

LEGAL & GENERAL GROUP PLC

Remuneration Committee – Terms of Reference

1. Constitution of the Committee

The Board of Directors resolved to appoint a Remuneration Committee (the “Committee”), which is a committee of the Board. The Committee’s responsibilities are discharged on behalf of Legal & General Group plc and its subsidiaries, including review of issues and activities that relate to particular subsidiaries within the Group. The principal operating subsidiaries are Legal and General Assurance Society Limited, Legal & General Insurance Limited, Legal and General Assurance (Pensions Management) Limited and Legal & General Investment Management (Holdings) Limited (the “Principal Operating Subsidiaries”) and the Group’s CRD IV firms, namely Legal & General (Portfolio Management Services) Limited and Cofunds Limited. The Board will annually review the terms of reference listed below and the Committee and the Board will annually review the effectiveness of the Committee.

2. Membership

- 2.1. Members of the Committee are Non-Executive Directors as appointed to the Committee by the Board.
- 2.2. Appointments to the Committee will be for a period of three years, which may be extended for two further three year periods.
- 2.3. The Board will appoint the Chair of the Committee who will be an independent Non-Executive Director who should have served on a remuneration committee for at least twelve months.
- 2.4. The Committee will comprise a minimum of three independent Non-Executive Directors of the Company. Independence is determined by relevant legislation and corporate governance. The Chairman of the Board may also serve on the Committee as an additional member if he/she was considered independent on appointment as Chairman.
- 2.5. All members of the Committee shall have the relevant expertise and experience necessary for the role.
- 2.6. No director shall be involved in any decisions as to their own remuneration.

3. Non-Executive Directors Fees

- 3.1. The remuneration of Non-Executive Directors shall be a matter for the Group Board and, in relation to the remuneration of the Chairman of the Board, shall be determined by the Senior Independent Director and Executive Board members, and any other member of the Board who is not otherwise conflicted, and approved by the Committee as guided by the retained remuneration advisers to the Committee.

4. Duties and Authority

- 4.1. The Committee is empowered to determine and approve the framework of the remuneration policy of Legal & General Group Plc and its subsidiaries (including international subsidiaries) (“Group”) and specifically to manage executive director remuneration and the remuneration of the designated senior managers as listed in the Appendix (“Designated Individuals”).

- 4.2. The Committee will determine and recommend to the Group Board for approval the Group's remuneration policy having regard to views of shareholders and other stakeholders, the risk appetite of the Company, alignment to the Company's long term strategic goals and the requirement that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
- 4.3. Specifically, the Committee will determine and approve:
- 4.3.1. The contractual terms and remuneration of the Executive Directors and Designated Individuals, including base salary, policy for and scope of pension arrangements, share and other incentive plans and bonus arrangements, having regard to the terms and the remuneration levels for the rest of the employees across the Group, the alignment of incentives and rewards with culture and ensuring arrangements reflect the need to balance incentive against risk.
 - 4.3.2. The contractual terms on termination for Executive Directors and Designated Individuals, including any payments to be made, having regard to what is fair for the individual and the Group, that failure is not rewarded and that for Executive Directors, a duty to mitigate loss is fully recognised.
 - 4.3.3. The principles and parameters of remuneration policy for employees who are considered Code staff pursuant to the Remuneration Code and any proposed exceptions to the approved principles and parameters.
 - 4.3.4. The framework of the remuneration policy for all other employees in the Group including any specific principles of remuneration policy for employees within the Group's oversight functions including Risk, Compliance, HR, Internal Audit, Finance, Legal and Governance.
 - 4.3.5. The design of, or amendment to, any share or cash based performance related pay plans operated by the Company and monitor the total annual payments made under such plans. The Committee may delegate to the Reward Steering Committee matters in relation to such plans for participants who are not Executive Directors or Designated Individuals as it considers appropriate.
- 4.4. The Committee will exercise the powers of the employer in relation to the operation of:
- 4.4.1. The Group's SAYE Share Option Schemes (or other similar schemes), including the making of invitations and the terms of such, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders.
 - 4.4.2. The Group's Employee Share Plan, including the grant of any free shares, the exercise of any permitted discretions on behalf of the Board and any material amendments to the rules of the plans not requiring the approval of shareholders.
 - 4.4.3. Share incentive plans including the granting of awards and options, the setting and testing of performance conditions (where appropriate), the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders. This includes having the ability to withdraw or reduce rewards in response to changes in financial circumstances or individual concerns related to fraud, malice or failures in risk management or other material error.
- 4.5. The Committee will ensure that remuneration schemes and policies enable the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

- 4.6. The Committee may delegate to the Employee Share Ownership Trust (“ESOT”) such matters relating to participants who are not Executive Directors or Designated Individuals or any matters of detail relating to the schemes as it considers appropriate.
- 4.7. The Committee will review the ongoing appropriateness and relevance of the Group’s various remuneration policies and compliance of the Group’s remuneration policies with all relevant legal and regulatory requirements, in particular the Remuneration Code and ensure that, where relevant, any remuneration or termination payment to an Executive Director or Designated Individual is permitted under the latest shareholder-approved remuneration policy (or that a revised policy or the proposed payment is submitted for shareholder approval).
- 4.8. In discharging its responsibilities, the Committee shall have:
- 4.8.1. Regard to the Group’s overall strategy, risk appetite and the principles of good corporate governance, including but not limited to, the UK Corporate Governance Code and associate guidance, the Remuneration Code, the UK Listing Authority’s Listing, Prospectus and Disclosure and Transparency Rules and guidelines laid down by the investor community.
 - 4.8.2. Regard to the long-term interests of shareholders, investors and other stakeholders within the Company as appropriate.
 - 4.8.3. Regard to workforce remuneration and related policies, and the alignment of incentives and rewards with the Company’s culture and values.
 - 4.8.4. Regard to clarity, simplicity, risk, predictability, proportionality, and alignment to culture when determining Executive Director remuneration policy and practices.
 - 4.8.5. Access to external advice as and when required.
- 4.9. The Committee is authorised by the Board to:
- 4.9.1. select, appoint, and determine the terms of reference of any independent remuneration consultants appointed to advise the Committee on remuneration matters.
 - 4.9.2. seek any information required from any employee of the Company in order to perform its duties.
 - 4.9.3. obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference.

5. Meetings and Quorum

- 5.1. Only members of the Committee have the right to attend Committee meetings. However, the following may attend by invitation:
- Group Chief Executive;
 - Group HR Director;
 - Group Reward Director;
 - Head of Executive Compensation;
 - Director of Group Finance;
 - Group Chief Risk Officer;
 - Group Regulatory Risk and Compliance Director;
 - Appointed advisers to the Committee; and

- Non-Executive Directors of the Principal Operating Subsidiaries (where applicable) in relation to items of business pertaining to that Principal Operating Subsidiary.

- 5.2. Other Board members or members of senior management who will assist in the provision of information to the Committee may also be invited to attend from time to time.
- 5.3. The Company Secretary, or his nominee, shall act as Secretary of the Committee.
- 5.4. Any two Members shall constitute a quorum.
- 5.5. In the absence of the Chair, the remaining members of the Committee present shall elect one of themselves as the chair of the meeting. The Chairman of the Board may not act as chair of the Committee.
- 5.6. The Committee normally meets three times per year, and at other times as the Chair of the Committee deems appropriate.
- 5.7. Notice of a meeting and distribution of papers shall ordinarily be no less than three (3) working days prior to the meeting.
- 5.8. The Secretary of the Committee shall minute the proceedings and resolutions of meetings of the Committee including recording the names of those present and in attendance.
- 5.9. The Secretary will ascertain at the commencement of each meeting the existence of any conflicts of interest and minute these accordingly.
- 5.10. Minutes of the meeting will be circulated to all members of the Committee.

6. Reporting responsibilities

- 6.1. Minutes of the meeting will be circulated to all Board members unless a conflict of interests exists.
- 6.2. The Chair of the Committee shall report to the Board on how the Committee has discharged its responsibilities including matters considered, decisions taken, and recommendations the Committee deems appropriate to the Board on any areas within the Committee's remit where action is required.
- 6.3. The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Corporate Governance Code, are met. In particular, the Committee shall approve and recommend to the Board for approval a two-part report to be included in the Group's annual report. The first part will detail the Group's remuneration policy and be subject to a binding shareholder vote at the AGM at least every three years (or sooner if material changes are proposed to

the stated policy). The second part will detail remuneration arrangements in respect of the year under review and will be put to shareholders annually for an advisory vote at the AGM.

- 6.4. The Committee shall approve the Group's annual statement of remuneration policy to be provided to the Prudential Regulation Authority or Financial Conduct Authority or their successor bodies.
- 6.5. The Committee will report back on Committee activities, insofar as is relevant to the Principal Operating Subsidiaries, to the Board of the relevant Principal Operating Subsidiary through senior management.

7. Relationships with other Committees

- 7.1. The Group Chief Risk Officer will be invited to attend the Committee at least once per annum to report on the implications of remuneration policies on risk and risk management within the Group.
- 7.2. The Chair of the Committee shall attend the Annual General Meeting of the Company to answer questions on the activities of the Committee.
- 7.3. The Committee is concerned with the business of the whole Group and its authority extends to all relevant matters relating to the Group and its business groups and subsidiaries.

8. Other matters

- 8.1. Conflicts of interest:
 - 8.1.1. The Chairman of the Board shall absent himself from any discussion regarding his fees, as will any other attendees where they have a personal interest.
- 8.2. The Committee shall:
 - 8.2.1. Be provided with sufficient resources to carry out its duties.
 - 8.2.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and thereafter on an on-going basis;
 - 8.2.3. Arrange for periodic reviews of its performance and annual review of its constitution and terms of reference.

Appendix – Designated individuals

PDMRs¹

Company Secretary

Other executive committee members

Heads of Control Functions as follows:

- Group Chief Risk Officer
- Group Regulatory Risk and Compliance Director
- Head of Internal Audit

Other senior managers whose total compensation package in the opinion of the Group HR Director and Group Reward Director is or may be materially close to the total compensation package of an Executive Director.

Any other individual who the Committee may from time to time deem appropriate.

¹ As at the date of these Terms of Reference the PDMRs are as follows: Group CEO; Group CFO; CEO LGIM; CEO LGRR; CEO LGRI; CEO LGC; and CEO Insurance.