

Gender Pay Gap Report 2019

Reporting Our Progress



Our story

PART 1: Our story

Legal & General has a diverse retail and institutional client base and we operate across a wide range of industries. We are an insurer and pension provider as well as a global investment management company with over £1tn assets under management. We're an investor in companies from housebuilders to fintech firms and we touch organisations in all sectors of the economy.

That diversity brings its challenges. Like many companies, we have, in the past, employed more women than men in junior roles, a situation reversed in senior roles and which we still face. Our acquisition of CALA Homes has seen us expand further into an industry with an endemic gender imbalance, both in overall numbers of employees and the relative seniority of men and women. Meanwhile our "home-turf" industries – financial services generally and investment management in particular – face similar historic challenges.

We're keenly aware that a great many companies, when reporting their gender pay gaps, are citing these very factors.

At Legal & General, we believe that gender pay gaps are an outcome of systemic inequality. And if the issue is systemic, so must the remedy be. Closing the gap will take consistent, well-considered, data-driven and comprehensive action which drives incremental improvements to the conditions that cause the inequality.

We are aligning more of our business practices around the principles of diversity and inclusion. We take a broad view of these issues, and situate our gender pay reporting in the context of an approach to inclusion which takes into account not only individuals' protected characteristics but also social mobility indicators and extrinsic factors like care commitments. In this way, we have gone, and will continue to go, beyond our statutory obligations.

Despite much progress this year, including our 10.59% rise in the Bloomberg Gender Equality Index, we have more to do. **While we're pleased to see a narrowing in our median pay gap of 1.8% in 2019, our mean pay gap is virtually level – a 0.4% increase** (see part two of the report for more on the distinction).

In this report, we're developing the conversation about the gender pay gap. While acknowledging our gap and why we have it, we're also looking at what action we're taking to close it; what progress we've made; and what we will do next. We describe how, across Legal & General, we are acting now to sow the seeds for long-term, sustainable and systemic pay equality.

Making our business systemically diverse and inclusive isn't just the right thing to do. It also leads to better business outcomes: **we see a clear commercial logic in recruiting, developing and retaining the best people.** Observing the best working practices brings benefits to all our employees.

It's our goal to create a workplace that allows all our people to feel supported and to thrive – regardless of their role and background. This direction of travel has been established for some years, and we will continue it into 2020 and beyond.



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1.8%

narrowing in our median pay gap

10.59%

rise in Bloomberg Gender Equality Index



Part 2

Our gender pay gap data: highlights and commentary

The numbers given here represent a Group-level view; the full detail for each of our reportable entities is given overleaf.

Difference in mean hourly rate of pay

27.6%

(2018: 27.2%)

Difference in median hourly rate of pay

28.5%

(2018: 30.3%)

Difference in mean bonus pay

58.4%

(2018: 59.0%)

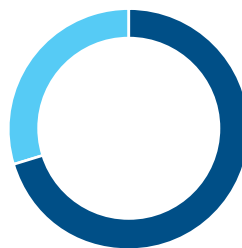
Difference in median bonus pay

45.5%

(2018: 46.5%)

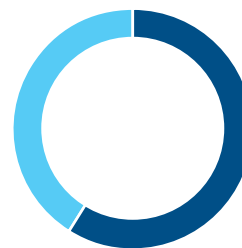
Proportion of male and female employees according to quartile pay bands (%)

Top quartile



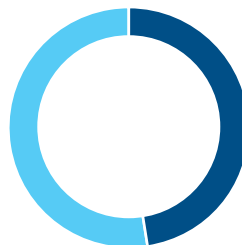
● Male 70.5
● Female 29.5

Upper middle quartile



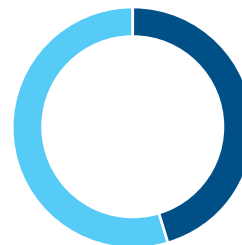
● Male 58.9
● Female 41.1

Lower middle quartile



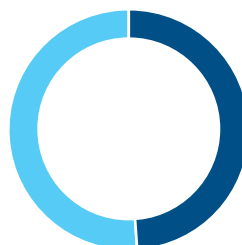
● Male 47.6
● Female 52.4

Lower quartile



● Male 45.4
● Female 54.6

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



● Male 84.4
● Female 87.8

Non-UK based employees are excluded from the scope of this report

Part 2

Our gender pay gap data: highlights and commentary continued

A note on what we report

We have three entities employing more than 250 people in the UK, which are in scope for this report:

- Legal & General Resources Limited Plc ("L&G Resources")
- Legal & General Investment Management (Holdings) Limited ("LGIM(H)")
- CALA Homes

In addition, we report a Group-level view which aggregates the data for the above entities and other smaller UK-based entities.

CALA Homes was fully acquired in 2018, so for the first time, its gender pay gap data has been consolidated into Legal & General's group report. This means that the numbers reported here reflect the situation across the whole of our Group in the UK.

Note that CALA Homes will also publish its own Report in the first half of this year, covering the company's progress on addressing the gap.

A note on means and medians

While we report both the median and mean, we consider the former to be a more reliable indicator of the overall situation than the latter.

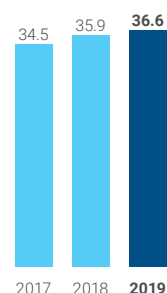
- A mean is more likely to be influenced by pay figures for a small number of individuals
- A median gives a clearer insight into the overall position of men and women within the context of the whole organisation, because it ranks individuals from highest to lowest-paid

Our gender parity targets

In 2017, we committed to achieving a more gender-balanced workforce, with two ambitious targets: a 40/60 gender balance in middle and senior management roles, and a gender balanced workforce, both by 2020. We did this knowing it would be a stretch to achieve it given the scale of change needed in our organisation.

Although we have not yet achieved it, setting this aspirational target has proven valuable. It was a firm statement of intent and as such has ensured a focus on the issue of gender equality. It's created an appetite for meaningful change, and given us the impetus to take the actions we describe in part three of this report. We have made steady progress and will continue our focus on the priority actions which will accelerate change.

Percentage of middle and senior management roles occupied by women %



Our gender pay gap data: entity details

		L&G Resources				LGIM(H)			
		2019		2018		2019		2018	
Mean gender pay gap		25.6%		24.3%		21.3%		21.8%	
Median gender pay gap		21.2%		19.2%		19.6%		22.8%	
Mean bonus gap		49.7%		49.9%		51.8%		54.6%	
Median bonus gap		35.2%		37.1%		52.8%		58.3%	
Men who receive a bonus		86.3%		89.6%		88.1%		93.0%	
Women who receive a bonus		88.1%		89.1%		87.4%		87.8%	
		Male	Female	Male	Female	Male	Female	Male	Female
Proportion of male and female employees according to quartile pay bands	Top quartile	65.3	34.7	66.1	33.9	78.9	21.1	78.8	21.2
	Upper middle quartile	52.3	47.7	50.4	49.6	65.7	34.3	68.7	31.3
	Lower middle quartile	44.2	55.8	45.6	54.4	57.5	42.5	57.1	42.9
	Lower quartile	42.3	57.7	42.0	58.0	52.0	48.0	49.5	50.5

Closing the gap

If we are to make the sustained, systemic changes that are needed to address our gender pay gap, we need to understand the scale of the problem we face.

For the past decade, in partnership with Unite (our recognised union), we have been carrying out frequent equal pay reviews. Focusing on gender initially, these have grown to become more comprehensive over time.

In 2019, we increased our focus on truly understanding the information we have about the people who work for us. It's important that we have a measure of workforce diversity. In 2019 we updated how we collect personal diversity information at a number of employee touchpoints, including recruitment, on-boarding and allowing people to update their data throughout the year.

By asking employees to share their personal diversity information, we are able to aggregate it, analyse it and spot trends. This helps us get to the heart of what the data is really telling us. We analyse insights across all protected characteristics, as well as extrinsic factors such as socio-economic background and carer status.

We have committed to continue this analysis during 2020 and will continue to ask our employees to share their personal information with us in order to understand who they are and how this affects their experience of working for us.

This is about demonstrating our commitment to create an inclusive and diverse culture, where everyone's wellbeing – and not only that of people with protected characteristics – is taken seriously.

Closing the gap: using insights to make changes

Insights are a good starting point; in 2019 we set them to work. We have examined our HR and business processes throughout the employee lifecycle, with a view to removing whatever obstacles might prevent women from progressing with L&G.

We have continued to develop our Apprenticeship programmes, with a clear view to hiring from a wide range of backgrounds. We will expand our Apprenticeship programmes in 2020, with additional schemes covering disciplines including general management, leadership, change management and data analysis.

This hiring approach – bringing people in for skill and diversity, and then developing their industry and technical knowledge – is something we've done at more senior levels too. We have made progress on senior female representation, for example, 42% on our LGIM Executive Committee and 50% on LGC's Executive Committee.

We have continued to review our family friendly policies and now have 2,029 employees on "agile" contracts. These afford both men and women much greater freedom in how they structure their work life around outside commitments, including family. We're also continuing to improve our technology so people have greater freedom over where – as well as how – they work.

Finally, in 2019, we implemented our Best Teams Toolkit, which enables leaders to identify the aptitudes and ways of thinking needed to create a high performing team through an inclusive approach to recruitment and talent development. It measures teams' diversity on a range of criteria, including protected characteristics but also less well-explored factors such as neurodiversity and socio-economic background.

It employs a strengths-based talent assessment approach which will support our ambition to build high performing teams and achieve our diversity goals by removing bias from hiring and talent development decisions.

Executive management teams in a number of our operating divisions have now used the toolkit to assess their teams' diversity, define what is needed to address any shortcomings, and act on these insights. In 2020, we will continue to use this tool with leadership teams across the organisation.

Closing the gap: holding our leaders to account

The issue of diversity and inclusion is frequently addressed by our most senior management bodies, and will continue to be throughout 2020 and beyond.

All members of the Group's Executive Committee have a percentage of their bonus linked to culture, one of the measures of which is progress on diversity indices. In this way, our most senior leaders are held personally accountable for progress. Divisional Culture Reviews are conducted each year to enable this.

There is also a "People" agenda item at almost all Board meetings, where diversity, inclusion and progress against our indices are evaluated by the Board and remedial actions decided upon.

Finally, our executive committee regularly reviews our Culture, Inclusion & Diversity Dashboard which monitors and assesses gender and ethnicity data across the employee lifecycle. This allows us to focus on what is working well and put improvements in place as needed.

Success case study: Bloomberg Gender Equality Index

In the 2019 Bloomberg Gender Equality Index, L&G achieved a score of 79.01% – an increase of 10.59% year-on-year. The Index tracks the performance of companies which are committed to transparency in data reporting. It measures their performance across:

- female leadership and talent pipeline
- equal pay and gender pay parity
- inclusive culture
- sexual harassment policies
- a pro-women brand

Our ongoing progress in the Index reassures us that we are making the right systemic changes.



I confirm that the data reported is accurate.”

A handwritten signature in black ink that reads "Emma Hardaker-Jones".

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

