

Directors' report on remuneration



Lesley Knox
Chairman of the Remuneration Committee

Our remuneration report is organised into the following sections

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The directors' remuneration policy was subject to a binding vote in 2020, and applies for three years from the 2020 AGM. The annual report on remuneration together with the Chairman's Statement will be subject to an advisory shareholder vote at the 2021 AGM.

Remuneration Committee members

The composition of the Committee

The Committee is composed entirely of independent non-executive directors. The table below sets out its membership during the year.

Members
Henrietta Baldock
Philip Broadley
Lesley Knox
Ric Lewis (from 18 June 2020)

Other regular attendees at the meeting include the following:

Group Chairman; Group Chief Executive; Director of Group Finance; Group HR Director; Group Reward Director; Head of Executive Compensation; Representative of the independent adviser Deloitte LLP

Letter from the Chairman

Dear Shareholder

I am pleased to present the Remuneration Committee's report for 2020, and describe the Remuneration Committee's considerations and decisions in respect of the year.

Link between pay and performance

2020 was an extraordinary year. Shortly after publishing our 2019 results and setting targets for 2020, the scale of the economic disruption caused by Covid-19 became clear and we reviewed our business plans, to prioritise the preservation of capital and shareholder funds due to the uncertain period ahead. This necessarily impacted planned growth in 2020 of some of our key metrics.

Annual variable pay In these unusual circumstances, our 2020 results demonstrated the resilience of our business model, with financial performance sustained at a level that enabled continued dividend payments. Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support and continued to pay Legal & General employees as normal. Nonetheless, the 2020 financial performance targets had assumed growth and that was not achieved. As a result there will be no bonus payments to executive directors based on Group financial performance for 2020, although some divisional financial performance targets were achieved.

30% of the bonus opportunity for executive directors is based on strategic objectives, and the Committee carefully considered whether it was appropriate to pay any bonus based on the achievement of strategic objectives when Group

financial performance targets had not been achieved. Reflecting on the necessary change in business focus during the year to protect stakeholders, and the progress of strategic objectives despite the impact of Covid-19, the Committee concluded that it would not be appropriate to exercise its discretion to prevent a bonus payout based on the achievement of these strategic objectives (strategic implementation, effective risk management and company culture). Consequently bonus payments to the executive directors in place at 31 December 2020, of 23.5% and 24.1% of maximum were permitted. A summary of the 2020 performance targets and outcomes is shown in the 'Quick read' section on page 93 with further details on pages 98 and 99.

Performance Share Plan The long-term incentive (PSP) awards granted in 2018 were subject to EPS and total shareholder return (TSR) performance over the three-year period ended 31 December 2020. Notwithstanding the change in priorities during 2020, the performance targets have not been adjusted, and the impact of 2020 has meant that the EPS threshold was not met. Legal & General outperformed the FTSE 100 and the TSR comparator group, and consequently, 24.2% of the 2018 PSP award will vest, with the remaining 75.8% forfeited. The shares that have vested will be deferred for a further two years and released in 2023. PSP performance targets and outcomes are summarised in the 'Quick read' section on page 93.

PSP awards are normally granted each year, subject to performance. Ordinarily the awards would have been granted to executive directors and other senior executives in April 2020.

However, due to market volatility as a result of Covid-19 and the consequent fall in share price at that time, the Remuneration Committee decided to postpone the grant to executive directors and other senior executives until the markets were more settled, and a decision regarding the quantum and terms of any grant could be more fully considered.

The PSP awards were subsequently granted on 12 August 2020 using an average share price of 229.26p. An additional provision was included in the terms of the grant, enabling the Remuneration Committee to reduce the number of shares vesting and/or impose further conditions on the award to neutralise any 'windfall gain' that might arise from a subsequent rebound in the share price as markets recover. As it is not possible to predict the extent of any 'windfall gain' that might arise, the Remuneration Committee determined that any adjustment would be made at the end of the three year performance period, taking into consideration all relevant factors at that time. There are many factors to be considered which include:

- The share price at grant compared to the market before the impact of Covid-19 and the movement in share price of comparator organisations and key indices before and after grant.
- The share price at vesting and any increase compared with comparator organisations and key indices over the same time period.
- An assessment of any share price growth that may be attributable to an improvement in corporate performance, as opposed to general market movements.
- The impact on performance conditions (EPS and TSR growth) and whether any unusual market conditions during the performance period made them materially easier or more difficult to achieve.

The Remuneration Committee's report for 2023 will include a full description of the factors considered and the determination of any 'windfall gain' adjustment.

Base pay increases In accordance with our remuneration policy, base pay is reviewed annually taking into account external and internal factors, including overall business performance. The Remuneration Committee have decided that no increases will apply for 2021, and therefore executive directors' base pay will remain unchanged.

Board changes

In June 2020, Ric Lewis joined the Group Board as an independent non-executive director and also as a member of this Committee. To streamline executive representation on the Group Board, Kerrigan Procter (CEO LGC) and

Michelle Scrimgeour (CEO LGIM) stood down as executive directors on 26 November 2020. They continue in their executive roles, with the policies and practices applying to their remuneration unchanged. Remuneration reporting regulations require us to report their remuneration only while they were executive directors, but to ensure full transparency, their remuneration outcomes for the whole of 2020 are disclosed in this report as additional notes.

Consideration of the wider workforce

The Committee's terms of reference provide that they have regard to remuneration for all employees across the Group. The policies and practices applying to executive directors are the same as for the wider workforce in most instances, although quantum and participation may vary. During 2020, it was particularly important to protect employees against the health and financial impacts of Covid-19. All permanent UK employees have access to private medical insurance, emergency assistance when travelling on business, and a 24/7 employee assistance helpline.

In addition there are several wellbeing support packages, including Unmind (a confidential mental health app), emergency childcare and eldercare support. Employees were also given additional time off, and participated in charity and community events to support those impacted by Covid-19. As our workplaces began to close due to the government restrictions and employees started to work from home (where they could effectively do so) we maintained all employees' jobs at full pay, even if they were unable to work fully during this period due to caring responsibilities.

In 2020, the average annual base pay increase for UK employees was 3.6%. As in previous years, higher percentage increases were applied to the lower paid, reflecting their proportionally greater exposure to price inflation. The same approach has been adopted for 2021. Those earning less than £30,000 a year may receive a base pay increase of up to 3.0%, but those earning more than £100,000 a year will generally not receive any base pay increase for 2021. Annual bonuses for employees are based on Group, divisional, and individual performance. Some bonuses will be paid to employees for 2020, in particular where individual performance targets were achieved.

Continuing our support for all Legal & General employees, several new benefits were introduced during 2020, including an electric car scheme, a facility for employees to flex their life insurance, income protection and critical illness cover through a new product developed by Legal & General called 'Protect', and an extension of our wellbeing support packages to include family members of employees.

Around two thirds of employees invest in the Share Purchase and ShareSave plans so that, through their employment, they can become shareholders in Legal & General. ShareSave has been offered by Legal & General for over 40 years, and we intend to continue to offer in 2021.

The decision to protect employees' pay, particularly the lower paid, during 2020 while executive director outcomes are much reduced, has resulted in a significant reduction in the CEO pay ratio from a median of 105:1 for 2019, to 41:1 for 2020. Continued focus on all employee opportunities has also produced a further improvement in our median gender pay gap for 2020, with the effect of recent senior female hires and promotions starting to be reflected in the results.

2021 and beyond

A new remuneration policy was presented for approval at the 2020 Annual General Meeting, and I am pleased that this received 95.7% votes in favour. The new policy means that executive directors' shareholding requirement has increased to 325% of base pay, with a requirement to maintain their shareholding for at least two years after leaving employment, and pension contributions will be aligned between executive directors and the majority of the UK workforce by 2022. The remuneration policy table is reproduced on pages 94 and 95 and the full remuneration policy can be found in the 2019 annual report and on the company website.

From 2021, environmental, social and governance (ESG) measures have been included as targets in the Annual Variable Pay (AVP) plan, and will be considered for the vesting of Performance Share Plan (PSP) awards.

In conclusion

For 2020, planned growth in some of our key metrics was not achieved. As a result, total remuneration for executive directors in place at 31 December 2020, is down by more than 50% compared to 2019. This reflects the geared remuneration structure for executive directors designed to reward performance and align with the experience of our shareholders. The Remuneration Committee will actively continue to review remuneration and consider shareholders' experience and views, to ensure that outcomes remain appropriate in all the circumstances. I trust that you will find this report a useful and clear account of the remuneration decisions and outcomes for the year.



Lesley Knox
Chairman of the Remuneration Committee

Quick read summary

Remuneration policy summary and 2020 implementation

Remuneration element and time horizon

Base pay



Policy summary

Operation

Reviewed annually, with increases effective 1 March.

Opportunity

No maximum, but any increases will normally be in line with the range for other UK employees. In specific circumstances, the Committee may award increases above this level.

Performance

Personal performance will be taken into consideration in determining any increase.

2020 implementation

	Effective 1 March 2020	Effective 1 March 2021	% increase
Nigel Wilson	£979,500	£979,500	–
Jeff Davies	£590,000	£590,000	–
Kerrigan Procter	£545,000	£545,000	–
Michelle Scrimgeour	£595,000	£595,000	–
<i>Employees below the Board (average)</i>			2.2%

Pension contributions



Operation

Defined contribution pension plan or a cash allowance in lieu. Base pay is the only element of pensionable remuneration.

Opportunity

For executive directors, appointed since 2019, pension contributions are aligned to that available to the majority of the workforce (currently 10% of base pay). Pension contributions for executive directors appointed before 2019 are currently aligned with the contributions for other senior managers in the UK, but will be aligned with the majority of the UK workforce by 2022.

Performance

No performance conditions.

Pension contributions during 2020 (as % of base pay):

Nigel Wilson	15%
Jeff Davies	13.8%
Kerrigan Procter	15%
Michelle Scrimgeour	10%
<i>Majority of UK workforce</i>	10%
<i>Other senior managers in the UK</i>	15%

Benefits



Operation

In line with benefits provided to other employees and senior managers in the UK.

Opportunity

Maximum amount is the cost of providing benefits, and subject to plan limits and HMRC rules.

Performance

No performance conditions.

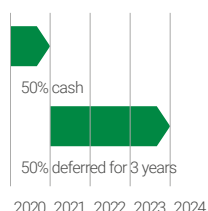
Benefits during 2020 included:

- Allowance in lieu of a company car.
- Private medical insurance.
- Life insurance.
- Income protection.
- All-employee (ShareSave and Share Purchase) plans.

Remuneration policy summary and 2020 implementation

Remuneration element and time horizon

Annual Variable Pay (AVP)



Policy summary

Operation

Performance assessed over a one-year period, with targets and weightings set annually. Awards are determined after the year end, taking into consideration performance against targets, individual performance and overall business performance. 50% of any AVP award is paid in cash, and 50% is deferred into shares for a further three years. Malus and clawback provisions apply.

Opportunity

Up to 150% of base pay for the Group Chief Executive and Chief Financial Officer, and 175% of base pay for the other executive directors. No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.

Performance

Financial performance (70% weighting), plus strategic and personal performance.

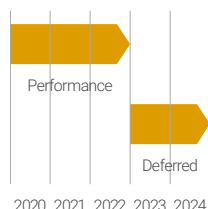
2020 implementation



- 70% Financial performance
- 30% Strategic and personal performance

Bonus for 2020 (as % of base pay):	At target	At max.	Actual 2020 (as % of max.)
Nigel Wilson	75%	150%	23.5%
Jeff Davies	75%	150%	24.1%
Kerrigan Procter	87.5%	175%	28.4%
Michelle Scrimgeour	87.5%	175%	37.0%

Performance Share Plan (PSP)



Operation

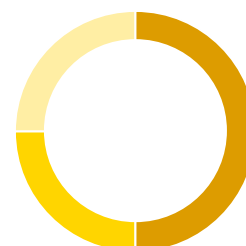
Conditional award of shares, subject to a performance period of no less than three years and a holding period such that no awards are released before five years from grant. Performance targets are set annually by the Committee, aligned with the delivery of shareholder returns over the longer term. The Committee may amend the vesting downwards (but not increase the level of vesting) dependent on the underlying performance of the Group. PSP awards are subject to malus and clawback.

Opportunity

The maximum award opportunity is 300% of base pay (although the normal award opportunity is 250% of base pay). 15% of the award vests for threshold performance, increasing to 100% of the award vesting for maximum performance.

Performance

An appropriate mix (normally an equal weighting) of earnings performance and shareholder return.



- 50% EPS
- 25% TSR (vs FTSE 100)
- 25% TSR (vs comparator group)

PSP award grants in 2020 (as % of base pay):	Maximum	2020 grant
Nigel Wilson	300%	250%
Jeff Davies	300%	250%
Kerrigan Procter	300%	250%
Michelle Scrimgeour	300%	250%

Quick read summary

continued

Shareholding requirements

Executive directors' share ownership

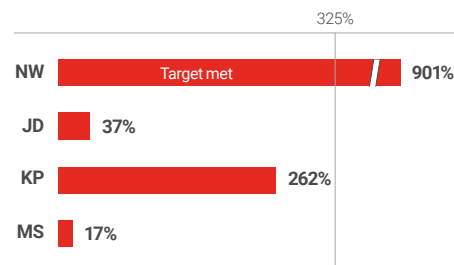


Employment + 2 years

Executive directors are expected to retain any after tax vested shares until their shareholding requirements are met, and maintain that shareholding requirement (or actual shareholding if lower) for at least two years after leaving employment.

In 2020, the shareholding requirement increased to 325% of base pay for all executive directors.

Share ownership at 31 December 2020

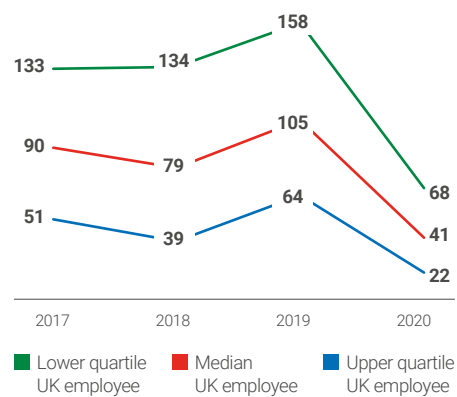


CEO pay ratio

Total remuneration

The chart opposite shows the ratio between the CEO single figure total remuneration (as disclosed on page 109) in comparison with the total remuneration of UK employees at lower quartile, median, and upper quartile.

For 2020, the CEO pay ratio has decreased, reflecting the lower bonus and lower level of vesting of PSP awards in respect of 2020.



Alignment with strategy and 2020 performance outcomes

The performance measures for the incentive plans are directly aligned to the Group's key performance indicators. The Group Board reviews the KPIs annually and adds or changes them where appropriate. KPIs are explained in more detail on pages 17 and 18 and further details of performance measures and outcomes are provided on pages 98 to 101.

Overarching drivers of the business

Overarching drivers of the business	Group KPIs	Incentive plans (weightings)		2020 performance targets and outcomes				
		AVP		PSP	Actual ¹	Threshold	Target	Maximum
		Group CEO & CFO	Divisional CEOs					
Profitability	Net release from operations (NRO)	20%	5.7%					
				£1,511m	£1,579m	£1,682m	£1,734m	
	Operating profit	25%	7.1%					
				£2,007m	£2,085m	£2,210m	£2,273m	
	Earnings per share (EPS) 1 year growth	12.5%	3.6%					
				19.5p	28.8p	31.3p	32.2p	
Return on Equity (ROE)	12.5%	3.6%						
			12.9%	18.5%	19.0%	19.5%		
Divisional financial performance (see page 99)								
			50%					
Earnings per share (EPS) 3 year average annual growth								
			50%	-3.5%	5.0%		14.0%	
Shareholder value creation	TSR vs FTSE 100 (rank out of 95)			25%				
					47.0	36.6	19.0	
					Median		Top 20th	
TSR vs comparator group (rank out of 27)				25%				
					12.5	9.4	5.0	
					Median		Top 20th	
Strategic priorities (see page 99):		30%	30%					
		100%	100%	100%				

1. Performance measures exclude the impact of mortality assumption changes, profits and gain on disposal, less separation costs relating to the Mature Savings business.

Total remuneration received (£'000)

Nigel Wilson

Actual remuneration



Maximum remuneration



Kerrigan Procter

Actual remuneration



Maximum remuneration



Jeff Davies

Actual remuneration

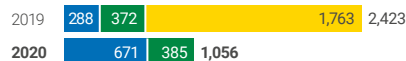


Maximum remuneration



Michelle Scrimgeour

Actual remuneration



Maximum remuneration



Key

- Fixed (base pay, benefits and pension contributions)
- Annual Variable Pay (AVP)
- Performance Share Plan (PSP)
- Replacement awards.

For full transparency, these figures reflect remuneration received for the whole of 2020, notwithstanding that Kerrigan Procter and Michelle Scrimgeour stood down as executive directors on 26 November 2020.

Remuneration policy

The directors' remuneration policy was approved by shareholders by way of a binding vote at the 2020 AGM on 21 May 2020. The policy table, which contains key aspects of the approved policy, is set out below. A copy of the remuneration policy, including accompanying disclosure, can be found in the 2019 annual report, and on the company's website.

	Fixed pay			Annual Variable Pay (AVP)
	Base pay	Pension contributions	Benefits	Annual Variable Pay (AVP)
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the market and requirements of the role.	Provides a basis for savings to provide an income in retirement.	Provides benefits and allowances appropriate to the market, and to assist employees in efficiently carrying out their duties.	Incentivises and rewards the achievement of annual financial performance and delivery of strategic priorities. 50% of any AVP award is deferred into shares, reinforcing retention and alignment with shareholders, by encouraging long-term focus and risk alignment.
Operation	<p>Reviewed annually with effect from 1 March, taking into account:</p> <ul style="list-style-type: none"> The individual's skills, experience and performance. Scope of the role. External market data, including other FTSE 100 companies and other financial and non-financial institutions. Pay and conditions elsewhere in the Group; and Overall business performance. <p>There is no obligation to increase base pay upon any such review, and any decision to increase base pay will take into account the associated impact on overall quantum.</p>	<p>In line with other employees in the UK, executive directors may:</p> <ul style="list-style-type: none"> Participate in a defined contribution pension plan; or Receive a cash allowance in lieu; or Receive some combination thereof. <p>Non-UK national executives may be permitted to participate in home-country pension plans where relevant.</p> <p>Base pay is the only element of pensionable remuneration.</p>	<p>In line with other employees in the UK, benefits currently include:</p> <ul style="list-style-type: none"> Private medical insurance. Life insurance. Income protection; and All-employee (ShareSave and Share Purchase) plans. <p>Executive directors may participate in voluntary benefits and choose to acquire Legal & General products which they fund themselves, sometimes through salary sacrifice.</p> <p>In line with other senior managers in the UK, executive directors receive a non-pensionable cash allowance in lieu of a company car.</p> <p>Where an executive director is required to relocate, or perform duties outside their home country, additional benefits may be provided, (including healthcare and assistance for housing, school fees, home travel, relocation costs and tax compliance advice) for a period not exceeding two years.</p>	<p>In normal circumstances:</p> <ul style="list-style-type: none"> Performance is assessed over a one-year period. Performance measures and weightings are set annually to ensure they are appropriately stretching, and aligned with the Group's strategic priorities. Performance targets take into account internal forecasts, market expectations and prior year performance. Target normally equates to the forecast in the strategic plan, with maximum set at an appropriate stretch above plan, but still within the company's risk appetite. AVP awards are determined after the year end, taking into consideration performance against targets, individual performance, and overall business performance. 50% of any AVP award is paid in cash, after the year end, with 50% deferred into restricted shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements) for a further three years. Dividends or dividend equivalents may accrue during the deferral period and vest and are paid in shares upon vesting. Malus and clawback apply to both cash awards and deferred awards.
Opportunity	<p>There is no set maximum base pay, but any increases will normally be in line with the range of increases for other UK employees. In specific circumstances, the Committee may award increases above this level, for example where:</p> <ul style="list-style-type: none"> Base pay for a recently appointed executive director has been set with a view to allowing progression in the role over time; or There has been a significant increase in the size or scope of an executive director's role or responsibilities; or There is a significant change in the regulatory environment. 	<p>For new executive directors, pension contributions are aligned to that available to the majority of the workforce (currently up to 10% of base pay).</p> <p>Pension contributions for executive directors appointed before 2019 are currently aligned with the contributions for other senior managers in the UK defined contribution pension plan (currently up to 15% of base pay).</p> <p>Pension contributions will be aligned between the majority of the UK workforce and all executive directors by 2022.</p>	<p>The maximum amount paid in respect of benefits will be the actual cost of providing those benefits which, particularly in the case of insured benefits, may vary from year to year, although the Committee is mindful of achieving the best value from benefit providers.</p> <p>The maximum opportunity for participation in the all-employee share plans is the same for all employees and takes into account prevailing HMRC rules.</p>	<p>The maximum opportunity in respect of any financial year is:</p> <ul style="list-style-type: none"> 150% of base pay for the Group Chief Executive and Chief Financial Officer. 175% of base pay for other executive directors. <p>No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.</p> <p>The Committee will consider the calculated outcome in the context of a range of factors (not just the specific performance measures) including risk management, behaviours, culture, capital generation, Solvency II coverage ratio and sustainable financial performance, and may apply a 'moderator' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction.</p>
Performance	Personal performance will be taken into consideration in determining any base pay increase.	There are no performance conditions.	There are no performance conditions.	<p>A combination of:</p> <ul style="list-style-type: none"> Financial performance (primary measure with at least 70% weighting) – to ensure growth and return to shareholders; and Strategic and personal performance – to safeguard the future, with the development of future income streams, and focus on key metrics including customers, culture and (from 2021) ESG.

	Performance Share Plan (PSP)	Non-executive directors' fees	Shareholding requirements
Purpose and link to strategy	Provides a direct and transparent link between executive pay and the delivery of shareholder returns over the longer term.	Compensates non-executive directors for their responsibilities and time commitment.	Provides alignment with shareholder returns and ensures the impact on directors' shareholdings moves in line with Legal & General's share price.
Operation	<p>A conditional award of shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements). In normal circumstances:</p> <ul style="list-style-type: none"> • Subject to a performance period of no less than three years. • Subject to a holding period such that no awards are released before five years from the date of grant. • Performance measures and targets are set annually by the Committee to ensure they are relevant and appropriately stretching, and aligned with the delivery of shareholder returns over the longer term. • Performance targets take into account, internal forecasts, any guidance provided to the market, market expectations, prior performance, and the company's risk appetite. • Dividends or dividend equivalents may accrue in the period following the end of the performance period until vesting and release; and • Malus and clawback apply. <p>Exceptionally, the Committee may adjust and amend the PSP awards in accordance with the rules, including:</p> <ul style="list-style-type: none"> • Lengthen the performance period and/ or the holding period for future awards. • Reduce (but not increase) the level of vesting dependent upon the performance of the Group. 	<p>Fees for the Chairman and non-executive directors are set at an appropriate level to reflect:</p> <ul style="list-style-type: none"> • Time commitment required to fulfil the role. • Responsibilities and duties of the positions; and • Typical competitor practice in the FTSE 100 and other financial services institutions. <p>Fees comprise a base fee for membership of the Board, plus (where applicable) additional fees for:</p> <ul style="list-style-type: none"> • Senior Independent Director (SID). • Committee chairmanship; and • Committee membership (not including the Nominations and Corporate Governance Committee). <p>Additional fees for membership of Committee, or chairmanship or membership of subsidiary boards, or other fixed fees may apply if justified by time or commitment.</p> <p>The Chairman receives an inclusive fee for the role. The Chairman's fee is reviewed annually by the Committee, and the non-executive directors' fees are reviewed by the executive directors. There is no obligation to increase fees upon any such review.</p>	<p>Executive directors are expected to retain any after tax vested share awards until their shareholding requirements are met, and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment with the Group.</p> <p>The Committee retains the discretion to withhold future PSP grants if executive directors are not making sufficient progress towards their shareholding requirement.</p> <p>Non-executive directors may elect to receive a proportion of their fees (normally 50%) in Legal & General shares until their shareholding requirement is met.</p> <p>The sale of shares prior to the shareholding requirements being met may be permitted in extenuating situations, for example, a change to personal circumstances, ill health, etc.</p>
Opportunity or requirement	<p>The maximum opportunity for an executive director in respect of any financial year is 300% of base pay (although the Committee's current intention is that the normal award opportunity will be 250% of base pay).</p> <ul style="list-style-type: none"> • 15% of the award vests for threshold performance. • 100% of the award vests for achievement of maximum. <p>The Committee assesses the formulaic vesting outcome, and may amend the vesting downwards (but not increase the level of vesting) considering a range of factors including overall performance, risk management, capital generation, Solvency II coverage ratio, and (from 2021) ESG.</p>	<p>Fees are subject to the aggregate limit in the company's Articles of Association. Any changes in this limit would be subject to shareholder approval.</p> <p>The Chairman and non-executive directors are not eligible to participate in any benefit, pension or incentive plan. However, additional benefits may be provided if the Board feels this is justified, such as tax compliance advice, work permits or similar. Expenses incurred in carrying out duties (and any associated tax liability) may be reimbursed or paid directly by the company.</p>	<p>Shares owned outright equivalent to:</p> <ul style="list-style-type: none"> • 325% of base pay for executive directors; and • 100% of base fee for non-executive directors.
Performance	<p>An appropriate mix (normally an equal weighting) of:</p> <ul style="list-style-type: none"> • Earnings performance – to incentivise growth in earnings; and • Shareholder return – to deliver a competitive return for shareholders. 	<p>No performance conditions.</p>	<p>Not applicable.</p>

Annual report on remuneration

Audited information

Content contained within a grey outline box indicates that all the information in the panel is audited.

Planned implementation for 2021

Content contained within a black outline box indicates that all the information in the panel is planned for implementation for 2021.

'Single figure' of remuneration – executive directors

The following table shows a single total figure of remuneration for each executive director in respect of qualifying services for the 2020 financial year, together with a comparative figure for 2019.

Single figure table

Executive director	Fixed				Variable					Total £'000
	Base pay £'000	Benefits £'000	Pensions £'000	Total fixed £'000	PSP			Share price appreciation £'000	Total variable £'000	
					AVP £'000	Replacement award £'000	Face value £'000			
2020										
Nigel Wilson	974	24	146	1,144	346	–	561	(82)	825	1,969
Jeff Davies	584	23	77	684	213	–	309	(45)	477	1,161
Kerrigan Procter	494	23	62	579	244	–	293	(43)	494	1,073
Michelle Scrimgeour	532	18	54	604	347	–	–	–	347	951
2019										
Nigel Wilson	942	24	141	1,107	1,292	–	1,975*	(54)	3,213	4,320
Jeff Davies	548	22	72	642	763	–	1,087*	(30)	1,820	2,462
Kerrigan Procter	518	31	70	619	707	–	1,032*	(28)	1,711	2,330
Michelle Scrimgeour – from 1 July 2019	192	6	19	217	372	1,763	–	–	2,135	2,352

Both Kerrigan and Michelle stepped down from the Board on 26 November 2020 and in accordance with reporting requirements the single figure table provides details of their remuneration for the period when they were Group Board directors.

Since stepping down from the Board both Kerrigan and Michelle continue to be employed as CEO Legal & General Capital¹ and CEO Legal & General Investment Management and their remuneration is unchanged. In order to provide full transparency, details of their full remuneration for 2020 are provided below.

Executive Director	Base pay (£'000)	Benefits (£'000)	Pension (£'000)	Total Fixed (£'000)	AVP (£'000)	PSP (£'000)	Total Variable (£'000)	Total (£'000)
Kerrigan Procter	542	25	69	636	271	250	521	1,157
Michelle Scrimgeour	592	20	59	671	385	–	385	1,056

*Reporting of the 2017 PSP in the 2019 annual report

The vesting date of the 2017 PSP award occurred after the 2019 results announcement. As a result, the PSP figures recognised in the 2019 annual report were based on a three-month average share price to 31 December 2019. The 2017 PSP figures reported in the 2019 single figure table above now reflect the actual vesting price of the shares, which vested on 6 March 2020, at £2.414 per share. The figures in the 2019 report were £2,193,000 (Nigel Wilson), £1,206,000 (Jeff Davies) and £1,146,000 (Kerrigan Procter).

1. Later this year Kerrigan will move from his current role as CEO Legal & General Capital to a new role as President of Asia, Legal & General Group.

Base pay

Executive director	Annual base pay as at 1 January 2020	Annual base pay effective 1 March 2020	Total base pay paid in 2020	Annual base pay effective 1 March 2021	% increase
Nigel Wilson	945,000	979,500	973,833	979,500	–
Jeff Davies	555,000	590,000	584,167	590,000	–
Kerrigan Procter	525,000	545,000	493,806 ¹	545,000	–
Michelle Scrimgeour	575,000	595,000	531,861 ¹	595,000	–

Benefits

Benefits include the elements shown in the table below.

Executive director	Car allowance, insurances and taxable expenses £'000	Dividends £'000	Discount SAYE and SIP matching shares £'000	Total benefits £'000
2020				
Nigel Wilson	19	4	1	24
Jeff Davies	20	1	2	23
Kerrigan Procter ¹	18	4	1	23
Michelle Scrimgeour ¹	18	–	–	18
2019				
Nigel Wilson	20	3	1	24
Jeff Davies	20	1	1	22
Kerrigan Procter	20	3	8	31
Michelle Scrimgeour	6	–	–	6

The Share Incentive Plan (SIP) matching shares and dividends relate to the all-employee share purchase plan. No dividends are payable on outstanding share bonus plan (SBP) or PSP awards. The Save As You Earn (SAYE) is calculated based on the value of the discount on SAYE share options exercised in the year. No directors exercised SAYE options during the year.

Benefits for 2021

Benefits for 2021 remain in line with policy.

Pension

Nigel Wilson and Kerrigan Procter received a cash allowance of 15% of base pay. Jeff Davies received a cash allowance of 13.8% of base pay and Michelle Scrimgeour received a cash allowance of 10% of base pay. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2021

Pension arrangements for 2021 remain unchanged for both the executive directors, Nigel Wilson (a cash allowance of 15% of base pay) and Jeff Davies (a cash allowance of 13.8% of base pay) and for the former executive directors, Kerrigan Procter (a cash allowance of 15% of base pay) and Michelle Scrimgeour (a cash allowance of 10% of base pay).

1. These figures represent the value of benefits received for the period in which Kerrigan Procter and Michelle Scrimgeour were executive directors. Details of the value of Kerrigan's and Michelle's benefits for the full year can be found on page 96.

Annual report on remuneration

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2020 Annual Variable Pay (AVP) awards

This reflects the total AVP awards to be paid in 2021 based on performance for the year ended 31 December 2020. The value includes both the cash element and the portion deferred into shares (50% of the award).

The executive directors' AVP awards in relation to performance during 2020 were agreed by the Committee in February 2020 and were measured against a basket of metrics and objectives. For Nigel Wilson and Jeff Davies, they were weighted between group financial objectives (70%) and other strategic personal objectives including effective risk management (30%). For Kerrigan Procter and Michelle Scrimgeour they were weighted between group financial objectives (20%), divisional objectives (50%) and other strategic personal objectives (30%).

Since 2017, the AVP awards have been subject to potential adjustment based on an assessment of overall financial performance, risk and any other circumstances considered relevant by the Remuneration Committee as well as a Solvency II performance measure. For 2020, the Solvency II performance measure was assessed by the Committee on a qualitative assessment of performance informed by input from the Chief Risk Officer and the Risk Committee. Based on this assessment and consideration of all the circumstances, it was determined that no adjustment was necessary to the formulaic outcome.

For 2020, AVP payouts as a percentage of the maximum were: Nigel Wilson 23.5%, Jeff Davies 24.1%, Kerrigan Procter 28.4% and Michelle Scrimgeour 37.0%. The tables below illustrate performance against each of the measures.

Performance outcome (% of maximum)					AVP award (£)		
Executive director	Group financial (max 70%/20%)	Divisional financial (max 50%)	Strategic personal (max 30%)	Total (max 100%)	Cash	Deferred	Total
N Wilson	–	n/a	23.5	23.5	172,850	172,850	345,700
J Davies	–	n/a	24.1	24.1	106,450	106,450	212,900
K Procter	–	5.9	22.5	28.4	122,082	122,082	244,164 ¹
M Scrimgeour	–	13.0	24.0	37.0	173,520	173,520	347,040 ¹

In these unusual circumstances, our 2020 results demonstrated the resilience of our business model, with financial performance sustained at a level that enabled continued dividend payments to shareholders. Legal & General operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support and continued to pay Legal & General employees as normal. Nonetheless, the 2020 financial performance targets had assumed growth and that was not achieved. As a result executive directors will receive no bonus based on Group financial performance for 2020, although some divisional financial performance targets were achieved.

30% of the bonus opportunity for executive directors is based on strategic objectives, and the Committee carefully considered whether it was appropriate to pay any bonus based on the achievement of strategic objectives when Group financial performance targets had not been achieved. Reflecting on the necessary change in business focus during the year to protect stakeholders, and the progress of strategic objectives despite the impact of Covid-19, the Committee concluded that it would be inappropriate to exercise its discretion to prevent a bonus payout based on the achievement of these strategic objectives (strategic implementation, effective risk management and company culture).

Group financial – achievement

Performance measures	Weighting				2020 performance				Payout % of maximum
	Nigel Wilson	Jeff Davies	Kerrigan Procter	Michelle Scrimgeour	Threshold	Target	Maximum	Actual	
Net release from operations	20.00%	20.00%	5.71%	5.71%	1,579	1,682	1,734	1,511	0%
Operating profit ^{2,3}	25.00%	25.00%	7.14%	7.14%	2,085	2,210	2,273	2,007	0%
Adjusted EPS ²	12.50%	12.50%	3.57%	3.57%	28.8	31.2	32.2	19.5	0%
Adjusted ROE ²	12.50%	12.50%	3.57%	3.57%	18.5	19.0	19.5	12.9	0%
Solvency II performance ⁴					Underpin				

- These figures represent the AVP received for the period in which Kerrigan Procter and Michelle Scrimgeour were executive directors. For full transparency, details of Kerrigan's and Michelle's full year AVP can be found on page 96.
- Performance measures exclude the impact of mortality assumption changes, profits and gain on disposal, less separation costs relating to the Mature Savings business.
- References to 'operating profit' in the Annual report on remuneration represent 'Group adjusted operating profit', an alternative performance measure defined in the glossary.
- Solvency II performance assessed on a qualitative basis.

**Divisional performance – achievement**

Divisional objectives represent a maximum of 50% of the total AVP opportunity for Kerrigan Procter and Michelle Scrimgeour. The key measures for Legal & General Capital (LGC) were operating profit (for direct investments and traded portfolio but excluding modular housing), profit before tax (PBT, for direct investments excluding modular housing), PBT (traded portfolio), PBT (modular housing) and divisional expenses. The key measures for Legal & General Investment Management (LGIM) were operating profit (excluding workplace savings), PBT, divisional expenses, global annualised net new revenue and external net flows.

Divisional and personal strategic objectives are considered by the Group Board to be commercially sensitive. The actual targets are not formally disclosed in the annual report and will not be disclosed in this year's report or in a future report as they relate to subsidiaries of the Group. Performance commentary is given in the table below.

Executive director	Divisional measures	Summary of performance	Payout (out of 50%)
Kerrigan Procter	LGC key measures were operating profit (for direct investments and traded portfolio but excluding modular housing), PBT (for direct investments excluding modular housing), PBT (traded portfolio), PBT (modular housing) and divisional expenses	<ul style="list-style-type: none"> Growth of the direct investment portfolio to £3.1bn, an increase of 9% over 2019. Operating profit of £275m, a decrease of 24% due to lower profits from direct investments and the pause in housebuilding activity due to Covid-19. 	5.9%
Michelle Scrimgeour	LGIM key measures were operating profit (excluding workplace savings), PBT, divisional expenses, global annualised net new revenue and external net flows	<ul style="list-style-type: none"> Operating profit growth of 3%, up to £404m. Assets under management up by £82.7bn, an increase of 7% on 2019. External net flows of £20.4bn, down on 2019. Cost income ratio increasing to 57%, reflecting continued investment to ensure operational efficiency and future growth. 	13.0%

Strategic personal performance – achievement

Personal objectives represent a maximum 30% of the total AVP opportunity. For all of the directors, the objectives covered strategic implementation, effective risk management, customer experience and company culture. A performance commentary is given in the table below.

Executive director	Overview of measures	Summary of performance	Payout (out of 30%)
Nigel Wilson	For 2020, Nigel's objectives focused on delivering on the medium-term strategy and ensuring good progress against the company's five year aims as set out at our Capital Markets Event, and continuing to deliver benefits to society through investments in the real economy.	<p>Nigel's award reflects his delivery against all his strategic personal objectives including:</p> <ul style="list-style-type: none"> Delivering business performance consistent with the achievement of the company's five year aims, including growth in our retirement and investment businesses and maintaining a resilient Solvency II position. Strong leadership through the year, ensuring good engagement across the business and continued effective delivery of services to clients. 	23.5%
Jeff Davies	Jeff's objectives included delivering against the company's medium-term strategy with a focus on ensuring the sustainability of performance through effective management of the balance sheet.	<p>Jeff's award reflects his continued strong performance throughout the year and dealing with the additional challenges presented by Covid-19. Key achievements include:</p> <ul style="list-style-type: none"> Driving performance of the Group finance function, embracing technology to build engagement. Ensuring a Solvency II surplus of £7.4 billion, before payment of dividends, through effective management of the balance sheet. Ensuring continued effective delivery of financial reporting and controls as the function adapted to a remote working environment. 	24.1%
Kerrigan Procter	Kerrigan's objectives focused on the continued implementation of LGC's strategy to invest in the real economy across housing, specialist commercial property, clean energy, and SME finance as well as continued development of a strong culture and risk discipline across the business.	<p>Kerrigan's award reflects his strong performance in delivering across the core areas of strategic focus and his response to the challenges created by Covid-19, including:</p> <ul style="list-style-type: none"> Significant new investments including the Life and Mind sciences building in Oxford, the Health Innovation campus in Birmingham, Sheffield's West Bar Square and Kensa Group. Set up of a new Suburban Build to Rent business to deliver 1,000 new homes a year by 2024. Strong management of the health and safety risks faced by the housing businesses due to Covid-19. 	22.5%
Michelle Scrimgeour	Michelle's objectives focused on delivering progress against LGIM's strategic pillars of modernising, diversifying and internationalising the business and continued strengthening of risk governance within the business.	<p>Michelle's award reflects her delivery against key objectives, including:</p> <ul style="list-style-type: none"> Progress on stewardship and ESG activities, with an A+ rating from the UN Principles for Responsible Investing. Technology investments to create a scalable global operating model and further enhance customer service, including the 'Manage Your Account' portal for 4 million DC scheme members. Continued international growth across the US, Asia and Europe with a 5% increase in AUM. Continued strengthening of risk governance. 	24.0%

Annual report on remuneration

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Risk consideration

The Committee reviewed a comprehensive report from the Chief Risk Officer to ascertain that the executive directors' objectives had been fulfilled within the risk appetite of the Group. In addition, the Committee received feedback from the Group Regulatory Risk and Compliance function that there were no issues to consider around regulatory breaches or customer outcomes of such materiality that they would prevent payment of any AVP award or trigger a recommendation that malus should be applied. The Committee was satisfied that the AVP awards should be paid.

Deferral policy

In line with our policy, 50% of all 2020 AVP awards were deferred for three years into conditional shares, subject to continued employment and clawback/malus provisions.

AVP potential 2021

In line with our policy, for 2021 the target and maximum AVP opportunities for our executive directors will be:

Executive director	Target opportunity (% of base pay)	Maximum opportunity (% of base pay)
Nigel Wilson	75%	150%
Jeff Davies	75%	150%

Performance will be based on a combination of group financial performance targets as well as strategic (including environmental, social and governance measures) and personal measures. The percentage weightings will be the same as in 2020. Group financial targets will be disclosed in the 2021 annual report. Some strategic and personal targets are considered confidential and will not be disclosed in any future report.

In line with our policy, 50% of all 2021 AVP awards will be deferred for three years into conditional shares, subject to continued employment and clawback/malus provisions.

Details of how the 2018 PSP award vested

The 2018 PSP award vested at 24.2% in March 2021 based on a combination of TSR (50%) and EPS growth (50%) over the three-year performance period ended 31 December 2020.

Performance measure	Weighting	Outcome (% of maximum)
TSR	50%	24.2
EPS growth (% p.a.)	50%	0
Overall	100%	24.2

The Committee carefully reviewed the company's underlying performance over the performance period taking into consideration a qualitative assessment of Solvency II performance. The Committee saw no reason not to allow the PSP to vest in accordance with the TSR and financial performance out-turn.

The results are shown below:

Grant date	Performance period	Comparator group	Legal & General's TSR ¹	Comparator group median rank	Comparator group 80th percentile TSR performance	Legal & General's notional rank	% of award vesting against comparator group	Percentage of element vesting
16 April 2018	1 January 2018 to 31 December 2020	FTSE 100		47.0	19.0	36.6	46.5%	
		Bespoke comparator group	5.9%	12.5	5.0	9.4	50.3%	48.4%
Performance target								
Performance condition	Threshold	Maximum	Actual performance	Percentage of element vesting				
EPS growth (% p.a.)	5.0%	14.0%	(3.5)%	0%				
<p>1. TSR is calculated under the PSP scheme rules using the three-month average prior to the start and end of the performance period.</p> <p>The figures reported for the 2018 PSP, with a performance period ended 31 December 2020, reflect the market value of the awards that will vest in March 2021. The share price at the date of vesting was not known at the end of the financial year and as such the value included in the 'single figure' of remuneration is based on the number of shares that will vest multiplied by the average share price over the quarter ended 31 December 2020 (£2.283).</p>								
Executive director	Shares granted in 2018	Shares vesting in March 2021	Estimated value of shares on vesting (£)					
Nigel Wilson	867,717	209,988	479,323					
Jeff Davies	477,385	115,527	263,705					
Kerrigan Procter	453,515	109,751	250,520					
Michelle Scrimgeour	-	-	-					

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Performance Share Plan (PSP) 2021 awards: Nigel Wilson, Jeff Davies, Kerrigan Procter, and Michelle Scrimgeour will each be granted an award over nil-cost options with a face value of 250% of base pay.

For the 2021 award, the following performance measures will be used:

- Relative TSR performance against the FTSE 100 (25% of award) and a bespoke group of companies (25% of award).
- EPS growth (50% of award).

Vesting of awards will be subject to an assessment of performance against Solvency II objectives. From 2021, environmental, social and governance (ESG) measures will be considered for the vesting of performance share plan (PSP) awards.

Having considered the business plan over the coming three years and market expectations of performance and given the level of stretch within the TSR performance conditions, the Committee considered it appropriate to continue to set threshold vesting (15% of the award) at median TSR performance and maximum vesting at the upper quintile TSR performance.

For the EPS growth measure the Committee considered it appropriate for vesting to be based on performance as set out in the table below:

EPS growth p.a.	Proportion of shares vesting
<5%	0%
5%	15%
12%	100%
Between 5% and 12%	Straight line basis between 15% and 100%

Other remuneration information

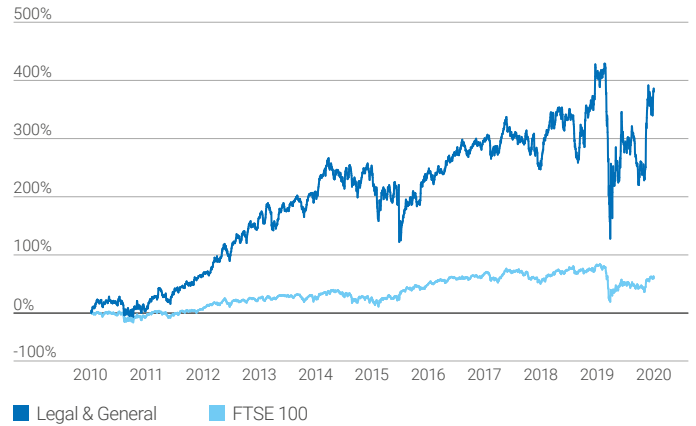
Total shareholder return (TSR)

The chart shows the value, as at 31 December 2020, of £100 invested in Legal & General shares on 31 December 2010, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the company is a member of this index.

Total shareholder return (%)



As at 31 December 2020



Chief Executive – historic remuneration information

The table below shows the remuneration of the Group Chief Executive in place at the time over the same period.

Year	Name	Group Chief Executive single figure of total remuneration (£'000)	Annual variable element against maximum opportunity	PSP vesting rates against maximum opportunity
2020	Nigel Wilson	1,969	23.5%	24.2%
2019	Nigel Wilson	4,592	91.1%	86.9%
2018	Nigel Wilson	3,398	80.4%	48.7%
2017	Nigel Wilson	3,439	85.3%	59.9%
2016	Nigel Wilson	5,417	87.8%	76.6%
2015	Nigel Wilson	5,497	86.3%	100%
2014	Nigel Wilson	4,213	90.7%	100%
2013	Nigel Wilson	4,072	93.1%	100%
2012	Nigel Wilson – appointed CEO 30 June 2012	898	96.0%	0% ¹
	Tim Breedon – retired 30 June 2012	3,280	84.8%	100% ²
2011	Tim Breedon	2,325	79.6%	16.6%

1. The 2009 PSP vested in full in 2012. However, no PSP is shown in the figure for Nigel Wilson as, while he received the PSP, it vested during the time he was CFO.
 2. The 2009 PSP vested in full in 2012. The PSP figure that vested for Tim Breedon is shown in his figure as it vested during the time he was Group Chief Executive.

Due to the timing of the vesting of PSP awards, initially PSP figures within the single figure are calculated based on three-month average share prices to 31 December of the respective year. In the following year, as noted under the single figure table on page 96 for the 2019 PSP, the figures are restated to reflect the actual share price on the vesting date. The figures in the table above have been restated for the years 2015-2019.

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Scheme interests awarded during the financial year

The following table sets out details of PSP awards made in 2020.

Executive director	Reason for award	Award type	Awards granted in 2020	Grant price £	Face value at grant price £
Nigel Wilson	PSP	Conditional shares	1,068,110	2.2926	2,448,749
	Deferred bonus	Conditional shares	277,497	2.3287	646,198
Jeff Davies	PSP	Conditional shares	643,374	2.2926	1,474,999
	Deferred bonus	Conditional shares	163,720	2.3287	381,249
Kerrigan Procter	PSP	Conditional shares	594,303	2.2926	1,362,499
	Deferred bonus	Conditional shares	151,717	2.3287	353,298
Michelle Scrimgeour	PSP	Conditional shares	648,826	2.2926	1,487,498
	Deferred bonus	Conditional shares	79,831	2.3287	185,900

Performance conditions for PSP awards granted in 2020

The PSP awards were granted on 12 August 2020. 25% of the award will vest based on TSR performance relative to the FTSE 100, 25% of the award will vest based on TSR performance relative to a bespoke peer group (comprising Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, CNP Assurance, Gjensidige Forsikring, Hannover Rueck., Lincoln National, M&G, Mapfre, Metlife, Muenchener Ruck., NN Group, Phoenix Group, Prudential Financial, Prudential, Sampo A, Standard Life Aberdeen, Swiss Re, Talanx and Zurich Insurance Group), and 50% of the award will vest based on the EPS growth. Vesting will be based on performance as set out in the table below:

Vesting level	TSR	EPS growth p.a.
0%	Below median	<5%
15%	Median	5%
100%	80th percentile and above	12%
Straight line basis between 15% and 100%	Between median and the 80th percentile	Between 5% and 12%

Ordinarily, share awards are granted in April of each year, following announcement of the company's annual results. Due to market volatility in April 2020 as a result of the Covid-19 pandemic, the Remuneration Committee agreed to defer the grant of share awards to executive directors and Persons Discharging Managerial Responsibility (PDMR) until markets had become more settled. The share awards were subsequently granted on 12 August 2020 based on the average share price at the time of grant. For the PSP awards this was based on the average share price for the five days preceding the grant date and for the deferred bonus SBP awards this was based on the average share price for the three days preceding the grant date. In both cases the share price at grant was higher than if the grant had been made in April 2020 as originally intended. The PSP awards were granted with an additional provision that the Remuneration Committee may amend the vesting downwards (but not increase the level of vesting) to ensure there are no 'windfall gains' as a result of a low share price due to market volatility at the time of grant. The PSP awards granted do not attract dividend equivalents during the vesting period.

At the end of the three-year performance period commencing 1 January 2020, the Committee will critically assess whether the formulaic vesting outcome is justified. To do this, the Committee will look at a number of factors including: whether the result is reflective of underlying performance and has been achieved within the company's agreed risk appetite, the Solvency II coverage ratio, the quality of earnings and the nature of any changes in leverage or key assumptions. If such considerations mean that the formulaic outcome of the vesting schedule is not felt to be justified, then the Committee can exercise downwards discretion. The Remuneration Committee may also consider reducing the number of shares vesting and/or impose further conditions on the award to neutralise any 'windfall gain' that might arise.

Payments to past directors

As set out in the 2019 annual report and accounts, Mark Zinkula had a maximum of 331,292 shares to vest from the 2018 PSP award. As indicated on page 101 the 2018 PSP award vested at 24.2% based on performance.

Mark's outstanding deferred share bonus awards have vested or will vest at the normal times as set out in the table below:

Bonus year	Grant date	Vesting date	Awards	Grant price
2016	18/04/2017	18/04/2020	166,682	£2.495
2017	16/04/2018	16/04/2021	164,818	£2.688
2018	16/04/2019	16/04/2022	121,306	£2.867
2019	14/04/2020	14/04/2023	100,979	£2.043

Statement of directors' shareholding and share interests

Total shareholding of executive directors:

	Type	Owned outright/ vested shares	Subject to deferral/ holding period	Total vested and unvested shares (excludes any shares with performance conditions)	Subject to performance conditions	Shares sold or acquired during the period 1 January 2021 and 9 March 2021	
						Owned outright/ vested shares	Subject to deferral/ holding period
Nigel Wilson	Shares	3,299,219	688,904	3,988,123	–	143	81
	ESP	17,487	4,815	22,302	–	–	–
	Options	–	678,629	678,629	2,763,934	–	–
Jeff Davies	Shares	79,096	397,759	476,855	–	143	81
	ESP	2,514	1,388	3,902	–	–	–
	Options	–	300,269	300,269	1,606,850	–	–
Kerrigan Procter	Shares	516,217	392,026	908,243	–	125,704	81
	ESP	20,632	1,355	21,987	–	–	–
	Options	–	327,343	327,343	1,507,634	–	–
Michelle Scrimgeour	Shares	37,766	357,130	394,896	–	–	–
	ESP	–	–	–	–	–	–
	Options	–	–	–	648,826	–	–

Annual report on remuneration

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Shareholding requirement – executive directors

The shareholding requirement for all executive directors is 325% of base pay.

	Actual share ownership as % of 2020 base salary: vested shares ¹	Guidelines on share ownership as a % of base salary	Guideline met	Shares owned at 1 January 2020	Shares owned at 31 December 2020	Shares sold or acquired during the period 1 January 2021 and 9 March 2021
Nigel Wilson	901%	325%	Yes	3,013,450	3,316,706	224
Jeff Davies	37%	325%	No	1,582	81,610	224
Kerrigan Procter	262%	325%	No	460,162	536,849	125,785
Michelle Scrimgeour – appointed 2 September 2019	17%	325%	No	–	37,766	–

1. Closing share price as at 31 December 2020: £2.662

Notes

Shares used for the above calculation exclude those with performance conditions, any unexercised options, those shares subject to a period of deferral and any shares held in a private trust where the executive director is not a trustee. They include vested shares where the executive director has beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependant child under the age of 18 years.

Although the share ownership guidelines are not contractually binding, executive directors are normally expected to retain any after tax vested share awards until the guideline is met. The Committee retains the discretion to withhold future grants under the PSP if executives are not making satisfactory progress against the guidelines. Once shareholding requirements have been met, executive directors may sell surplus shares if they wish. The Committee has discretion to allow executive directors to sell shares prior to the shareholding guidelines being met if there are extenuating circumstances, for example, changes to personal circumstances.

From 2020 all executive directors will also be required to maintain this level of shareholding for two years post-cessation of their employment.

Share options exercised during 2020

The following table shows all share options exercised by the executive directors during 2020.

Executive director	Date of grant	Shares exercised	Exercise date	Share price at date of exercise £	Gain £
Nigel Wilson	14/04/2015	170,045	19/04/2020	2.054	349,272
Nigel Wilson	21/04/2016	158,009	19/04/2020	2.054	324,550
Nigel Wilson	18/04/2017	265,173	19/04/2020	2.054	544,665
Jeff Davies	18/04/2017	145,859	09/03/2020	2.180	317,973
Jeff Davies	07/04/2017	1,791	22/06/2020	2.205	349
Kerrigan Procter	14/04/2015	44,844	17/12/2020	2.587	116,011
Kerrigan Procter	21/04/2016	53,501	17/12/2020	2.587	138,407
Kerrigan Procter	18/04/2017	138,566	17/12/2020	2.587	358,470

Non-executive directors' remuneration – 2020

Non-executive directors' fees

The fees for the Chairman and non-executive directors were reviewed during 2020 and with effect from 1 August 2020 the fee for the Chairman was increased from £505,000 to £523,000. The attendance fees for non-executive directors were changed to £10,000 for membership of each of the Audit, Remuneration and Group Risk Committees (rather than being payable for sitting on any two Board committees). The current limit for fees paid to non-executive directors is an aggregate of £1,500,000 p.a. The table below sets out the current fees.

Annual fees	Current fee £
Chairman	523,000
Base fee	75,000
Additional fees:	
Senior Independent Director	30,000
Committee Chairmanship fees (Audit, Remuneration and Group Risk Committees)	30,000
Attendance fee (Audit, Remuneration and Group Risk Committees)	10,000

The table below shows the actual fees paid to our non-executive directors in 2020 and 2019.

Non-executive director		Fees for 2020	Benefits for 2020 ³	Total remuneration for 2020	Fees for 2019	Benefits for 2019	Total remuneration for 2019
Sir John Kingman	Chairman T N	512,500	–	512,500	496,250	–	496,250
Henrietta Baldock ¹	A N R Ri	199,167	–	199,167	190,625	1,115	191,740
Philip Broadley	A T N R Ri	119,167	3,053	122,220	115,000	1,439	116,439
Lesley Knox ²	A N R Ri	219,167	1,628	220,795	165,000	3,062	168,062
George Lewis	A N Ri	71,458	21,227	92,685	102,708	17,906	120,614
Ric Lewis	N R Ri – appointed 18 June 2020	49,532	–	49,532	–	–	–
Julia Wilson	A T N Ri	119,167	89	119,256	115,000	367	115,367
Toby Strauss	A T N Ri	115,000	444	115,444	115,000	437	115,437

Key:

NED Committee membership: N = Nominations & Corporate Governance Ri = Risk
A = Audit R = Remuneration T = Technology

- Henrietta Baldock is also Chair of the Legal and General Assurance Society Board for which she receives a separate fee to that paid to her as a non-executive director of the Group. The actual fees in the table above include her total fees for both roles.
- Lesley Knox is also Chair of the Legal & General Investment Management (Holdings) Limited Board for which she receives a separate fee to that paid to her as a non-executive director of the Group. The actual fees in the table above include her fees for both roles.
- Benefits for non-executive directors relate to taxable travel and accommodation expenses incurred while undertaking their roles as non-executive directors for Legal & General.

Shareholding requirements – non-executive directors

Non-executive directors are required to build up a shareholding equivalent to one times base fee. The table below shows their shareholding as at 4 January 2021, taking into account share purchases in relation to December 2020 fees, purchased on 4 January 2021.

Name	Shareholding as at 4 January 2021	Shareholding as a % of base fee	Guideline met	Shares purchased from 5 January 2021 to 9 March 2021
Sir John Kingman	258,955	132%	Yes	1,872
Henrietta Baldock	20,637	73%	On target	2,652
Philip Broadley	92,260	327%	Yes	–
Lesley Knox	77,600	275%	Yes	–
George Lewis	30,912	110%	Yes	2,602
Ric Lewis	6,655	24%	On target	3,315
Toby Strauss	54,620	194%	Yes	3,182
Julia Wilson	51,823	184%	Yes	–

Non-executive directors' terms of employment

	Current letter of appointment start date	Current letter of appointment end date
Sir John Kingman	24 October 2016	24 October 2021
Julia Wilson	09 December 2017	09 December 2020 ¹
Henrietta Baldock	04 October 2018	04 October 2021
Philip Broadley	08 July 2019	08 July 2022
Lesley Knox	01 June 2019	01 June 2022
George Lewis	01 November 2018	01 November 2021
Ric Lewis	18 June 2020	18 June 2023
Toby Strauss	01 January 2020	01 January 2023

The standard term for non-executive directors is three years and for the Chairman is five years. All non-executive directors are subject to annual re-election.

- Julia Wilson, the company's Senior Independent Director, will be stepping down from the Board on 31 March 2021 following a nine-year tenure. Philip Broadley, Chair of the Audit Committee, will take on the position of Senior Independent Director following Julia's departure.

Annual report on remuneration

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Remuneration for employees below Board

General remuneration policy

The Group's remuneration policy is designed to reward, motivate and retain high performers in line with the risk appetite of the Group. Remuneration is considered within the overall context of the Group's sector and the markets in which the divisions operate. The policy for the majority of employees continues to be to pay around the relevant mid-market range with a competitive package designed to align the interests of employees with those of shareholders, and with an appropriate proportion of total remuneration dependent upon performance.

We define core remuneration as base pay, annual bonus and other benefits such as pension. Key employees are also eligible to participate in the performance share plan (PSP).

Summary of the remuneration structure for employees below the Board

Element	Policy
Base pay	<p>We aim to attract and retain key employees by paying base pay which delivers competitive total remuneration. Factors taken into account when determining salaries include:</p> <ul style="list-style-type: none"> • The nature, size and scope of the role. • The knowledge, skills and experience of the individual. • Individual and overall business performance. • Pay and conditions elsewhere in the Group. • Appropriate external market data. <p>As a member of the Living Wage Foundation, base pay is also set with reference to the Foundation's UK and London living wage levels.</p> <p>During 2020, the average base pay increase was 3.6%. For the latest pay review the approach adopted was for the lowest paid employees (less than £30,000) to receive, on average, the highest increases (generally 3% of base pay).</p>
Annual bonus	<p>The majority of employees participate in a discretionary bonus plan, unless an alternative plan applies based on role. An employee will be considered for a discretionary bonus award based on achievement against objectives, conduct and behaviours, the role performed during that year and internal relativities.</p> <p>The Group operates bespoke bonus plans where business appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans.</p> <p>Bonuses above a certain threshold are subject to deferral with the deferral amount increasing with the size of the bonus. Deferred awards are normally held in shares for three years.</p> <p>The company reserves the right to adjust deferral levels for code staff as deemed appropriate.</p>
Performance share plan (PSP)	<p>Participation in the PSP is offered to a small number of senior executives each year in recognition of the strategic and influential role that they hold in terms of driving company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years.</p> <p>PSP awards were made to around 80 employees during 2020.</p> <p>Where appropriate, grants under the PSP may also be made for new employees who join the company during the year in key roles.</p>
Other share plans and long-term incentives	<p>The company operates a Share Bonus Plan (SBP) which provides the vehicle for deferral of annual bonuses in the majority of cases and also allows for a limited number of awards of shares to high potential individuals and those with critical skills.</p>
Benefits	<p>All UK employees have access to private medical insurance, life insurance, and a range of family-friendly policies (maternity, paternity, adoption and shared parental leave). In addition there are several wellbeing support packages including Unmind (a confidential mental health app), childcare and eldercare support.</p>
Pension	<p>All employees are given the opportunity to participate in a Group Pension Scheme. The pension opportunity offered to the majority of the workforce is 10% of base pay.</p>
Employee share plans	<p>All employees are given the opportunity to participate in a ShareSave plan and an Employee Share Purchase plan. These are both HMRC approved plans which offer all employees the opportunity to share in the success of the business.</p>

Annual equal pay audit

The Group seeks to ensure that our pay policies and practices are free from unfair bias. Part of the pay review process is an annual equal pay audit that reviews pay and bonus decisions by gender, ethnicity, age and full-time versus part-time working. In addition, it considers the application of the pay policy more widely, in particular looking at decisions made in the annual pay review across grades, functions and divisions.

Gender pay reporting

The Group has published its gender pay report for 2020. Further details can also be found on page 54 of the annual report.

Pay ratio in relation to the Group CEO

Since 2016 we have voluntarily disclosed details of the pay ratio in relation to the Group CEO and the wider UK employee population. From 2018 we made some amendments to how we report the information in order to align with the reporting requirements set out by BEIS, which came into effect for financial years starting 1 January 2019.

The tables below provide the ratio between the CEO base pay and single figure total remuneration and the base pay and total remuneration for UK employees banded by percentile.

Total remuneration

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2020	B	22	41	68	90,324	47,472	29,030
2019	B	64	105	158	67,744	41,177	27,408
	A	61	105	167	70,892	40,982	25,814
2018	B	39	79	134	86,082	42,906	25,381
	A	49	83	132	69,923	40,814	25,730
2017	B	51	90	133	67,475	38,055	25,891
	A	52	89	137	66,572	38,802	25,023

Base pay

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2020	B	14	23	40	70,167	42,408	24,479
2019	B	16	26	40	59,692	36,000	23,375
	A	16	27	42	60,000	35,000	22,550
2018	B	13	26	41	71,583	35,493	22,570
	A	16	27	41	57,853	34,475	22,781
2017	B	18	27	42	51,550	33,706	21,765
	A	16	27	42	58,020	33,649	22,148

Pay ratio commentary

Between 2019 and 2020 the ratio of total remuneration for the Group CEO compared to UK employees has fallen. The decrease is the result of the lower bonus and lower level of vesting of the 2018 PSP compared with the PSP awards in the previous three years.

Methodology

We have chosen option B as our method for calculating the pay ratio for 2020, consistent with the methodology for reporting of the gender pay gap. The total remuneration figures for the UK employees are based on salaries at 1 December 2020. Bonus amounts for 2020 are not determined for some eligible employees until after publication of this report, and therefore it is not possible to determine the exact 2020 total remuneration for all UK employees (option A) within this timescale. For completeness and transparency, we have included the pay ratios based on the option A method for previous years and we will also retrospectively disclose the pay ratio for 2020 based on the option A method in the 2021 report. We do not believe that this will result in pay ratio figures which are materially different to the 2020 figures disclosed above.



Gender Pay Gap Report

Our 2020 gender pay gap report is available on our group website. See: www.legalandgeneralgroup.com/investors/results-reports-and-presentations/

Annual report on remuneration

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Percentage change in directors' in 2020 remuneration compared with all UK employees

As required under the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the analysis has been expanded to cover all executive directors and non-executive directors, rather than just the Group CEO as has been the case in previous years.

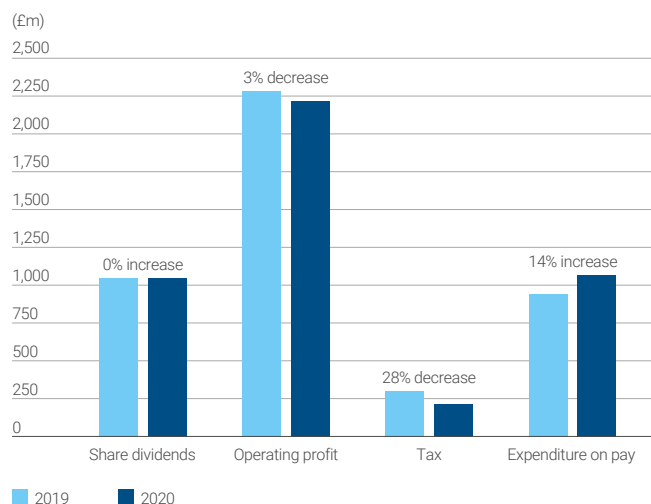
	Base pay/ fees (% change)	Benefits (% change)	AVP (% change)
Executive directors			
Nigel Wilson	3.4%	3.4%	(73.2)%
Jeff Davies	6.6%	6.3%	(72.1)%
Kerrigan Procter	3.2%	(7.1)%	(61.7)%
Michelle Scrimgeour	2.9%	2.5%	(48.2)%
Chairman & NEDs¹			
Sir John Kingman	3.3%	n/a	n/a
Henrietta Baldock	4.5%	n/a	n/a
Philip Broadley	3.6%	n/a	n/a
Lesley Knox	1.9%	n/a	n/a
George Lewis	4.9%	n/a	n/a
Ric Lewis	n/a	n/a	n/a
Toby Strauss	0.0%	n/a	n/a
Julia Wilson	3.6%	n/a	n/a
Average for UK employees	3.5%	3.5%	2.7%

1. The increase in fees for non-executive directors of the Group is a result of the change in the fee structure in relation to committee memberships. The base fee for non-executive directors has not changed from 2019.

As with last year we have chosen the whole UK employee population as the comparator group. This group has been chosen because it includes a wider cross section of the Group's employees. The increase in benefits for the employee comparator group relates to the impact of base pay increases.

Relative importance of spend on pay

The chart opposite shows the relative importance of spend on pay compared to shareholder dividends and operating profit for the year. Operating profit has been shown because it is a KPI of the business. No share buybacks were made in 2019 or 2020.



Remuneration Committee

The table below shows the members and attendees of the Remuneration Committee during 2020.

Committee members, attendees and advice

Meetings in 2020

During 2020, the Committee met six times and in addition had ongoing dialogue via email and telephone discussion. An outline of the Committee undertakings during 2020 is shown in the table below. During 2020 the Remuneration Committee comprised the following non-executive directors:

Year	Number of Remuneration Committee meetings attended during 2020
Lesley Knox	6/6
Philip Broadley	6/6
Henrietta Baldock	6/6
Ric Lewis	3/3

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First		<ul style="list-style-type: none"> Reviewed findings of the CRO report. Approved the 2019/20 annual pay review and executive pay awards. Approved vesting of the 2017 PSP, LGIM LTIP and LGC Direct Investment Share Awards. 	<ul style="list-style-type: none"> Approved the 2020 AVP performance measures. Approved the 2020 ShareSave invitation. 	
Second			<ul style="list-style-type: none"> Consideration of approach to 2020 PSP and SBP awards in light of the impact of Covid-19. 	
Third	<ul style="list-style-type: none"> Reviewed outcomes of AGM season. 	<ul style="list-style-type: none"> Financial update and indicative variable pay update for executive teams. 	<ul style="list-style-type: none"> Approval of 2020 PSP awards for executive directors and other PDMRs. Review of pension arrangements. 	<ul style="list-style-type: none"> Review of potential implications on remuneration of Investment Firm Prudential Regime.
Fourth	<ul style="list-style-type: none"> Review and approval of Committee terms of reference. Review of report on the activities of the Group Reward Steering Committee in 2020. 	<ul style="list-style-type: none"> Review of the base pay increase budget proposals for 2021. Consideration of incentive out-turns in respect of 2020. 	<ul style="list-style-type: none"> Review of AVP and PSP performance measures and targets for 2021. 	<ul style="list-style-type: none"> Review of code staff lists. Approved remuneration policy statements for FCA and PRA.

At the invitation of the Remuneration Committee, the Group Chairman attends Committee meetings. Where appropriate, the Group Chief Executive, Nigel Wilson, and the Group HR Director, Group Reward Director, Head of Executive Compensation, Director of Group Finance and Group Chief Risk Officer also attend meetings. No person is present during any discussion relating to his or her own remuneration.

At the invitation of the Remuneration Committee, a representative from Deloitte also attended Committee meetings. During 2020, Deloitte principally advised the Committee on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. Deloitte were appointed by the Committee. The Committee reflects on the quality of advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received from the Deloitte LLP engagement team is objective and independent. Deloitte are signatories to the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The total fees paid to Deloitte in relation to Remuneration Committee work during 2020 were £105,600 (excluding VAT). While fee estimates are required for bespoke pieces of work, fees are generally charged based on time with hourly rates in line with the level of expertise and seniority of the adviser concerned. During the year, Deloitte also provided the company with consulting services.

Annual report on remuneration

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Terms of reference

The Committee's terms of reference are available on our website. The remit of the Committee includes the remuneration strategy and policy framework for the whole company as well as the executive directors.

The Committee particularly focuses on:

- Determining the individual remuneration for executive directors and for other designated individuals or for those who are discharging a head of control function role.
- Undertaking direct oversight on the remuneration of other high earners in the Group.
- Oversight of the remuneration of Code staff and employees in the control and oversight functions.
- Oversight of remuneration policies and structures for all employees.

Considering risk

The Reward Steering Committee (RSC) and the Group Regulatory Risk and Compliance Function make a key contribution to the process of designing reward structures and evaluating whether achievement of objectives and any payment from plans have taken into account the overall risk profile of the Group.

Reward Steering Committee (RSC)

Reporting to the Remuneration Committee, the RSC helps set the framework within which our incentive arrangements are normally reviewed and implemented, with a view to supporting business strategy, whilst acting within the Group's risk appetite. The members of the RSC include the Group HR Director, Group Chief Risk Officer (CRO), Group Conduct Risk Director, Regulatory Risk Director, LGIM Chief Compliance Officer, the Director of Group Finance, the Group Reward Director and the Head of Executive Compensation.

Where a business unit tables a proposal for consideration, the relevant business manager is required to attend the RSC meeting to explain the background and to answer all questions and challenges from the RSC.

Group Regulatory Risk and Compliance Function

The Remuneration Committee also works closely with the Group Regulatory Risk and Compliance Function with respect to remuneration proposals.

In particular, the function reports to the Committee on an annual basis on whether any risks have been taken outside of pre-agreed parameters, there have been regulatory breaches, or they are aware of any other considerations that may lead the Committee to consider whether it should impact the payment of bonuses to staff (including in particular the executive directors and Code staff).

The CRO also specifically looks at the overall risk profile of the Group and whether executive directors have achieved objectives within the Group's accepted risk appetite. The CRO also reviews the executive directors' objectives for the forthcoming year to ensure they are in line with the risk parameters.

Since the implementation of a new Solvency II remuneration policy in 2016, the scope of the CRO report has been extended to consider whether there are any risk considerations which may warrant adjustments to the overall level of corporate annual variable pay awards.

Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance and any changes to the Group's executive pay arrangements.

During 2019, we reviewed our approach to remuneration in the context of future business strategy, updated investor guidelines and evolving best practice, and sought feedback from shareholders and representative bodies. The responses that we received helped shape our thinking with respect to the new remuneration policy which was approved by shareholders at the 2020 AGM in May 2020. Unfortunately due to Covid-19 restrictions we had to change the format of the 2020 AGM but we have continued to engage with shareholders throughout the year and were able to hold a virtual shareholder event in December 2020.

During 2021 the Committee will continue to review the remuneration policy and will consult with the Group's largest shareholders on any changes.

Statement of voting at the Annual General Meeting (AGM) 2020

The table below shows the voting outcomes on the directors' remuneration policy and the directors' remuneration report at the last AGM in May 2020.

Item	For	Against	Abstain number
Remuneration policy	95.71%	4.29%	–
	4,109,620,878	184,122,218	12,853,165
2019 remuneration report	95.40%	4.60%	–
	4,089,839,555	197,291,047	19,465,659

Dilution limits

The company's all-employee plans and the now-closed ESOS operate within the Investment Association's dilution limit of 5% of issued capital in 10 years for executive schemes, and all its plans will operate within the 10% of issued capital in 10 years limit for all schemes.

As at 31 December 2020, the company had 4.92% of share capital available under the 5% in 10 years limit and 9.62% of share capital under the 10% in 10 years limit.

As at 31 December 2020, 33,172,865 shares were held by the Employee Benefit Trust to hedge outstanding awards of 74,327,125 shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

The company considers that certain external appointments can help to broaden the experience and contribution to the Board of the executive directors. Any such appointments are subject to annual agreement by the Group and must not be with competing companies. Subject to the Group's agreement, any fees may be retained by the individual. However, they received no fees for the below appointments.

External appointments held in 2020 are shown below:

	Role and organisation	Fees
Nigel Wilson	n/a	Nil
Jeff Davies	n/a	Nil
Kerrigan Procter	n/a	Nil
Michelle Scrimgeour	Director of The Investment Association, Member of the FCA Practitioner Panel	Nil