

Board Diversity and inclusion policy

Why diversity & inclusion matters to Legal & General Group and to our Board

We're an ambitious 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.

This policy sets out what we mean by diversity and inclusion, and the standards we set.

At Legal & General Group, we are building an inclusive culture that celebrates diversity and creates fair opportunities for all of us. Diversity is important to us because it generates a wider pool of talent by reflecting the broadest range of human attributes, experience and backgrounds. It also supports good decision making and reduces the risk of groupthink by providing different viewpoints, ideas and challenge. As part of this, we believe that it is important for our Board to have a broader range of insights and perspectives to help us make better decisions as a business, and create an inclusive culture for our people. Our Board diversity policy explains the role our Board members play in driving and shaping our approach diversity and inclusion.

Our Board diversity and inclusion policy

The Board Diversity and Inclusion policy (the 'Policy') sets out the approach to diversity and inclusion of the Board of Directors (the 'Board') of Legal & General Group plc. It also provides an overview of the Board's approach to diversity and inclusion in senior management roles which are governed mainly through the Group's HR policies. These HR policies are reviewed at least annually by the Board to ensure diverse and inclusive leaders in executive roles are successfully recruited and retained.

The policy applies to the Board and takes account of the requirements of MiFID II published by ESMA and the EBA. The policy will be reviewed annually by relevant boards and any recommendations made to the Board for approval.

The Board's role in driving diversity & inclusion

We believe there are three key areas for the Board in driving Diversity & Inclusion across Legal & General Group.

1. Building a diverse and inclusive Board

We have a responsibility to develop and sustain a panel of Board members that are diverse, and are reflective of our people as well as the businesses and communities our organisation serves.

All appointments to the Board are based on the impartial evaluation of knowledge, skills, experience and diversity gaps across the membership. This gap analysis is routinely conducted by relevant boards which review the composition of the Board and makes relevant recommendations to the Board for any changes. This evaluation also takes account of succession plans to ensure a sustainable pipeline of diverse Board talent. Ensuring fair and impartial ways of evaluating suitability without bias is therefore critical, for example in relation to personal factors such as education, professional background, ethnicity, age, disability, sexual orientation, socio-economic status or geographic location.

We are committed to achieving 33% female Board membership by 2020, in line with the Hampton-Alexander recommendations.

Following the recommendations made by the Parker review, which sets out a target for the appointment of at least one BAME Board member, we are aiming to meet this objective by the target date of 2021. We are also committed to ensuring at least 8% of senior roles are held by leaders from Black, Asian and Minority Ethnic backgrounds.

2. Building a diverse Senior Leadership Team

The Board plays an important role in modelling and promoting 'difference' across the Group's senior leadership population. This includes monitoring and guiding the Group to achieve its gender diversity target of 40% female leadership by 2020 and ensuring effective career plans are in place to build a diverse talent pipeline. It also includes shaping and supporting future goals across the senior leadership population including our objective of at least 8% BAME by 2021.

Achieving diverse and inclusive ways of working across L&G's senior leadership requires policies that seek to reduce barriers and bias to performance, particularly in areas of hiring, promotion and development. It is an important function of the Board to routinely sense check and challenge these ways of working to ensure they remain fit for purpose and to hold members of the executive to account in their ongoing application. To achieve this, the Board will review at least annually progress against our diversity objectives and targets backed up by analysis of our workforce demographic. Remedial action plans will be put in place and tracked in the event there is any shortfall in performance.

3. Driving diversity & 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 Legal and General Group plc and forms the basis of our engagement with our clients, suppliers and other third-party providers. Our standards include:

- We will be fair and transparent, and treat our people with integrity and openness. We will be respectful of differences and we will not tolerate behaviour that marginalises, disadvantages or devalues others.
- We will aim to build a workforce that reflects the diverse communities we serve. We are committed to creating social value and being led by the needs of our customers. We will invest in our hiring processes so we can attract a more diverse pool of people, and we will tackle barriers that prevent us from attracting and retaining more diverse talent.
- We will create an inclusive environment where people feel comfortable sharing their opinions and feel like they belong. We will encourage our people to embrace difference, to listen to other points of view, and work together to achieve the best outcome.
- We will ensure that everyone across Legal & General Group understands their responsibilities in driving an inclusive and diverse culture and the opportunities it can bring. We will develop a robust governance framework and use data and insights to shape our actions, measure our progress, and drive accountability.