

LEGAL & GENERAL GROUP PLC (the “Company”)

Remuneration Committee – Terms of Reference

1. Constitution of the Committee

1.1. The Board of Directors of the Company (the “Board”) resolved to appoint a Remuneration Committee (the “Committee”), which is a committee of the Board. The Committee’s responsibilities are discharged on behalf of the Company and its subsidiaries (as appropriate) (collectively known hereafter as the “Group”). The Committee will annually review the Terms of Reference listed below, which will be approved by the Board. In addition, the effectiveness of the Committee will be reviewed on an annual basis.

2. Membership

2.1. Members of the Committee are appointed by the Board on recommendation of the Nominations and Corporate Governance Committee in consultation with the Chair of the Committee.

2.2. The Committee will comprise a minimum of three independent Non-Executive Directors of the Company. Independence is determined by relevant legislation and corporate governance. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair but cannot chair the Committee.

2.3. The Board shall appoint the Committee Chair, who should have served on a remuneration committee for at least twelve months. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2.4. All members of the Committee shall have the relevant expertise and experience necessary for the role.

2.5. No Director or senior manager shall be involved in any decisions as to their own remuneration.

3. Duties and Authority

3.1. The Committee is empowered to determine and approve the framework of the remuneration policy of the Group and specifically to manage Executive Director remuneration and the remuneration of the designated senior managers as listed in the Appendix (“Designated Individuals”).

3.2. The Committee will determine and recommend to the Group Board for approval the Group’s remuneration policy having regard to views of shareholders and other stakeholders, the risk appetite of the Company, alignment to culture, alignment to the Company’s long term strategic goals

and the requirement that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term sustainable success of the company.

3.3. Specifically, the Committee will determine and approve:

- 3.3.1. The contractual terms and remuneration of the Chair of the Board, Executive Directors and Designated Individuals, including base salary, policy for and scope of pension arrangements, share and other incentive plans, bonus arrangements and shareholding and post-employment shareholding requirements having regard to the terms and the remuneration levels for the rest of the employees across the Group, the alignment of incentives and rewards with culture and ensuring arrangements reflect the need to balance incentive against risk.
 - 3.3.2. The contractual terms on termination for Executive Directors and Designated Individuals, including any payments to be made, having regard to what is fair for the individual and the Group, that failure is not rewarded and that for Executive Directors, a duty to mitigate loss is fully recognised.
 - 3.3.3. At least annually the principles and parameters of the remuneration policy for employees who are considered Code Staff pursuant to the Remuneration Code or under any other comparable regulatory regime to which the Company or its subsidiaries are subject and any proposed exceptions to the approved principles and parameters.
 - 3.3.4. The framework of the remuneration policy for all other employees in the Group including any specific principles of the remuneration policy for employees within the Group's oversight functions including Risk, Compliance, HR, Internal Audit, Finance, Legal and Governance.
 - 3.3.5. The design of, or amendment to, any share or cash-based performance related pay plans operated by the Company and monitor the total annual payments made under such plans. The Committee may delegate to the Reward Steering Committee matters in relation to such plans for participants who are not Executive Directors or Designated Individuals as it considers appropriate.
- 3.4. The Committee will approve the criteria and process for the identification of Code Staff under the Remuneration Code or under any comparable regulatory regime to which the Company or its subsidiaries are subject and will periodically review a list of those considered to be Material Risk Takers.
 - 3.5. The Committee will review and approve the Remuneration Policy Statement for the Group on an annual basis.
 - 3.6. The Committee will review and make a recommendation to the Board on external reporting disclosures that may have a material impact on the Group's reputation in relation to employees or remuneration matters. This includes, but is not limited to, the Social Impact Report (including the Gender Pay Gap Report).

- 3.7. The Committee will exercise the powers of the employer in relation to the operation of:
- 3.7.1. The Group's Sharesave Scheme (or other similar schemes), including the making of invitations and the terms of such, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders.
 - 3.7.2. The Group's Employee Share Plan, including the grant of any free shares, the exercise of any permitted discretions on behalf of the Board and any material amendments to the rules of the plans not requiring the approval of shareholders.
 - 3.7.3. Share incentive plans including the granting of awards and options, the setting and testing of performance conditions (where appropriate), the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders. This includes having the ability to withdraw or reduce rewards if it considers it appropriate to do so, for example in response to changes in financial circumstances or individual concerns related to fraud, malice or failures in risk management or other material error.
- 3.8. The Committee will ensure that remuneration schemes and policies enable the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.
- 3.9. The Committee may delegate to the Employee Share Ownership Trust ("ESOT") such matters relating to participants in the Group's share plans or incentive plans who are not Executive Directors or Designated Individuals or any matters of detail relating to such share plans or incentive plans as it considers appropriate.
- 3.10. The Committee will review the ongoing appropriateness and relevance of the Group's various remuneration policies (including central independent review on a regular basis) and compliance of the Group's remuneration policies with all relevant legal and regulatory requirements, in particular the Remuneration Code and ensure that, where relevant, any remuneration or termination payment to an Executive Director or Designated Individual is permitted under the latest shareholder-approved remuneration policy (or that a revised policy or the proposed payment is submitted for shareholder approval).
- 3.11. In discharging its responsibilities, the Committee shall have:
- 3.11.1. Regard to the Group's overall strategy and risk appetite.
 - 3.11.2. Regard to the long-term interests of shareholders, investors and other stakeholders as appropriate.

3.11.3. Regard to workforce remuneration and related policies, and the alignment of incentives and rewards with the Company's culture and values.

3.11.4. Regard to clarity, simplicity, risk, predictability, proportionality, and alignment to culture when determining Executive Director remuneration policy and practices.

3.12. The Committee will ensure effective engagement with the workforce and shareholders in relation to remuneration and related policies and practices, ensuring their views are understood and considered as appropriate by the Committee and the Board.

3.13. The Committee is authorised by the Board to select, appoint, and determine the Terms of Reference of any independent remuneration consultants appointed to advise the Committee on remuneration matters. The consultant shall be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

4. Non-Executive Directors Fees

4.1. The remuneration of Non-Executive Directors shall be a matter for the Executive members of the Board and the remuneration of the Chairman of the Board shall be determined by the Committee, as guided by the retained remuneration advisers to the Committee.

5. Meetings and Quorum

5.1. Only members of the Committee have the right to attend Committee meetings; however, the Committee may invite others to attend all or part of any meeting, if it thinks it is appropriate or necessary.

5.2. The Company Secretary, or their nominee, shall act as Secretary of the Committee. The Secretary to the Committee will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues. In addition, the Secretary shall minute the proceedings and resolutions of Committee meetings, including the existence of any conflicts of interest.

5.3. Any two members shall constitute a quorum.

5.4. The Committee normally meets five times per year, and at other times as the Chair of the Committee deems appropriate.

5.5. Notice of a meeting and distribution of papers shall be no less than three working days prior to the meeting. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6. Reporting responsibilities

- 6.1. The Chair of the Committee shall report to the Board following each meeting of the Committee.
- 6.2. The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Corporate Governance Code, are met. In particular, the Committee shall approve and recommend to the Board for approval a two-part report to be included in the Group's annual report. The first part will detail the Group's remuneration policy and be subject to a binding shareholder vote at the AGM at least every three years (or sooner if material changes are proposed to the stated policy). The second part will detail remuneration arrangements in respect of the year under review and will be put to shareholders annually for an advisory vote at the AGM.
- 6.3. The Committee shall approve the Group's annual statement of the remuneration policy to be provided to the Prudential Regulation Authority or Financial Conduct Authority or their successor bodies.
- 6.4. The Committee will discharge its responsibilities on behalf of the Company and its subsidiaries and will report as required to the boards of the Company's subsidiaries.

7. Relationships with other Committees

- 7.1. The Group Chief Risk Officer will be invited to attend the Committee at least once per annum to report on the implications of remuneration policies on risk and risk management within the Group.

8. Engagement with shareholders

- 8.1. The Chair of the Committee shall attend the annual general meeting of the Company to answer shareholder questions on the Committee's activities. In addition, the Chair of the Committee shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

9. Other matters

- 9.1. Conflicts of interest:

- 9.1.1. The Chair of the Board shall absent themselves from any discussion regarding their fees, as will any other attendees where they have a personal interest.
- 9.2. In order to fulfil its duties, the Committee is able to seek information from any Director or employee of the Group and has access to all Group records. All employees and Directors will comply with all requests made by the Committee.
- 9.3. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 9.4. The Committee is authorised by the Board to obtain outside legal or other independent professional advice, where the Committee deems it necessary, at the Company's expense.
- 9.5. The Committee is concerned with the business of the whole of the Group and its authority extends to all relevant matters relating to the Group and its subsidiaries.
- 9.6. The Committee shall give due consideration to all relevant laws and regulations, including the provisions of the UK Corporate Governance Code, the UK Listing, Prospectus, Disclosure and Transparency Rules and any other applicable rules, as appropriate.

Appendix – Designated individuals

PDMRs¹

- Group General Counsel and Company Secretary
- Other members of the Group Management Committee
- Heads of Control Functions as follows:
 - Group Chief Internal Auditor
 - Any other individual who the Committee may, from time to time, deem appropriate.

Other senior managers whose total compensation package in the opinion of the Group HR Director and Group Reward Director is or may be materially close to the total compensation package of an Executive Director.

¹ As at the date of these Terms of Reference the PDMRs are as follows: Group CEO; Group CFO; CEO LGIM; CEO LGRI; CEO LGC; and CEO LGR.