

Nominations and Corporate Governance Committee report



Committee overview

Committee meetings and membership

The Committee met four times during the year and all members attended every meeting. In line with our conflicts of interest management policy, directors absent themselves from any discussions relating to their own reappointment, chair appointment or other internal or external appointments.

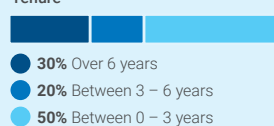
Members

Sir John Kingman (Chair)
Henrietta Baldock
Nilufer von Bismarck
Philip Broadley
Carolyn Johnson (from June 2022)
Lesley Knox
George Lewis
Ric Lewis
Tushar Morzaria (from May 2022)
Laura Wade-Gery
Toby Strauss (stood down from the Board and Committee in April 2022)

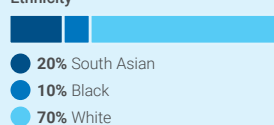
Gender



Tenure



Ethnicity



The role of the Committee

The role of the Committee is to ensure that the Board's composition, and that of its Committees, is appropriate to discharge its duties effectively and oversee the implementation of the company's strategy, and to ensure orderly succession of directors and other senior executives. The Committee has overall responsibility for leading the process for new appointments to the Board. It ensures that these appointments bring the required skills, knowledge, background and experience to the Board to support the Board's role in the development and oversight of the group's strategy, taking into account the promotion of diversity and inclusion and the challenges and opportunities facing the company. In addition, the Committee oversees and monitors the company's corporate governance framework, ensuring compliance with the prevailing UK Corporate Governance Code while promoting the highest standards of corporate governance across the group. The Committee also oversees and monitors the company's commitment to diversity and inclusion across the organisation.



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



We have set ourselves deliberately challenging ethnicity goals across the group because we want to drive change."

Chair's introduction

I am pleased to present my report as Chair of the Nominations and Corporate Governance Committee. Our two key areas of focus for 2022 were succession planning for the Board, subsidiary boards and the executive, and diversity and inclusion.

On diversity and inclusion, I am pleased that we have announced a new set of ethnicity goals across the group, and we are now working towards achieving our workforce ethnicity goal of 17% minority ethnicity by 2027. This goal is deliberately challenging, and we have a lot of work to do to achieve it; however, we need to be ambitious to drive change.

On succession planning, we implemented plans to bolster the collective board experience in certain areas and added three new non-executive directors to the Board. In addition, we implemented a number of Committee Chair succession plans. The Committee is of the view that the Board is a good size and of appropriate composition which will serve the group well in oversight of the execution of its strategy in the short and medium term. Following the announcement of Sir Nigel Wilson's intention to retire as Group Chief Executive Officer, the rigorous process to appoint a successor will be a key priority for the Committee in 2023.

Sir John Kingman
Chair

Key activities during 2022

- Led the process for the recruitment of new non-executive directors and recommended their appointment to the Board.
- Oversaw the development of a pipeline for succession to the Group Executive Committee across immediate to long-term time horizons.
- Oversaw the development of diversity and inclusion workforce policies including the approval of the new ethnicity goal and the board's diversity and inclusion policy.
- Assessed non-executive directors' time commitments.
- Considered and recommended to the Board for approval director reappointments, external appointments and changes to Committee Chairs and membership.
- Oversaw the process by which the Board, each Committee and directors assessed their effectiveness.

In reviewing non-executive directors' time commitments, the Committee assessed the directors' commitments to the company alongside their other significant commitments to ensure that they continued to be able to fulfil their duties to the company. Where the Committee approved new external appointments, it was satisfied that the external appointments could be approved on the basis that they did not give rise to a conflict of interest and would not impact the directors' time commitment to the company.

The Board, on the recommendation of the Committee, is satisfied that each non-executive director serving at the end of the year remains independent, effective and continues to have sufficient time to discharge their responsibilities to the company.

The Board is pleased to report that we have complied with all provisions of the UK Corporate Governance Code throughout the year. Further details of the group's compliance with the Code have been provided on pages 74 to 75.

Further information on the board evaluation process can be found on page 73.

Activities during the year Board changes and succession

Non-executive director appointments

The Committee undertakes a rigorous annual review of the Board's composition to support discussions on non-executive director succession. This includes a capability assessment of Board members' knowledge, skills and experience in the context of the company's short and medium-term strategy, supported by a self-assessment analysis undertaken by each individual director, as well as various other considerations including tenure, independence and diversity.

A key theme that emerged from the 2021 review was that the Board's effectiveness in driving and monitoring technological innovation, one of the six growth drivers of the company's strategy, could be further enhanced with the addition of a director with digital or technology experience. In response to this, Laura Wade-Gery was appointed to the Board, on the recommendation of the Committee, in January 2022. Laura's extensive knowledge of digital transformation and customer experience has further bolstered the Board as the company seeks to become a market leader in the digital provision of insurance and other financial solutions.

As part of planned Committee Chair succession changes, and to further enhance the skills and experience we already have as a Board, Tushar Morzaria was appointed in May 2022. Tushar brings extensive financial services and accounting experience to the Board, including most recently as the Group Finance Director of Barclays PLC. Tushar succeeded Philip Bradley as the Chair of the Audit Committee on appointment, as part of the planned Committee Chair succession process.

In addition, Carolyn Johnson was appointed to the Board in June 2022. Carolyn brings with her a wealth of experience in insurance and in financial services more generally. Her appointment will strengthen the Board's engagement with our successful and growing US businesses. The biographies of our new non-executive directors can be found on pages 64 to 65 and demonstrate the reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

As part of the Committee's search for new non-executive directors, we have taken steps to maintain gender diversity: our Board is currently 42% female. This is in line with the new FCA Listing Rules target and the goal set out in the

board diversity and inclusion policy. We have also taken steps to improve ethnic diversity: our Board is now of 25% minority ethnicity. This exceeds both the new FCA Listing Rules target, for at least one member of a Board to be from a non-white ethnic minority background, and the goal in our board diversity and inclusion policy of having ethnic diversity on the Board at least in line with the goals set by the group more generally.

The Committee engaged independent external search firm Spencer Stuart to support with the three new non-executive appointments to the Board in 2022. Spencer Stuart was chosen for its deep knowledge of the financial services and other relevant industries and its strong experience in finding diverse and inclusive leaders. Spencer Stuart undertook a full search against a description of the roles, the time commitment expected of directors and the board diversity and inclusion policy. The firm was briefed to ensure that the long and short lists of candidates included a diverse range of candidates with an appropriate range of experience, knowledge and background, and who demonstrated independence of approach and thought.

A list of potential candidates was identified, and these candidates were assessed against the role specification, on merit and with due regard for the benefits of all forms of diversity on the Board, including diversity of gender, ethnicity and background. A short list of candidates was narrowed down from those on the long list and those candidates were invited to an interview process facilitated by the Chair, the Group Chief Executive Officer, the Group HR Director and members of the Board. Following this extensive search, selection and interview process, the Committee, following discussion, recommended to the Board the appointment of all three new non-executive directors.

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

Upon making new appointments to the Board, prospective candidates are expected to devote sufficient time to fulfil their responsibilities and duties to the company and to do so by acting with integrity, leading by example and promoting the desired culture.

Nominations and Corporate Governance

Committee report

continued



We must keep building on our diversity and inclusion strategy if we want to have an organisation that truly reflects our society and attracts the most talented people.”

Other Board changes

Toby Strauss stood down from the Board in April 2022. I am pleased that George Lewis has now succeeded Toby as Chair of the Risk Committee, following my interim role as Chair.

As well as implementing succession plans for the Audit and Risk Committee Chair roles following changes to non-executive director composition, in 2022 the Committee also implemented succession plans for the roles of Technology Committee Chair, which Laura Wade-Gery took over in September 2022, and Designated Workforce Director, which Nilufer von Bismarck took over in April 2022. Nilufer has also taken on a new role as non-executive director with a designated responsibility for climate change, which is proving to be instrumental in supporting the Board in its oversight of climate change issues and commitments.

Subsidiary non-executive directors' succession

The company has benefited from a strong governance framework operating at subsidiary level for many years now. The continued strength of the boards of the group's subsidiaries is vital for ensuring the group's high standards are maintained and there is sufficient oversight of activity further down the group, particularly in our principal subsidiaries. While succession planning remains the responsibility of each subsidiary board, it is nevertheless very important for the Committee to have continued oversight of its key subsidiaries and ensure orderly succession plans are in place. During the year, the Committee conducted a thorough review of the skills and capabilities of the non-executive directors of its principal subsidiaries. This included: a review of board evaluation feedback; review of board capability assessments; and direct feedback from the Chairs of both boards. In addition, I meet regularly with the non-executive directors of our principal subsidiary boards, without the presence of executive management, to gain direct feedback. The Committee was pleased with the levels of skill, experience and knowledge of the subsidiary non-executive directors and welcomes their valued contribution to maintaining the group's high standards.

Chief Executive Officer succession

The Committee has commenced a rigorous process to appoint a successor to Sir Nigel Wilson, our Group Chief Executive Officer. Sir Nigel has agreed to continue as Chief Executive until the new Chief Executive starts and he will support a smooth transition following their appointment.

Executive succession

In addition to reviewing the Board's composition, the Committee has focused on executive-level succession which included deep dives into the levels below that of our Group Executive Committee. Our people are our greatest asset, and the Committee recognises the need to ensure a strong pipeline of diverse, talented and engaged individuals who can facilitate the delivery of the group's strategy against its strategic growth drivers. The Committee received regular updates on our Voice survey results which help to identify the issues important to our people. An interesting outcome of the Voice surveys this year was that growth and development as a driver of engagement moved from eighth to first place. This was an important insight for the Committee and one that will feed into our consideration of talent mobility. Given the diversity of the group's business, the group has the benefit of being able to give its talented employees different experiences and develop their knowledge and skills. The Committee was also pleased to see the roll out of a pilot talent sponsorship programme which will help to identify and develop our talent pipeline.

Diversity and inclusion

Diversity, equity and inclusion play an increasingly important role in shaping our business. We must keep building on our D&I if we want to have an organisation that truly reflects our society and attracts the most talented people. We want diversity of experience, of views, of gender and of ethnicity, amongst other things. We have made good progress in improving our gender balance over recent years: now we want similar success in addressing under-representation of minority ethnicity.

As a Committee, we agreed that we were going to set ourselves deliberately challenging goals for ethnic diversity because we wanted to make a change and we want to ensure that we have the best people to execute our strategy. To ensure we were leading by example, we started with the Board. We now have three non-executive directors from a minority ethnic background. Their presence has had a positive impact and we have greater diversity which has contributed to a stronger Board as a result. We are aware that further progress is required on the senior team and the company as a whole and we are committed to achieving the deliberately challenging goals we have set ourselves.

Our new ethnicity goals are:

- 17% of our workforce being from minority ethnicity backgrounds by 2027
- 17% of our senior management roles held by people from minority ethnicity backgrounds by 2027
- Group Board minority representation at least in line with our aspiration for the wider workforce.

The Committee continues to encourage the executive management to set challenging and forward-thinking goals and I look forward to reviewing our progress.

During the year, the Committee reviewed and approved the board diversity and inclusion policy which complements the group's wider workforce policies and values. The board diversity and inclusion policy sets out the approach to diversity and inclusion of the Board of Legal & General Group Plc and its Committees in compliance with DTR 7.2.8AR(1). As a business, we have a clear purpose to improve the lives of our customers, build a better society for the long term and create value for our shareholders. Inclusive capitalism lies at the heart of our business strategy and is built on the belief of being economically and socially useful, embracing diversity and being fully inclusive in everything we do. The Board's full diversity and inclusion policy is available to view here: group.legalandgeneral.com/en/about-us/corporate-governance/diversity.

As part of the policy, the Board, upon recommendation from the Committee, has committed to the following:

1. Building a diverse and inclusive Board

We are proud to have a Board which is diverse, both in terms of gender and ethnicity, but also in diversity of thought and background. As at 31 December 2022, the Board comprised 42% women and 25% of the Board was from an ethnically diverse background, which exceeds regulatory requirements and the goals we set ourselves in our board diversity and inclusion policy.

2. A more diverse and inclusive Senior Leadership Team

A diverse Senior Leadership Team is as important as a diverse Board, because we believe that executive decision-making is more effective if it takes into account a wider range of views and opinions. Therefore, we have set ourselves a new goal of 17% of our senior management roles held by people from minority ethnicity backgrounds by 2027 and continue to monitor and guide the group to achieve its gender diversity goals of 40% female leadership by 2025 and a 50:50 gender balance across the workforce by 2025.

As at 31 December 2022, our Group Executive Committee comprised 25% women, with 50% of our businesses led by a female CEO. Currently none of the Group Executive Committee members are from an ethnically diverse background, however this is something we as an organisation are looking to address. At the middle/ senior management level, representation was 38% women (2021: 35.9%).

For a more detailed breakdown of the gender and ethnic diversity of our Board and executive management, please see the data presented on page 72.

3. Driving diversity and inclusion across our organisation

The Board is responsible for overseeing the implementation of our group-wide diversity and inclusion policy. This policy applies to all people directly employed by the group and forms the basis of our engagement with our clients, suppliers and other third-party providers. The Committee has been pleased with the number of new initiatives that have been rolled out as part of the implementation of the diversity and inclusion policy. This includes, amongst other things: reverse mentoring schemes, pilot talent sponsorship schemes, improving accountability of leaders to deliver change and a number of changes made to the recruitment process.



For more information on our D&I activity during 2022 including our progress on achieving our objectives, please see page 42 to 57 of the sustainable business section of this report.

For further information on the diversity of our workplace, refer to our social impact report. See: group.legalandgeneral.com/en/investors/results-reports-and-presentations