



Gender Pay Gap Report 2020: Reporting our progress

Legal & General Group Plc
UK Gender Pay Gap Report 2020

Setting the scene

At Legal & General, we are continuing to build a diverse workforce and an inclusive workplace, where every individual's unique background is valued and everyone has the opportunity to contribute and succeed.

Whilst we have made progress in several areas, our gender pay gap is a sign that there is even more to be done. We will know that we're bringing our ambition to life when we see a continued, progressive narrowing of the gap.

The gap is the result of ongoing, deep-seated social inequalities: many of them are outside our control, but accountability is important. As an employer with responsibility to our people and to society, it is our duty to tackle the issues with detailed, careful and, importantly, long-term responses.

The social inequalities that lead to the pay gap have once again been laid bare by the Covid-19 crisis and its economic impact. But, like all companies, Legal & General can and must play a role in driving positive change. No-one else will do this for us.

We are making progress but we know there is always more to be done. This report sets out how we have been driving change and how we will continue to do so.

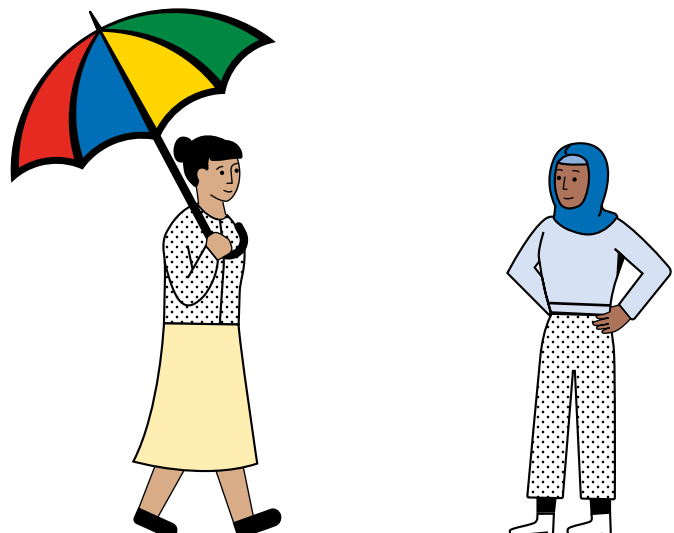


Emma Hardaker-Jones
Group Human Resources Director,
Legal & General

About this report

In this report, we:

- Present our gender pay gap for 2020
- Contextualise the gender pay gap with our ambition to create a diverse workforce and an inclusive workplace
- Reflect on the impacts of Covid-19 on our workforce
- Review our progress on diversity and inclusion during 2020 and what we will focus on in 2021
- Publish detailed gender pay gap data.



Our story

The gender pay gap

The gender pay gap is a broad measure, comparing average earnings for men and women across the whole organisation. It is not a measure of pay differences for similar roles or similar grades.

During 2020, we continued to make progress on narrowing our Group-wide median gender pay gap. This narrowed by 1.9%, to 26.6% – virtually the same pace of narrowing as was recorded between 2018 and 2019 (1.8%). The improvement was driven by progress in Legal & General Investment Management (Holdings) Limited ('LGIM(H)'), (our investment management business) and CALA Homes: a narrowing of 0.8% and 5.7% respectively. However, these gains were offset by a widening of the median gap in Legal & General Resources (by 4.4%).

The Group-wide mean pay gap widened by 3.2%: a deterioration when compared to the movement between 2018 and 2019, where the gap widened by 0.4%. We consider the mean to be a less useful metric than the median gap: see page 8 for an explanation.

The underlying causes for our pay gap reflect the same deep-seated issues that we set out in our last report. Like other companies in our core industries and beyond, we simply have more men than women in senior and higher paid roles, including investment professionals, actuarial and risk analytics specialists, and IT managers. Conversely, roles with higher numbers of women, including customer service, marketing and human resources, are lower paid on average.

The positive message is that we are addressing these underlying causes for the long term, by creating a more diverse workforce and a more inclusive culture. The next section of the report sets out our strategy for doing this.

For full details of the mean and median positions across all our reporting entities, as well as data on pay quartiles and bonus payments, see pages 5–7.

Our story: placing the gender pay gap in its context

We are addressing the gender pay gap as a diversity and inclusion issue. To help us focus on the right actions, we place it in its wider social context. This section of the report does that, giving an overview of key themes from 2020.

2020: renewed focus on diversity and inclusion

During 2020, we increased our focus on diversity and inclusion by establishing our Global Diversity and Inclusion Council which reports to our Group Executive and Group Board. It is chaired by Laura Mason, CEO of our institutional retirement business and Global Diversity and Inclusion Sponsor; and comprises senior leaders from across our divisions and geographies alongside Jeff Davies (Group CFO), Emma Hardaker-Jones (Group HR Director) and Michelle Scrimgeour (CEO, LGIM).

The Council is responsible for an ambitious Diversity and Inclusion agenda, championing important initiatives, some of which are already underway:

- Reinforcing inclusive hiring practices (such as balanced shortlists and diverse interview panels) and broadening our focus to other areas of under-representation beyond gender.
- Continued rollout of a strengths-based assessment tool to reduce bias in talent management decisions.
- Expanding family-friendly, agile working practices.
- Additional investment in training for line managers and leaders, helping them build new skills for leading inclusive teams where everyone can perform at their best; and
- Providing wellbeing resources, including access to a backup network for child, adult and elder care.

The Council will also oversee our ongoing validation and benchmarking efforts. These include the Women in Finance Charter; the Bloomberg Gender Equality Index (where in 2020 we consolidated the progress made in 2019's Index, maintaining our rating); the Hampton Alexander Review; the Social Mobility Employers' Index (where Legal & General rose 25 places in 2020); and the Investing in Ethnicity Matrix.

Critically, the Council will focus on all aspects of diversity and inclusion, recognising the importance of taking a holistic and people-centred view of these issues. Behind every label or characteristic is an individual with a unique story, outlook and potential.

Our story: The gender pay gap continued

2020: our gender equity ambition

In 2017, we set out a deliberately challenging ambition for gender equity, to be achieved by 2020: 50% female representation across our total population, and 40% at middle or senior management level. We still have more to do to realise this ambition, and it helps keep us focused on working towards greater gender equity.

As at 31 December 2020, female representation across the global Group stood at 45%, with 35% of middle/senior management roles being held by women. The sale of our Mature Savings and General Insurance businesses contributed to this situation, because they had a more equal gender balance. In addition, 75% of the contractors brought onto our permanent payroll following the proposed changes under IR35 were male.

Our Executive Committee comprises 25% women and 75% men, with two of our five operating businesses led by a female CEO. In our investment management business, we have achieved a gender-balanced Executive Committee and a 38% female Board.

2020: Covid-19 and the gender pay gap: Supporting our employees

12 months ago, society was getting to grips with the virology of Covid-19; its economic effects were yet to be felt. We now know that the virus has exacerbated social inequalities. Evidence suggests that the indirect economic impacts of the crisis are affecting women disproportionately in both developed and emerging economies, as the burden of unpaid work, including childcare, has fallen on women more heavily than on men. The virus may be indiscriminate; the economic crisis is not.

Legal & General responded with a range of financial and non-financial support for our employees. As early as 4 March 2020 we committed to full pay for any employee having to self-isolate. This later developed into a commitment that nobody would be penalised as a result of being unable to work due to the pandemic – whether because of illness, childcare or other caring commitments, or other reasons.

We deliberately targeted our 2021 pay increase budget towards employees in lower-grade roles, which are more heavily female in composition. This meant that the average pay increase budget for roles earning below £30,000 was three times more than for roles paid between £70,000 and £100,000.

Our story: Progress and ambitions

We are committed to creating a more diverse workforce and a more inclusive workplace for everyone – irrespective of protected characteristic status. These are long-term plans, with progress during 2020 and further ambitions for 2021.

A better view of workforce diversity

Our efforts to increase the amount of diversity data we have available for our people continued during 2020. We ask our people to share a range of data with us voluntarily and whilst we don't have a complete picture, our data is improving. Because we ask for data on a range of protected and other characteristics, we are better able to situate gender pay issues in the wider context of diversity and inclusion issues.

We now use this data to inform our workplace analytics, which track progress at various points in the employee lifecycle. An example of this is our Voice survey, which measures employee satisfaction. In the last quarter of 2020 our female employees reported average satisfaction levels two points higher than their male colleagues. Overall, our scores are high and increased during 2020 despite the effects of the pandemic.

Improving access and addressing under-representation

We want to improve access to higher paying roles and professions for those who are under-represented. A stated area of focus for 2020 was to expand our Apprenticeship programmes. While Covid-19 affected our hiring plans, we have recognised that we could put our levy funds to better use, by creating opportunities for under-represented groups, including women, to build a career with us. We also want to ensure that we use our resources to keep our current employees' skills fresh and enable junior people to advance.

We announced a £250,000 investment as a founding partner in FastFutures – a 12-week digital and business skills programme for young people from underrepresented groups. This involved around 150 of our employees volunteering as mentors to help create opportunities for young people embarking on their careers. Of the 1,000 young people enrolling in the first cohort, 61% were female, 47% from an ethnic minority background, 55% from a less advantaged socio-economic background, 10% LGBTQ+, and 7% disabled. We will continue to work with FastFutures in 2021.

Covid-19 and the pay gap: Pause in operations at CALA Homes

With the closure of construction in the first national lockdown, we placed operatives within our construction business, CALA Homes, on paid leave. When doing so we paid the highest of an individual's:

1. average monthly pay (including overtime) for the 2019/20 tax year, or
2. amount (including overtime) earned in the same month in the previous year, or
3. standard month (excluding overtime), based on 39 hours per week and the number of weeks to be paid.

No Government funds were used.

Covid-19 and the pay gap: Supporting our employees

Over and above the financial commitments to our employees (see 'Covid-19 and the gender pay gap' section), we took steps throughout the pandemic to provide them with non-financial support. This included mental health resources and flexible working arrangements for those with caring commitments, including childcare. We have allowed those living alone, or who may be at increased risk of mental ill-health, to access our offices for occasional working, within Government guidelines.

Our story: The gender pay gap continued

More agility and flexibility

We recognise the impact that agile and flexible working practices have on employee engagement, retention and progression. Research published by HR Data Hub in 2020 shows that flexible working is the policy with the single greatest impact on gender pay gaps. Flexible working has long been an important part of our employee offering, through our agile practices which allow a degree of flexibility over work location: around a quarter of our people were already agile workers before the pandemic.

During lockdown, our working practices changed further and faster by necessity. We are now considering the lessons learned from this period of increased remote and flexible working, including what aspects of our changed practices we want to retain and evolve.

In 2020, we continued to support working parents with additional flexibility during periods of school closure. We also offer My Family Care and Care Concierge to all our employees – benefits which enable access to emergency and ongoing care services for those with family commitments which are challenging to balance with work.

We participated in the Diversity Project's cross-company Returner Programme, led by Women Returners. This programme is designed to create supported routes back to work for people returning after multi-year career breaks, including parental leave.

Education and accountability

During 2020, our Listening Project invited employees to share their experience of our culture, and specifically how diverse and inclusive they find it to be. The findings were shared with our Executive Committee and used to inform planning for 2021. This was an important step towards better informing our leaders on diversity and inclusion issues and holding them to account on progress. By sharing their personal stories, these employees helped us to recognise individuals' overlapping identities and experiences.

Our annual culture review process, which includes information on diversity and inclusion outcomes, is a mechanism by which we hold executive performance to account.

Finally, during 2020, we developed and piloted an inclusive leadership toolkit to enable our line managers to understand the importance of building diverse and inclusive teams.

Influencing and looking outside the business

We are well-placed to use our influence to promote diverse and inclusive business practices outside Legal & General. We do this through the partnerships we engage in; index participation; and using our influence as an investor.

During 2020 we began or maintained partnerships with the Diversity Project; LGBT Great; #talkaboutblack; Investing in Ethnicity; FastFutures (see 'Improving access' above); and the Vision Foundation. Partnering with several external bodies working across a range of diversity issues helps us to build understanding of individuals' lived experience and what actions we need to take.

We use our leverage as an investor to engage with investee companies and hold them to account for addressing diversity and inclusion issues. Over three years, we, as part of a coalition of global investors, have engaged with 72 S&P 500 companies with all-male Boards, setting out our expectations for change. In 2019, we extended our focus to 19 Japanese companies. In September 2020, we contacted Board Chairs at companies in the US and UK to set the expectation that there should be ethnic or racial diversity at Board level (Legal & General achieved this goal in 2020 with the appointment of Ric Lewis and Nilufer von Bismarck).



At Legal & General, we stand for inclusion: for a workplace where we can all perform at our best, no matter who we are.

This is about doing the right thing and it applies everywhere we operate. An inclusive culture has to be our goal. Discrimination wastes talent, leaving our business weaker. Inclusion makes us stronger.”

Laura Mason

Chair, Legal & General Group Diversity and Inclusion Council and CEO, Legal & General Retirement (Institutional)

Our data

Reporting our gender pay gap

Group data

Difference in mean hourly rate of pay

30.8%

(2019: 27.6%)

Difference in median hourly rate of pay

26.6%

(2019: 28.5%)

Difference in mean bonus pay

48.0%

(2019: 58.4%)

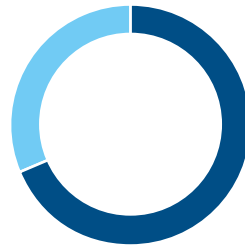
Difference in median bonus pay

40.6%

(2019: 45.5%)

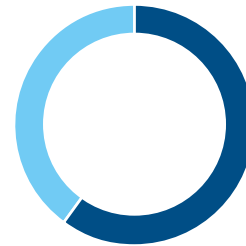
Proportion of male and female employees according to quartile pay bands (%)

Top quartile



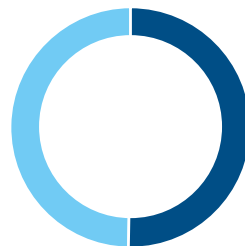
● Male 68.8 (2019: -1.7%)
● Female 31.2 (2019: +1.7%)

Upper middle quartile



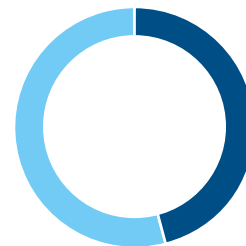
● Male 60.2 (2019: +1.3%)
● Female 39.8 (2019: -1.3%)

Lower middle quartile



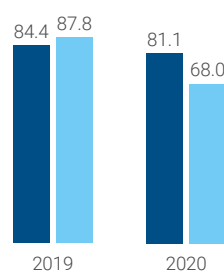
● Male 50.5 (2019: +2.9%)
● Female 49.5 (2019: -2.9%)

Lower quartile



● Male 46.1 (2019: +0.7%)
● Female 53.9 (2019: -0.7%)

Proportion of male and female employees who received bonus pay (%)



● Male
● Female

Our data: Reporting our gender pay gap continued

Entity data: Legal & General Resources

Difference in mean hourly rate of pay

25.6%

(2019: 25.6%)

Difference in median hourly rate of pay

25.6%

(2019: 21.2%)

Difference in mean bonus pay

47.3%

(2019: 49.7%)

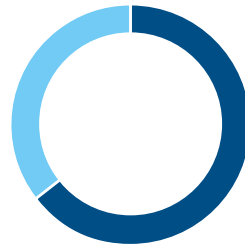
Difference in median bonus pay

35.3%

(2019: 35.2%)

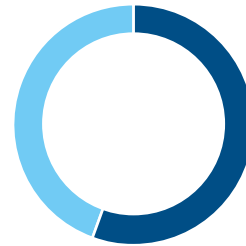
Proportion of male and female employees according to quartile pay bands (%)

Top quartile



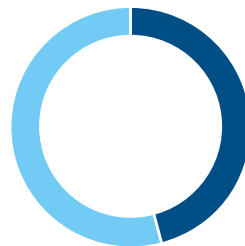
● Male 64.7 (2019: -0.6%)
● Female 35.3 (2019: +0.6%)

Upper middle quartile



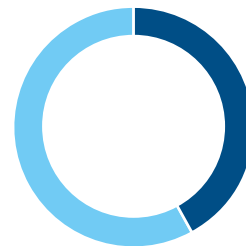
● Male 55.8 (2019: +3.5%)
● Female 44.2 (2019: -3.5%)

Lower middle quartile



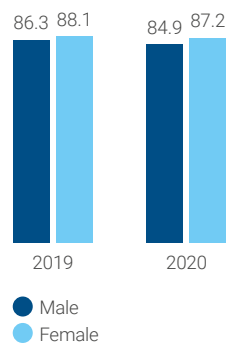
● Male 45.9 (2019: +1.7%)
● Female 54.1 (2019: -1.7%)

Lower quartile



● Male 42.0 (2019: -0.3%)
● Female 58.0 (2019: +0.3%)

Proportion of male and female employees who received bonus pay (%)



Our data: Reporting our gender pay gap continued

Entity data: LGIM(H)

Difference in mean hourly rate of pay

15.5%

(2019: 21.3%)

Difference in median hourly rate of pay

18.8%

(2019: 19.6%)

Difference in mean bonus pay

40.4%

(2019: 51.8%)

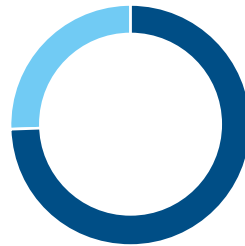
Difference in median bonus pay

48.4%

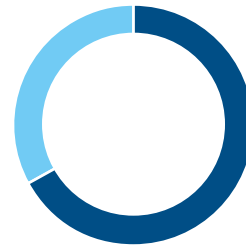
(2019: 52.8%)

Proportion of male and female employees according to quartile pay bands (%)

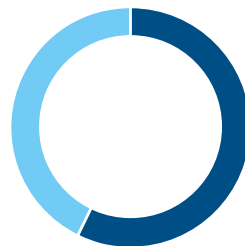
Top quartile



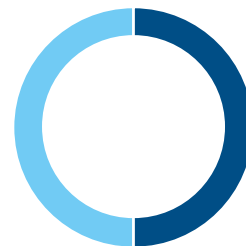
Upper middle quartile



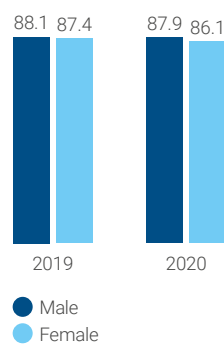
Lower middle quartile



Lower quartile



Proportion of male and female employees who received bonus pay (%)



Our data: Reporting our gender pay gap continued

Notes on what we report

We have three entities employing more than 250 people in the UK, which are in scope for this report: Legal & General Resources Limited Plc ('Legal & General Resources'); Legal & General Investment Management (Holdings) Limited ('LGIM(H)'); and CALA Homes.

In addition, we report a Group-level view which aggregates the data for the above entities and other smaller UK-based entities. This means that the numbers reported here reflect the situation across our UK employee base.

Note that CALA Homes will also publish its own Report as in previous years, and that its full pay gap data will form part of that disclosure.

A note on means and medians

While we report both the median and mean, we consider the former to be a more reliable indicator of the overall situation than the latter. A mean is more likely to be influenced by pay figures for a small number of individuals, whereas a median gives a clearer insight into the overall position of men and women within the context of the whole organisation, because it ranks individuals from highest to lowest-paid.



I confirm that the data reported is accurate.”

Emma Hardaker-Jones

Emma Hardaker-Jones
Group Human Resources Director,
Legal & General

