

Nominations Committee report



SIR JOHN KINGMAN
Chairman

The composition of the Committee

The Committee is composed of all the independent non-executive directors. The table below sets out the committee membership during the year. The Group Chief Executive and Group HR Director may be invited to attend meetings where this may assist the Committee in fulfilling its responsibilities and, most notably, in relation to executive appointments and succession planning.

Members:

Sir John Kingman (Chair)

Julia Wilson

Carolyn Bradley

Philip Broadley

Lesley Knox

Richard Meddings until 25 May 2017

Rudy Markham until 25 May 2017

Toby Strauss

In line with our conflicts of interest management policy, directors are asked to absent themselves from any discussions relating to his/her own reappointment or succession.

The role of the Committee

The Committee has overall responsibility for leading the process for new appointments to the Board and ensuring that these appointments bring the required skills and experience to the Board to support the Board's role in development and oversight of the group's strategy. As part of this, the Committee reviews the structure, size and composition of the Board to ensure the Board is made up of the right people with the necessary skills and experience whilst striving to achieve a Board composition that promotes diversity of thought and approach.

The Committee's key responsibilities are:

- regularly reassessing the structure, size and composition of the Board and recommending any suggested changes to the Board.
- reviewing the criteria for identifying and nominating candidates based on the specification for a prospective appointment including the required skills and capabilities.
- considering succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the company, ensuring the continued ability of the company to compete effectively in the market place, and what skills and expertise will be needed by the Board in future.
- reviewing the time commitment required from non-executive directors and assessing the non-executive directors' other significant commitments to ensure that they continue to be able to fulfil their duties effectively.

The Committee's terms of reference, which set out full details of the Committee's responsibilities, can be viewed on our website: legalandgeneralgroup.com/investors/corporate-governance.html.

How the Committee spent its time in 2017

Following the changes to the composition of the Board during 2016, including the appointment of the new Chairman and new Group Chief Financial Officer, the Committee's activities in 2017 have focused on overseeing the induction of recently joined Board members and assessing changes to committee composition arising from the changes to the Board's composition.

This year the Committee has particularly focused on succession planning for the executive and senior management. This has included testing that plans are in place for key senior business roles and ensuring that there are development plans in place to nurture the talent in the next level of management below this to further strengthen internal succession.

The Committee is responsible for evaluating the independence of all non-executive directors and undertakes an annual review of each non-executive director's other interests. The Board, on the recommendation of the Committee, is satisfied that each non-executive director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the company. Julia Wilson has served on the Board for six years and, as a result, her continued independence was subject to more rigorous review. Board members considered Julia's external interests and other relationships which could materially interfere with her ability to exercise independent judgement. It was concluded that there were no circumstances which would affect Julia's ability to act in the best interest of the company and that her length of tenure had no detrimental impact on her level of independence.

Our approach to diversity

Our approach to diversity at Board level is set out in our Board Diversity Policy, which is reviewed annually. We continue to recruit based on merit while remaining committed to diversity in the widest sense, including in relation to gender, ethnicity, religious belief, sexual orientation and disability, when seeking to fill vacant Board positions and for the company more generally.

We have maintained the diversity on our Board, which comprises 30% females and 70% males. Our Executive Committee comprises 27% females and 73% males. The Board continues to support Lord Davies’ and Hampton-Alexander voluntary targets, namely for a third of all Board members in FTSE 350 companies and FTSE 100 companies to be women by 2020. More information can be found on pages 32 to 35. The chart opposite demonstrates the Board’s current position.

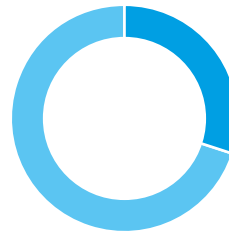
The Board continues to support the delivery of the talent and leadership programmes within the wider organisation which seek to address gender imbalance by removing barriers that prevent women from realising their potential.

Board members actively participate in discussions relating to talent and leadership and a number of Board members act as mentors to individual employees who have been identified as future leaders. The Board supports the Legal & General 50/50 by 2020 Network which aims to have a 50/50 balance of men and women right through the organisation by 2020.

We will publish our Gender Pay Gap data, which will appear online at www.legalandgeneralgroup.com/media-centre/reports. A summary is available on page 34 of this report.

Diversity

Gender

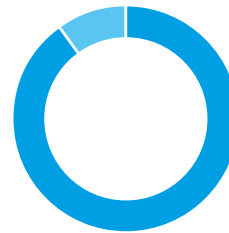


The Board now comprises:
 ■ Females 30%
 ■ Males 70%

The Committee only engages executive search firms that are signatories to the Voluntary Code of Conduct for Executive Search Firms, which promotes gender diversity and best practice for corporate board searches. The company has worked with JCA Group, Odgers, Russell Reynolds and Korn Ferry which are all signatories to this Code and have no other connection to the company.

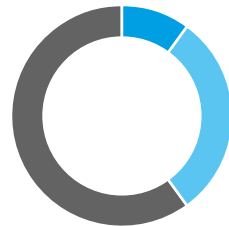
The Committee briefs the search firm to ensure that the pool of candidates presented includes candidates with an appropriate range of experience, knowledge and background, and who demonstrate independence of approach and thought.

Sector experience



Board members come from the following backgrounds:
 ■ Financial Services 90%
 ■ Customer and Retail 10%

Tenure (years)



The length of tenure of the non-executives varies:
 ■ Over six years 10%
 ■ Between three and six years 30%
 ■ Between one and three years 60%