



Making a positive difference

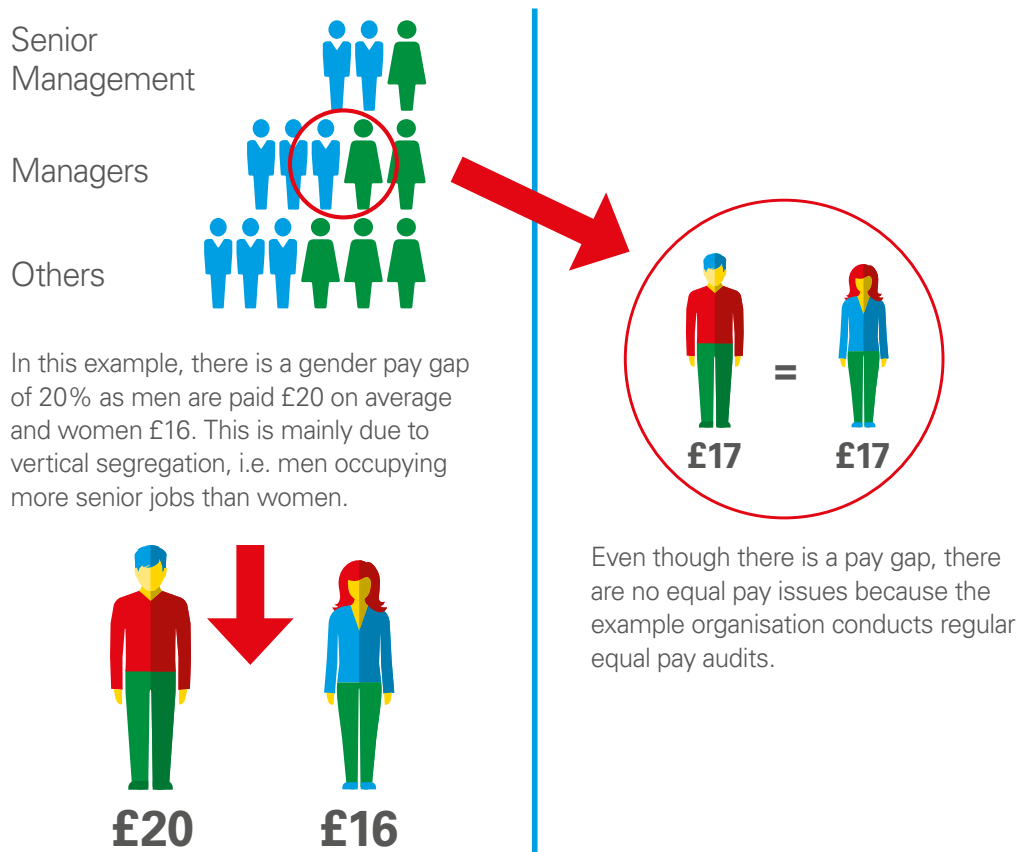
At Legal & General our purpose is to be economically and socially useful. We have long championed fair treatment for all our stakeholders including our employees. Our people are crucial to delivering this purpose. We have publicly committed to an ambition of 50 / 50 gender balance by 2020 - our gender pay gap shows that we have more work to do.

As an employer and an investor, we think reporting on the Gender Pay Gap is a very positive step in helping to improve transparency to achieve greater diversity across UK businesses. Combining all our UK employing companies as at 5 April 2017, **our overall median gender pay gap is 31.6%** - a long way from where we want it to be, but we are committed to making the changes necessary to reduce this gap.

WHAT IS THE GENDER PAY GAP?

It is the difference between the average pay of men and women across the whole company. It is different from 'equal pay' which captures any pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. L&G has been conducting equal pay reviews since 2008 in conjunction with our recognised trade union, Unite, to identify and address any equal pay issues.

The graphic below demonstrates the difference between equal pay and the gender pay gap.



OUR BUSINESS

Legal & General has a complex business structure due to the wide range of products and services we offer across Investing and Annuities, Investment Management and Insurance. This means that we have a number of employing companies, only two of which employ more than 250 people – the requirement stipulated by Gender Pay Gap reporting regulations. However, we decided that in order to reflect our figures in a transparent and fair way, it was important to go beyond the requirements of the regulations. As a result we are also publishing the numbers for our combined UK businesses, noting that these are higher than the two main underlying businesses, for the reasons explained below.

Within the L&G Group, the two entities which employ over 250 people are:

- Legal & General Resources Limited (“L&G Resources”)
- Legal & General Investment Management (Holdings) Limited (“LGIM Holdings”)

OUR GENDER PAY GAP NUMBERS

The table below sets out our gender pay gap figures looking at the Legal & General Group in the UK as a whole and the figures for our two largest employing entities. These figures are correct as at 5 April 2017, the date specified by the reporting requirements.

		Gender Pay Gap	
		Mean	Median
All UK Employees	Hourly pay	30.5%	31.6%
6243 employees	Bonus	65.6%	51.8%
L&G Resources	Hourly pay	24.2%	19.8%
4953 employees	Bonus	50.1%	41.4%
LGIM Holdings	Hourly pay	21.0%	21.4%
1165 employees	Bonus	54.6%	55.2%

In L&G Resources 89.7% of men and 90.8% of women received a bonus.

In LGIM Holdings 93.4% of men and 89.8% of women received a bonus.

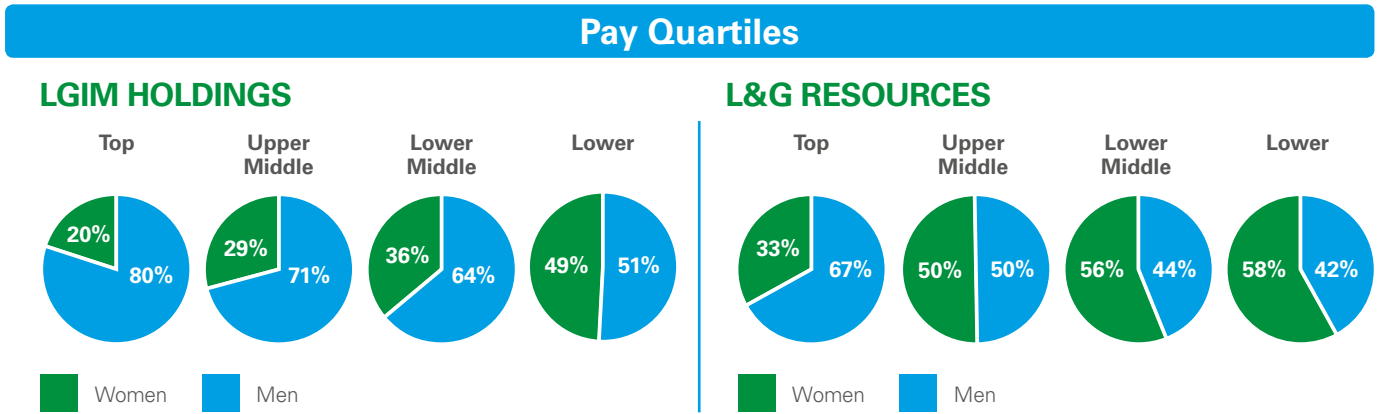
When calculating the gender pay gap for our entire UK Group, we are combining a number of different businesses, based in different parts of the UK. This has the effect of widening the range and therefore, changing the average of the pay levels captured in the calculations. This results in different gender pay gap figures for the UK Group when compared to L&G Resources and LGIM Holdings on a standalone basis.

The reason why the bonus pay gaps are large is that we have a greater imbalance in certain areas, where bonuses make up a larger proportion of remuneration. This partly reflects industry gender imbalance. We're working hard to address this, including through our participation with the Diversity Project.



Reporting our gender pay gap

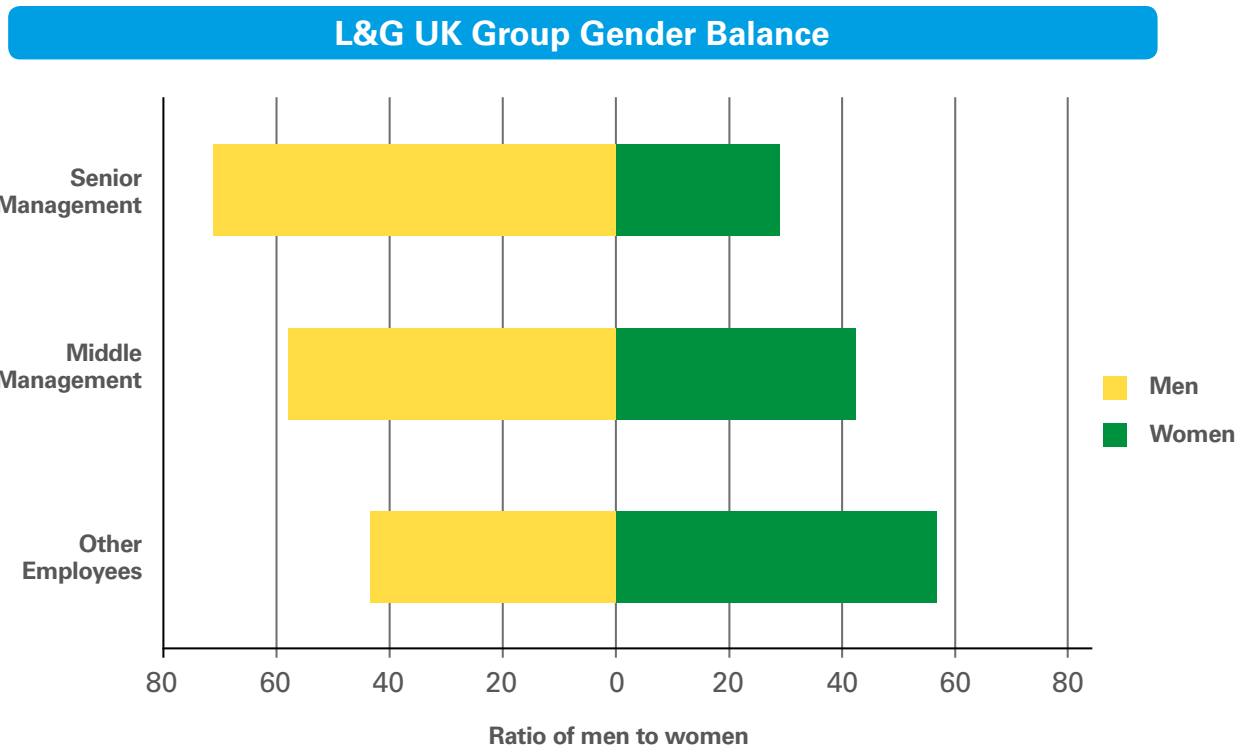
The graphic shows the proportion of men and women by pay quartile.



WHAT IS DRIVING OUR GENDER PAY GAP?

Our gender pay gap is driven by having more men in senior higher paid roles. This is something we want to change and are committed to working towards.

The graph below illustrates the ratio of men to women in our business, grouped by grade.



WHAT SPECIFIC STEPS ARE WE TAKING TO REDUCE THE GAP?

Nigel Wilson, our CEO, has set out our aspiration to achieve 50/50 gender balance by 2020 and is a signatory to the 30% Club's goal of 30% women on UK Boards and in executive leadership teams. In 2016 we further strengthened our commitment by signing the Women in Finance Charter and set clear targets to improve our gender diversity in senior roles. We are not where we want to be yet – but we will continue to work hard to create a more diverse and gender balanced organisation. We are approaching this in a number of ways:

Senior leadership commitment

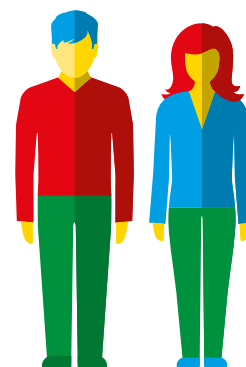
- We have visible and active Board support; culture and inclusion is a key focus for the Board
- Executive directors have specific culture and gender targets, which they work towards as part of their annual objectives
- We champion the achievements of our female role models – three of our seven business divisions are run by women
- We support high potential women to help accelerate their development through executive sponsorship
- We facilitate regular networking events for men and women to create momentum for change.

Changing the way we recruit

- We aim to have balanced shortlists and use diverse interview panels, to ensure a fair and inclusive interview process
- We expect our recruitment partners to engage and support our inclusivity plans and have recently selected new partners who have demonstrated their ability to source diverse talent
- Training is in place for interviewers, to focus on delivering fair and balanced outcomes for candidates
- We have unconscious bias training for all employees.

Creating a gender diverse talent pipeline

- We have mentoring programmes for senior women and our pipeline talent, including participating in the 30% Club's cross-company mid-career mentoring scheme
- We are committed to having a gender balance when recruiting early career talent
- We analyse the proportion of men and women at different stages of the career journey and in different parts of the business and work to improve the balance at all levels through identifying key talent.



Creating a flexible, agile and supportive environment

- Wherever possible, we are creating an agile work environment. We provide the technology, support and training to enable people to adopt more flexible and empowering working practices.
- We have a programme of workshops available to our businesses to support working parents and carers. We also offer new parent coaching.

We know that these actions are an important part of reducing our gender pay gap. However, to step up our efforts to deliver change we are announcing the following four initiatives - we believe these will take us closer to our goal of reducing our gender pay gap.

- We will launch a new and improved suite of Apprenticeship and Graduate recruitment programmes for 2018 across all of our businesses
- We will implement an initiative for career returners aimed at attracting those who have taken a career break
- We will publish a Code of Conduct for our suppliers and partners which will formalise our expectations about gender diversity
- We will roll out a new and improved Talent Management approach designed to support the development of talented women and men in our business.

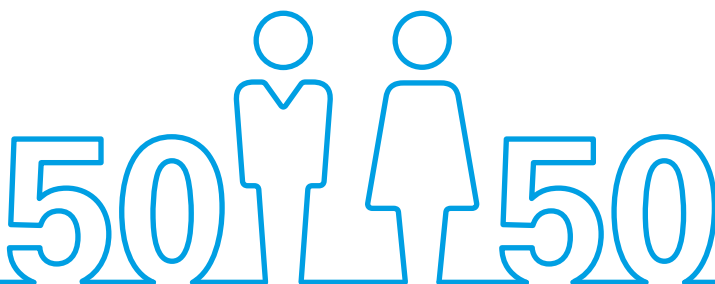
We confirm that the data reported is accurate.



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March 2018