates that all the information in the panel is planned for implementation in 2023.

'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 2022 financial year, together with a comparative figure for 2021.

Single figure table

	Fixed				Variable				
						PSP			
Executive director	Base pay £'000	Benefits £'000	Pensions £'000	Total fixed £'000	AVP £'000	Face value £'000	Share price appreciation £'000	Total variable £'000	Total £'000
2022									
Sir Nigel Wilson	**1,020**	**25**	**153**	**1,198**	**1,410**	**1,281**	**73**	**2,764**	**3,962**
Jeff Davies	**625**	**23**	**82**	**730**	**867**	**771**	**44**	**1,682**	**2,412**
2021									
Sir Nigel Wilson	980	24	147	1,151	1,388	1,960	(188)	3,160	4,311
Jeff Davies	590	23	78	691	816	1,150	(110)	1,856	2,547

1. **Reporting of the 2019 PSP in the 2021 annual report**
The vesting date of the 2019 PSP award occurred after the 2021 results announcement. As a result, the PSP figures recognised in the 2021 annual report were based on a three-month average share price to 31 December 2021. The 2019 PSP figures reported in the 2021 single figure table above now reflect the share price at vesting on 11 March 2022, at 258p per share. The figures in the 2021 report were £1,980,555 (Sir Nigel Wilson) and £1,162,567 (Jeff Davies).

Base pay

Executive director	Annual base pay as at 1 January 2022	Annual base pay effective 1 March 2022	Total base pay paid in 2022
Sir Nigel Wilson	**979,500**	**1,028,500**	**1,020,333**
Jeff Davies	**590,000**	**632,000**	**625,000**

Annual base pay effective 1 March 2023	% increase
1,074,800	**4.5**
660,400	**4.5**

Benefits

Benefits include the elements shown in the table below.

Executive director	Car allowance, insurances and taxable expenses £'000	Dividends £'000	Discount on ShareSave, and ESP matching shares £'000	Total benefits £'000
2022				
Sir Nigel Wilson	**19**	**5**	**1**	**25**
Jeff Davies	**20**	**1**	**2**	**23**
2021				
Sir Nigel Wilson	19	4	1	24
Jeff Davies	20	1	2	23

The Employee Share Purchase Plan (ESP) 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. ShareSave is calculated based on the value of the discount on ShareSave share options exercised in the year.

Benefits for 2023

Benefits for 2023 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. From 31 December 2022, Sir Nigel Wilson and Jeff Davies receive a cash allowance in lieu of pension contributions of 10% of base pay, aligned with the employer pension contributions for the majority of the UK workforce. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2023

In line with the proposed remuneration policy, for 2023 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.

2022 Annual Variable Pay (AVP) awards

The 2022 AVP awards are based on performance for the year ended 31 December 2022. 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 2022 AVP awards to be paid, incorporating the amount payable in cash in 2023 (50%), and amount deferred into restricted shares for a further three years to be released in 2026 (50%) subject to continued employment with malus and clawback provisions.

	2022 performance targets and outcome						AVP award (% of maximum)	
Performance measure	**Threshold (0% max)**	**Target (50% max)**	**Maximum (100% max)**	**Actual**	**Outcome (% of max)**	**Weighting**	**Sir Nigel Wilson**	**Jeff Davies**
Net release from operations (NRO)	£1,685m	£1,760m	£1,835m	£1,919m	100.0% x	15.0% =	15.0%	15.0%
Adjusted operating profit	£2,262m	£2,396m	£2,465m	£2,523m	100.0% x	20.0% =	20.0%	20.0%
Earnings per share (EPS)	34.2p	35.6p	36.9p	38.3p	100.0% x	7.5% =	7.5%	7.5%
Return on equity (ROE)	18.9%	19.4%	19.9%	20.7%	100.0% x	7.5% =	7.5%	7.5%
Solvency II operating surplus generation	£1,683m	£1,733m	£1,783m	£1,805m	100.0% x	10.0%	10.0%	10.0%
Solvency II new business value add (NBVA):								
LGRI	3.4%	5.4%	6.4%	8.90%	100.0% x	5.0%	5.0%	5.0%
Retail retirement – UK annuity business	5.2%	5.5%	5.9%	6.27%	100.0% x	2.5%	2.5%	2.5%
Retail insurance – UK and US protection	6.3%	6.8%	7.2%	7.17%	95.7% x	2.5%	2.4%	2.4%
Strategic – Sir Nigel Wilson					71.7%	30.0% =	21.5%	
Strategic – Jeff Davies					72.0%			21.6%
Total (% of maximum)						100%	91.4%	91.5%
							x	x
Maximum bonus opportunity (% of base pay)							150%	150%
							x	x
Base pay							£1,028,500	£632,000
							=	=
2022 AVP award							£1,410,000	£867,100

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 against gender and other diversity goals.
- **Other strategic objectives:** focus on safeguarding the future of the company and developing future income streams. For 2022, this includes progress of key environmental commitments as referenced in our 2021 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.

The performance of the executive directors across the three focus areas for 2022 was strong and a list of the key focus areas and outcomes is set out below.

	Assessment (out of 30%)	
Focus areas and outcomes	**Sir Nigel Wilson**	**Jeff Davies**
Operational performance: • Strong performance against our five year (2020 – 2024) Solvency II operational surplus goals (progress to date: £4.9 billion) and against ambition for Solvency II net surplus generation to cumulatively exceed dividends over 2020 – 2024 (£0.7 billion accrued to the end of 2022). • Strong operational performance across all divisions including: – £9.5 billion of sales across the UK, US and Canada in institutional retirement (2021: £7.2 billion) – continued development of fintech solutions, with investments in three businesses (Onto, Moneyhub and Generation Home) – implementation of LGIM's strategic operating model to create a globally scalable platform with State Street – LGC's first investment in the US, a 50:50 partnership with US real estate developer and asset manager, Ancora. • Risk management aligned with the framework set out in page 54 of the annual report.		
Customer and culture: • Net promoter score of +71 within our institutional retirement business. • Cultural focus areas assessed included: – prioritisation of employee growth, development and learning culture – collaboration both within divisions and across the group to drive incremental business value – delivery against diversity and inclusion priorities – across the group, there was continued positive employee feedback with the employee satisfaction index at 78% (2021: 76%) and progressive narrowing of median gender pay gap to 22.4% (2021: 24.1%). • Specific divisional metrics (not disclosed).	21.5/30	21.6/30
Other strategic: • portfolio carbon emission intensity reduced in line with pathway to achieve 18.5% reduction by 2025 and 50% reduction by 2030, with end of 2022 reduction of at least 12% compared to 2019 base line (2022: actual reduction of 15%) • science-based targets (SBTs) for our operations and key parts of our asset portfolio internally approved and submitted to the Science Based Targets initiative (SBTi) by December 2022 for their approval (2022: submitted to SBTi) • operational footprint (occupied offices and business travel) on track to achieve net zero carbon emissions by 2030 and plan agreed for achieving operational footprint SBTs (2022: plans developed and footprint reduced in line with plan) • other specific strategic targets (not disclosed).		

In addition, the Committee considers the Solvency II coverage ratio (2022: 236%) 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 2022, it was determined that no adjustment was necessary to the calculated AVP awards.

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 2022 AVP awards have been deferred for three years into restricted shares, subject to continued employment and with malus and clawback provisions.

AVP potential 2023

In line with the remuneration policy, for 2023 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 2022. Group financial targets will be disclosed in the 2023 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 2023 AVP awards will be deferred for three years into restricted shares, subject to continued employment, with malus and clawback provisions.

Details of how the 2020 PSP award vested

The 2020 PSP award vested at 52.3% of maximum in March 2023 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 2022. A summary of the outcome per measure is below, with further detail provided on page 115.

Performance measure	Weighting	Outcome (% of maximum)
TSR vs FTSE 100	25%	8.6%
TSR vs bespoke comparator group	25%	0.0%
EPS growth (% p.a.)	50%	43.7%
Total (% of maximum)	100%	52.3%

The bespoke comparator group comprises:

Abrdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, CNP Assurances, Gjensidige Forsikring, Hannover Rueck, Lincoln National, Mapfre, M&G, Metlife, Muenchener Ruck, NN Group, Phoenix Group, Principal Financial, Prudential, Prudential Financial, Sampo A, 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.

Consideration of potential windfall gains

The 2020 PSP awards were granted in a year of considerable share price volatility, due to the impact on global markets of Covid-19. At that time, the Committee chose to delay the grants until markets had started to stabilise, with the 2020 PSP awards subsequently granted in August 2020 at a share price of 229.26p. If the grant had happened in line with our usual timeframe, the equivalent share price at the date of grant would have been 191.75p. By taking this action at the point of grant the Committee granted 16% fewer shares to executives than under the default approach. The Committee has considered whether any adjustment for any 'windfall gain' should be made and assessed the formulaic outcome in the context of overall performance. The share price at that later date of grant has proven to be sufficiently reflective of market conditions and average share price throughout the performance period, and therefore the Committee determined that no downward adjustment to the formulaic outcome is required.

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)
12 August 2020	1 January 2020 to 31 December 2022	FTSE 100		46.5	19.0	40.2	34.4%
		Bespoke comparator group	9.3%	12.0	5.0	13.6	0.0%

	Performance target			
Performance condition	Threshold	Maximum	Actual performance	Outcome (% of maximum)
EPS growth (% p.a.)	5%	12%	11%	87.4%

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.

The PSP award will vest on 10 March 2023. 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 110 has been calculated based on the number of shares vesting multiplied by the average share price over the quarter ended 31 December 2022 (242.3p). The actual share price and value at vesting will be reported in the 2023 annual report.

Executive director	Shares granted in 2020	Vesting outcome (% of maximum)	Shares vesting in March 2023	Estimated value of shares on vesting (£)
Sir Nigel Wilson	1,068,110	52.3%	558,621	1,353,539
Jeff Davies	643,374	52.3%	336,484	815,301

Performance Share Plan (PSP) 2023 awards: Sir Nigel Wilson and Jeff Davies will each be granted an award with a face value of 250% of base pay.

For the 2023 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).

The bespoke comparator group will be unchanged from the 2022 PSP.

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, market expectations of performance, the impact of the new IFRS 17 accounting standard on the timing of the reporting of profit, 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.	14% 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.

Other remuneration information

Total shareholder return (TSR)

The chart shows the value, as at 31 December 2022, of £100 invested in Legal & General shares on 31 December 2012, 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.

Group Chief Executive – historical 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
2022	Sir Nigel Wilson	3,962	91.4%	52.3%
2021	Sir Nigel Wilson	4,311	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%

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 110, 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 – 2021.

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 2022. The deferred AVP represented 50% of the total AVP award in 2022 and the PSP awards were granted over 250% of base pay.

Executive director	Reason for award	Award type	Awards granted in 2022	Grant price £	Face value at grant price £
Sir Nigel Wilson	PSP	Nil-cost option	948,380	2.7112	2,571,248
	Deferred AVP	Restricted shares	255,220	2.7200	694,198
Jeff Davies	PSP	Nil-cost options	582,767	2.7112	1,579,998
	Deferred AVP	Restricted shares	149,981	2.7200	407,948

Performance conditions for PSP awards granted in 2022

The PSP awards were granted on 19 April 2022. 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 Abrdn, 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 2022, 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, the 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).

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 2022.

Statement of directors' shareholding and share interests

Total shareholding of executive directors:

						Shares sold or acquired during the period 1 January 2023 and 7 March 2023	
	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	Owned outright/ vested shares	Subject to deferral/ holding period
Sir Nigel Wilson	Shares	3,637,332	591,237	4,228,569	–	–	–
	ESP	21,376	6,042	27,418	–	147	81
	Options	–	896,487	896,487	2,848,831	–	–
Jeff Davies	Shares	406,756	349,740	756,496	–	–	–
	ESP	4,490	1,181	5,671	–	147	81
	Options	–	527,159	527,159	1,727,500	–	–

Shareholding requirement – executive directors

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

	Actual share ownership as % of 2022 base salary: vested shares[1]	Shareholding requirement met	Shares owned at 1 January 2022	Shares owned at 31 December 2022	Shares sold or acquired during the period 1 January 2023 and 7 March 2023
Sir Nigel Wilson	888%	Yes	3,656,656	3,658,708	228
Jeff Davies	162%	No	248,215	411,246	228

1. Closing share price as at 31 December 2022: 249.0p

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 2022

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 2022 they are shown below:

Executive director	Date of grant	Shares exercised	Exercise date	Share price at date of exercise £	Gain £
Sir Nigel Wilson	18/04/2017	306,024	14/04/2022	2.744	839,730
Jeff Davies	18/04/2017	168,330	10/03/2022	2.559	430,756
Jeff Davies	05/04/2019	1,990	01/06/2022	2.556	768

Non-executive directors' remuneration – 2022

Non-executive directors' fees

The fees for the Chair and non-executive directors were reviewed during 2022 and with effect from 1 August 2022 the fee for the Chair was increased from £550,000 to £577,500. From 1 August 2022 there were also increases to the fees for non-executive directors. The base fee was increased from £75,000 to £78,750. The fees for chairing the Audit, Remuneration and Risk committees were increased from £40,000 to £42,000 and the committee membership fees for these Board committees were increased from £15,000 to £15,750. The fee for the Senior Independent Director was also increased from £30,000 to £31,500.

From 1 September 2022 a fee of £31,500 was introduced for chairing the Technology Committee, and also for the Designated Workforce Director. No fee was paid for membership of the Nominations and Corporate Governance and Technology Committees. The table below sets out the current fees.

Annual fees	Current fee £
Chair	577,500
Base fee	78,750
Additional fees:	
Senior Independent Director	31,500
Committee Chair fee (Audit, Remuneration and Risk Committees)	42,000
Committee Chair fee (Technology Committee)	31,500
Committee membership fee (Audit, Remuneration and Risk Committees)	15,750
Designated Workforce Director	31,500

The current limit for base fees paid to non-executive directors is an aggregate of £1,500,000 per annum. A resolution will be put to the AGM on 18 May 2023 which will seek approval to increase the aggregate amount of fees which may be paid to the company's directors to £3,000,000 per annum. The company has no intention to make any changes to director fees beyond ordinary course changes from time to time; however, the current limit was set in 2016 and this proposed increase will bring the company's fee limit more into line with the limits of other large financial services groups. The company has consulted with a number of its largest shareholders on these resolutions and the proposals set out in the Notice of Meeting will take into account these shareholder views.

The table below shows the actual fees paid to our non-executive directors in 2022 and 2021.

Non-executive director		Fees for 2022	Benefits for 2022[4]	Total remuneration for 2022	Fees for 2021	Benefits for 2021	Total remuneration for 2021
Sir John Kingman	Chair N	**561,458**	**–**	**561,458**	534,250	64	534,314
Henrietta Baldock[1]	N R Ri	**207,625**	**–**	**207,625**	200,833	–	200,833
Nilufer von Bismarck	A N Ri T	**162,313**	**292**	**162,605**	67,770	–	67,770
Philip Broadley	A N R Ri T	**163,542**	**1,615**	**165,157**	155,833	1,521	157,354
Carolyn Johnson	A N T – appointed 17 June 2022	**58,665**	**–**	**58,665**	–	–	–
Lesley Knox[2]	N R Ri	**232,583**	**3,471**	**236,054**	223,750	3,263	227,013
George Lewis[3]	A N R Ri	**174,830**	**12,870**	**187,700**	102,917	–	102,917
Ric Lewis	N R Ri	**107,188**	**–**	**107,188**	99,167	–	99,167
Tushar Morzaria	A N R Ri – appointed 27 May 2022	**89,252**	**–**	**89,252**	–	–	–
Laura Wade-Gery	N R Ri T – appointed 3 January 2022	**97,562**	**348**	**97,910**	–	–	–
Toby Strauss	A N Ri T – stepped down 29 April 2022	**43,333**	**255**	**43,588**	121,250	–	121,250

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

1. Henrietta Baldock is also Chair of the Legal and General Assurance Society Board for which she receives a separate fee to that paid to her as a non-executive director of the company. The actual fees in the table above include her total fees for both roles.
2. 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.
3. George Lewis is also a NED for Legal and General Assurance (Pensions Management) Limited Board for which he receives a separate fee to that paid to him as a non-executive director of the company. The actual fees in the table above include his fees for both roles.
4. The Chair 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 of 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 3 January 2023, taking into account share purchases in relation to December 2022 fees.

Name	Shareholding as at 3 January 2023	Shareholding as a % of base fee	Guideline met	Shares purchased from 4 January 2023 to 7 March 2023
Sir John Kingman	292,610	126%	Met	1,286
Henrietta Baldock	49,354	156%	Met	1,880
Nilufer von Bismarck	42,134	133%	Met	–
Philip Broadley	92,260	292%	Met	–
Carolyn Johnson – appointed 17 June 2022	6,500[1]	103%	Met	–
Lesley Knox	77,600	246%	Met	–
George Lewis	54,319	172%	Met	–
Ric Lewis	35,570	113%	Met	2,568
Tushar Morzaria – appointed 27 May 2022	60,000	190%	Met	–
Laura Wade-Gery – appointed 3 January 2022	12,701	40%	On target[2]	–

1. Carolyn Johnson holds 6,500 Legal & General Group American Depositary Receipts.
2. Laura is on track to meet the shareholding requirement within three years based on the value of her shareholding as a proportion of her fee.

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 2022	08 July 2025
Carolyn Johnson	17 June 2022	17 June 2025
Lesley Knox	01 June 2022	01 June 2025
George Lewis	01 November 2021	01 November 2024
Ric Lewis	18 June 2020	18 June 2023
Tushar Morzaria	27 May 2022	27 May 2025
Laura Wade-Gery	03 January 2022	03 January 2025

Toby Strauss stepped down from the Board on 29 April 2022. The standard term for non-executive directors is three years and for the Chair is five years. All non-executive directors are subject to annual re-election by shareholders.

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 a long-term incentive plan, typically either the Share Bonus Plan (SBP) for the majority of employees or the Performance Share Plan (PSP) for the most senior management.

Summary of the remuneration structure for employees below the Board

Element	Policy
Fixed	
Base pay	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: • the individual's skills, experience and performance • scope of the role • external market data • pay and conditions elsewhere in the group • overall business performance. 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. During 2022 the average increase was around 5.2%. For 2023 the approach adopted was for the lowest paid employees (less than £25,000) to receive, on average, the highest increases (generally 7.5% of base pay).
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 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	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. The group operates bespoke bonus plans where business appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans. Bonuses above a certain threshold are subject to deferral. Deferred awards are normally held in shares for three years and are subject to malus and clawback. The company reserves the right to adjust deferral levels for Code staff as deemed necessary to comply with regulatory requirements.
Share bonus plan (SBP)	Key employees, including senior managers, high performing and high-potential individuals and those with critical skills may receive SBP awards, typically in the form of restricted shares vesting three years from the grant date. SBP is also used as the vehicle for deferral of annual bonuses in the majority of cases.
Performance share plan (PSP)	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. PSP awards were made to around 20 employees during 2022. Where appropriate, grants under the PSP may also be made for new employees who join the company during the year in key roles.
Other	
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 a new social impact report, which contains the statutory disclosure of our gender pay gap for 2022. Further details can also be found on page 50 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 the Department for Business, Energy and Industrial Strategy (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

		Pay ratio			All UK employees £		
Year	**Method**	**75th percentile**	**Median**	**25th percentile**	**75th percentile**	**Median**	**25th percentile**
2022	**B**	**46**	**73**	**120**	**86,376**	**54,058**	**32,985**
2021	A	52	88	146	82,475	49,226	29,531
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

		Pay ratio			All UK employees £		
Year	**Method**	**75th percentile**	**Median**	**25th percentile**	**75th percentile**	**Median**	**25th percentile**
2022	**B**	**15**	**22**	**38**	**68,000**	**46,600**	**27,000**
2021	A	14	23	38	68,675	42,444	26,000
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 2021 and 2022 the ratio of total remuneration for the Group CEO compared to UK employees has decreased. The decrease is principally the result of the lower vesting level of the 2020 PSP compared with the PSP award 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 2022, consistent with the methodology for gender pay reporting. The total remuneration figures for the UK employees are based on salaries at 1 December 2022. Bonus amounts for 2022 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 2022 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 2022 based on the option A method in the 2023 report. We do not believe that this will result in pay ratio figures that are materially different to the 2022 figures disclosed above.

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

Annual report on remuneration
continued

Percentage change in directors' 2022 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.

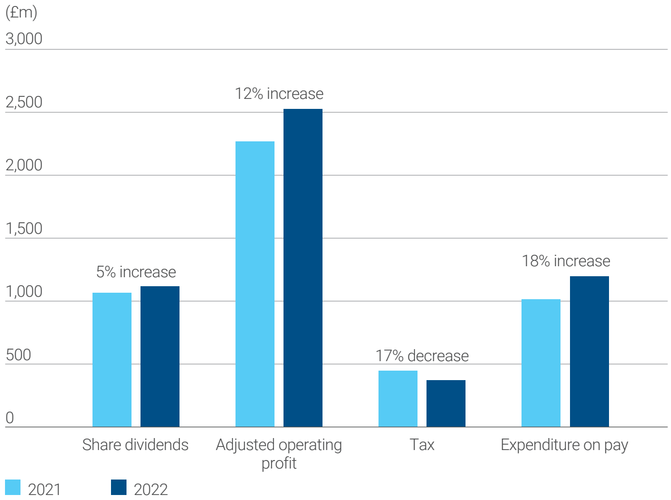
	Year ended 31 December 2022			Year ended 31 December 2021			Year ended 31 December 2020		
	Base pay/ fees (% change)	**Benefits (% change)**	**AVP (% change)**	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)
Executive directors									
Sir Nigel Wilson	**4.2%**	**4.1%**	**1.6%**	0.0%	3.3%	301.6%	3.4%	3.4%	(73.2)%
Jeff Davies	**5.9%**	**4.0%**	**6.3%**	0.0%	0.7%	282.2%	6.6%	6.3%	(72.1)%
Chair and Non Executive Directors[1]									
Sir John Kingman	**5.1%**	**n/a**	**n/a**	4.2%	n/a	n/a	3.3%	n/a	n/a
Henrietta Baldock	**3.4%**	**n/a**	**n/a**	0.8%	n/a	n/a	4.5%	n/a	n/a
Nilufer von Bismarck[2]	**59.7%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Philip Broadley	**5.0%**	**n/a**	**n/a**	28.7%	n/a	n/a	3.6%	n/a	n/a
Carolyn Johnson	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Lesley Knox	**3.5%**	**n/a**	**n/a**	2.8%	n/a	n/a	1.9%	n/a	n/a
George Lewis[3]	**69.9%**	**n/a**	**n/a**	11.0%	n/a	n/a	4.9%	n/a	n/a
Ric Lewis	**8.1%**	**n/a**	**n/a**	7.8%	n/a	n/a	n/a	n/a	n/a
Tushar Morzaria	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Laura Wade-Gery	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Average for UK employees	**4.7%**	**4.7%**	**(0.3)%**	**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 increases in base fees and fees in relation to chairing a committee and membership of a committee as well as changes to the membership of the committees.
2. Nilufer von Bismarck was appointed to the Board on 1 May 2021, the percentage increase is based on the change in annualised fees for 2021 compared with 2022 and also reflects her appointment as the Designated Workforce Director in 2022.
3. The increase in fees for George Lewis reflects his appointment to the Board of Legal and General Assurance (Pensions Management) Limited and his appointment as Chair of the Risk Committee.

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 2021 or 2022.



Remuneration Committee

The table below shows the members and attendees of the Remuneration Committee during 2022.

Committee members, attendees and advice

Meetings in 2022

During 2022, 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 2022 is shown in the table below. During 2022, the Remuneration Committee comprised the following non-executive directors:

Non-executive director	Number of Remuneration Committee meetings attended during 2022
Lesley Knox	5/5
Henrietta Baldock	5/5
Philip Broadley	5/5
George Lewis	5/5
Ric Lewis	5/5
Tushar Morzaria (from 27 May 2022)	3/3
Laura Wade-Gery (from 14 October 2022)	1/1

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First	• Reviewed the 2021 gender pay gap report.	• Reviewed findings of the CRO report and group-wide culture review. • Approved the 2021/ 22 annual pay review and executive pay awards. • Approved vesting of the 2019 PSP and CALA LTIP.	• Approved the 2022 AVP performance measures. • Approved 2022 PSP and SBP awards. • Approved the 2022 ShareSave invitation.	• Approved the 2022 maximum fixed to variable pay ratio for IFPR regulated firms.
Third	• Reviewed outcomes of AGM. • Reviewed 2022 gender pay gap figures.	• Financial update and indicative variable pay update for executive teams. • Reviewed PSP vesting forecasts and debated potential windfall gains in relation to 2020 PSP awards.	• Reviewed executive remuneration policy and debated possible changes. • Reviewed proposed approaches to assisting wider workforce financial wellbeing in light of cost of living pressures.	
Fourth	• Reviewed and approved the Committee's terms of reference. • Reviewed report on the activities of the Group Reward Steering Committee in 2022.	• Consideration of AVP out-turns in respect of 2022.	• Continuation of review of executive remuneration policy considering shareholder feedback. • Reviewed remuneration policy for the wider workforce. • Reviewed AVP and PSP performance measures and targets for 2023.	• Reviewed Code staff lists. • Approved remuneration policy statements for FCA and PRA. • Approved the 2023 maximum fixed to variable pay ratio for IFPR regulated firms.

At the invitation of the Remuneration Committee, the Group Chair attends Committee meetings. Where appropriate, the Group Chief Executive, the Group HR Director, Group Reward Director, Head of Executive Compensation, Director of Group Finance, Group Chief Risk Officer and Climate Change Director 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 2022, 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 2022 were £136,150 (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 advisor 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.

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, Non-financial 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 whether 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 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 2022, 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 and whilst the proposed new remuneration policy remains very similar to the existing policy we have proposed a number of changes.

For annual variable pay (AVP) it is proposed that the maximum opportunity for all executive directors is increased to 200% of base pay. This higher AVP opportunity will apply only to new executive directors, not the existing executive directors whose AVP opportunity will remain unchanged at 150% of base pay. For the performance share plan (PSP) it is proposed to allow dividends to accrue as additional shares, from the date of grant, on any part of the award that ultimately vests.

We engaged regularly with our workforce throughout 2022, 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 2023, including in relation to our new remuneration policy.

Statement of voting at the Annual General Meeting (AGM) 2022

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 2022.

Item	For	Against	Abstain number
Remuneration policy	95.71%	4.29%	
	4,109,620,878	184,122,218	12,853,165
Remuneration report	95.39%	4.61%	
	3,651,512,293	176,478,762	148,401,858

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 2022, the company had 4.89% of share capital available under the 5% in 10 years limit and 9.49% of share capital under the 10% in 10 years limit.

As at 31 December 2022, 58,217,071 shares were held by the Employee Benefit Trust in respect of outstanding awards of 77,001,347 shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

During 2022, Sir Nigel Wilson held no external appointments. Jeff Davies was a non-executive director for Bio-Ethniki Hellenic General Insurance Company S.A.

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.