



Gender Pay Gap Report 2021: Reporting our progress

Legal & General Group Plc
UK Gender Pay Gap Report 2021

Setting the scene

In 2021, we have once again seen a continued, progressive narrowing of our pay gap, from 26.6% to 24.1%. This progress reflects the focus we have applied over the past year to creating a more diverse workforce and a more inclusive workplace where everyone can succeed.

In this report, we share our latest gender pay gap data and update stakeholders on the steps we're taking to narrow the gap further. Monitoring and reporting the gap over five years has helped us understand its causes and take actions, in the context of our broader diversity and inclusion strategy, to close it.

We know that society's gender pay gap is driven by factors including unequal access to higher-paying roles. At Legal & General, this manifests in the fact that we have more men than women in senior and higher-paying roles, whereas those areas where women are more numerous are typically lower-paid. This 'inherited pay gap' is socially endemic and not specific to Legal & General, but we recognise that we are part of a system that has allowed the gap to become entrenched and will perpetuate it if we don't take corrective action.

As an employer spanning several industries, as well as a major global investor, it's imperative we do this by focusing closely on the areas where we can take meaningful action. We consider that one of the most effective tools at our disposal is creating the conditions in which women can access senior opportunities on the same basis as men; become better represented in those roles and professions which are traditionally more male-oriented; and stay with us, developing their careers and growing in seniority as they do so.

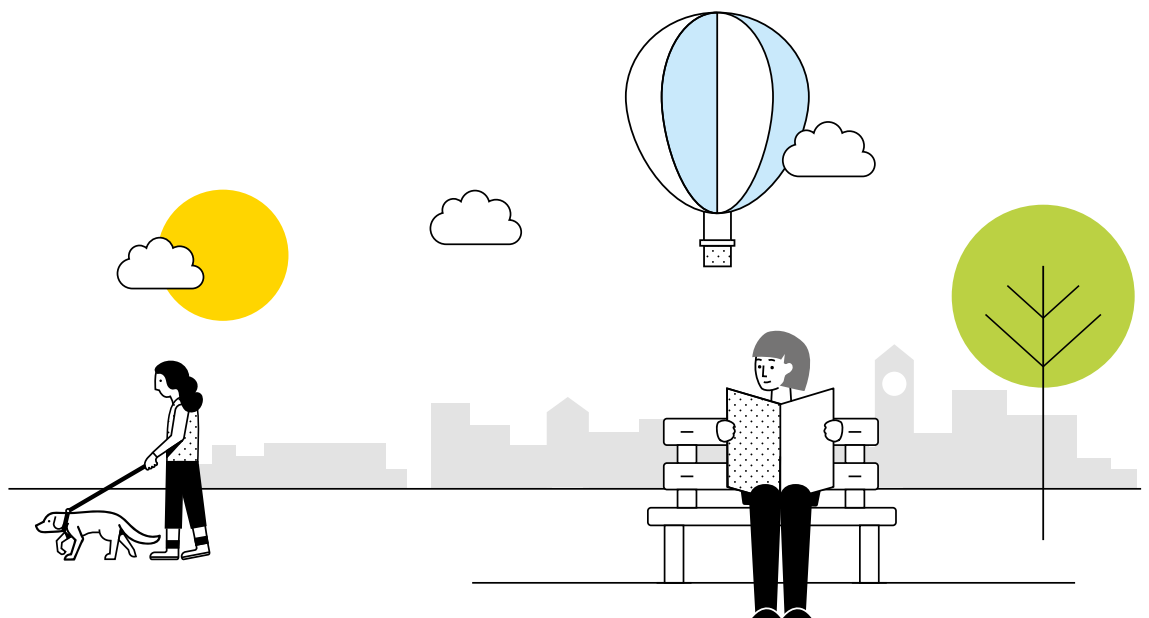
This report sets out what we have done towards this goal in 2021. We present the pay gap data in detail, comment on the actions we have taken and discuss various potential headwinds we have identified which could impede further progress.

While we welcome the scrutiny associated with pay gap reporting, we acknowledge that the current methodology only tells one part of the story about how we pay our people.

More importantly, statutory gender pay gap reporting is only one way of understanding the experience of the people who work for an organisation. Our vision is to build a diverse workforce in an inclusive workplace, characterised by difference, which helps us to understand and serve diverse customer groups better; innovate more effectively; and manage risks better. It is this vision which underpins our commitment to addressing all forms of inequality and exclusion in our business.

In this report, we:

- present our gender pay gap for 2021
- contextualise the gender pay gap with our ambition to create a diverse workforce and an inclusive workplace
- review our progress on closing the gap during 2021 and how we report it across our business
- identify action areas and potential obstacles to our progress
- publish detailed gender pay gap data.



The gender pay gap: the Legal & General story

In 2021, our aggregate median pay gap narrowed, from 26.6% to 24.1%. This movement was driven by a narrowing by 1.9 percentage points in our aggregated retail, retirement, capital and corporate businesses; by 2.3 percentage points in our investment management business; and by 4.4 percentage points in CALA Homes, our largest housebuilding business. More detail can be found on pages 6 to 9 about gaps by reportable entity.

The continued, progressive narrowing of our pay gap is an indicator that the steps we have taken to improve the diversity and inclusiveness of our company are bearing fruit. The narrowing is driven by a range of factors, including our efforts to increase female representation in senior roles and the fact that pay increases in 2021 (and previous years) have been targeted towards those in more junior grades, the majority of whom are female.

Our median bonus gap has widened by 1.5 percentage points, although it is narrower than that reported in 2019. This was caused by a larger-than-average number of zero bonuses being paid in our housebuilding businesses (due to pandemic-led inactivity) which are not counted in the reporting methodology, which has in turn distorted the picture of where our 'median' bonus sits in the context of the organisation.

The unusual labour market conditions of the past two years are likely to continue as economies and companies adjust to the realities of a post-Covid world. As we hire, retain and develop our people, we will do so with a purposeful focus on improving representation.

What we report: median and mean gaps

Although we are required to report both median and mean pay gaps, we consider the median gap to be a more useful indicator of the overall pay situation at Legal & General, although we are pleased to see a narrowing of our mean gap in 2021. The mean is more likely to be influenced by outlying pay figures for a small number of individuals, whereas the median ranks individuals from lowest to highest-paid, giving a more representative picture of our employees' pay profile.

What we report: our structure

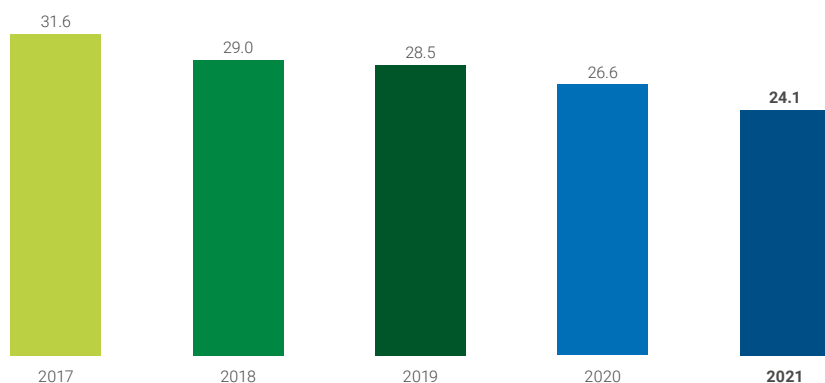
The headline pay gap figures reported here represent the position across our UK operation, aggregating all our reportable entities along with a small number of employees of entities which are too small to report in their own right.

Our operating entities are:

- Legal & General Resources Ltd, which consists of our retail, capital investment and retirement businesses as well as our corporate functions
- Legal & General Investment Management Holdings (LGIM(H)), which comprises our investment management business
- CALA, a wholly-owned subsidiary housebuilding business
- Legal & General Homes, the employing entity for parts of our housebuilding business.

For the first time, the Legal & General report not only includes data for CALA as part of our aggregated view, it also reports CALA data in full. In previous years, a separate report has been produced for that entity.

Our median gender pay gap since 2017 %



24.1%

(2020: 26.6%)

The data shown in this graphic are those published in Gender Pay Gap Reports for each year and include the effects of acquisitions, disposals and other structural changes in the period.

Taking action to close the gap

We have identified two major action areas where we believe we can accelerate the progressive narrowing of our gender pay gap. Our internal strategic workforce planning activities, along with the insights of our external advisors and academic research, have informed our decision to focus on these.

Action area 1

Recruit from a wider talent pool

We recognise that to bring about lasting change in the medium to long term, we need to recruit in a way that improves female representation, especially at senior levels of the organisation. As signatories of the Women in Finance Charter, we have committed publicly to improving representation.

To support us in widening opportunities at our company, we have:

- introduced anonymised CVs at the long-listing stage, reducing the potential for unconscious bias in hiring decisions by managers and recruitment teams
- undertaken an independent review into our recruitment practices, which gave us actionable insights into our processes and the ways in which we advertise roles
- introduced software in CALA, our housebuilding business, to help eliminate linguistic bias in job adverts; an applicant tracking system designed to remove bias from the recruitment and selection process; and the use of balanced selection panels.

We are aware of the impact that a gender-balanced Board and senior leadership team can have on the way a business is run and the tone that it sets. The appointments of Nilufer von Bismarck and Laura Wade-Gery as non-executive directors in 2021 – 2022 increased our female representation at Board level to 33% as of March 2022.

We continue to focus on developing pipelines of talent and in engaging with people at the start of their careers. In 2021 we invested a further £100,000 in FastFutures, a digital skills programme in which Legal & General was a founding partner and which has a specific remit to increase representation of women and minority groups in corporate careers. In our housebuilding business, we continue to build outreach programmes with local schools, universities and other recruitment partners, driving greater female participation in careers in construction.

Action area 2

Retain female talent and invest in our employer brand

By positioning ours as a company where people of all genders can build lasting, successful careers and providing the conditions by which this becomes a reality, we better position ourselves to continue with the progressive narrowing of the pay gap.

We continue to offer flexibility in the ways in which we work, and will continue with blended home and office working, where operationally possible, for the foreseeable future. At the end of 2021, 30% of our people were on 'agile' contracts specifying this pattern.

Retaining and investing in talent of all kinds begins with engaging people early in their careers. In 2021 we launched a new mentoring scheme across our core UK businesses, with plans to implement a similar programme in CALA. A 'reverse mentoring' module has paired senior leaders with junior team members to help develop leaders' understanding of the challenges that their junior colleagues face.

Finally, during 2021, we took steps to develop our employer brand with an aim to driving inclusivity. The development of a new technology and digital recruitment campaign, which is planned to go live in 2022, will allow us to reposition our brand in such a way as to appeal to hard-to-find audiences including, in the case of technology and digital roles, women. We will seek to build on this in 2022 and beyond by exploring the use of talent attraction and brand awareness campaigns underpinned by audience insight and targeted recruitment advertising. We will continue to invest in an inclusive employer brand across our core Legal & General businesses and in CALA.

Ensuring that our reward approach is fair and equitable

Over the short term, we work to ensure that we take reward decisions which drive fairness and equitable outcomes. In the past few years, and notably during the Covid-19 pandemic, we have focused pay rises towards lower-paid employees, recognising their proportionally greater exposure to price inflation.

We carry out an equal pay review annually, immediately after the annual pay review, to ensure that both men and women receive the same pay for doing comparable work. Pay is analysed across roles, by gender, to ensure that any variations are understood, addressed, and not the result of direct or indirect discrimination. Where unexplained differences in pay have arisen, they are immediately corrected. We partner with our recognised trade union, Unite, on these reviews.

Looking forward: avoiding obstacles to further progress

Our aspiration is to make continued, progressive improvements towards creating a more diverse workforce and a more inclusive culture. While there are actions we can and will take to achieve this, it is also important to be aware of the conditions which could impede progress.

The 'inherited' pay gap

In the industries where we operate, and in the wider labour market, the structure of the workforce is such that, when we recruit, we are likely to 'inherit' pay gaps from other employers. This is because, across industries, men are disproportionately more likely to occupy higher-paying roles than women, and vice versa. Meanwhile, overall representation is lower in certain industries: for example, only 16% of construction industry professionals are women.

The actions we can take to mitigate against the 'inherited' pay gap are to be deliberately inclusive in our efforts to attract, develop and retain female talent, as set out in the action areas above.

Unknown impacts of Covid-19 on attrition and retention

We do not yet know the long-term effects of the pandemic on attrition from our business.

The actions we can take to reduce the risks associated with the move to a post-Covid world are set out in the action areas, above, and involve continuing to engage our employees in shaping the future of work, offering flexible working opportunities, and providing the conditions in which employees can develop and grow.

Driving representation of all kinds

Ensuring that women are well represented in our organisation, and narrowing the gender pay gap, is one aspect of our vision to create a more diverse workforce and inclusive workplace. We are also committed to improving representation of people with other protected characteristics, or more than one.

There may be occasions when decisions to improve the representation of a particular group could impact negatively on the gender pay gap.

Demographic transition

In the housebuilding sector, we face a demographic transition as older, predominantly male, workers near retirement. We have an opportunity to use this transition to redress imbalances in representation by hiring a pipeline of female talent into junior apprenticeship and graduate roles, but the unintended consequence of this would be short-term widening of the gender pay gap, while these new hires become established in, and progress through, our business.



Our data

Group data

Difference in mean hourly rate of pay

26.3%

(2020: 30.8%)

Difference in median hourly rate of pay

24.1%

(2020: 26.6%)

Difference in mean bonus pay

53.1%

(2020: 48.0%)

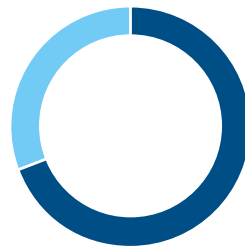
Difference in median bonus pay

42.1%

(2020: 40.6%)

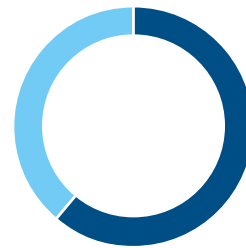
Proportion of male and female employees according to quartile pay bands (%)

Top quartile



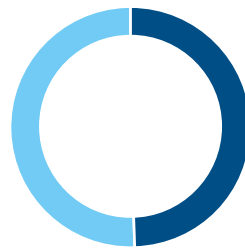
● Male 69.3 (2020: +0.5)
● Female 30.7 (2020: -0.5)

Upper middle quartile



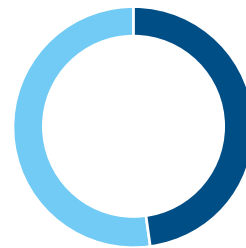
● Male 61.3 (2020: +1.1)
● Female 38.7 (2020: -1.1)

Lower middle quartile



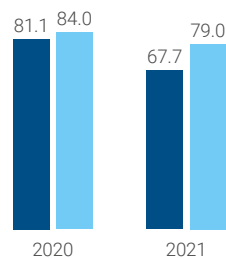
● Male 49.7 (2020: -0.8)
● Female 50.3 (2020: +0.8)

Lower quartile



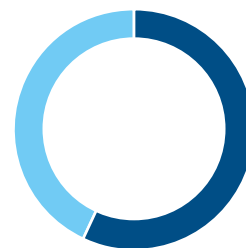
● Male 48.0 (2020: +1.9)
● Female 52.0 (2020: -1.9)

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



● Male
● Female

Proportion of male and female employees (%)



● Male 57.1
● Female 42.9

Our data continued

Legal & General Resources Headcount: 5,512

Difference in mean hourly rate of pay

20.5%
(2020: 25.6%)

Difference in median hourly rate of pay

23.7%
(2020: 25.6%)

Difference in mean bonus pay

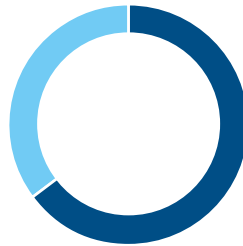
42.1%
(2020: 47.3%)

Difference in median bonus pay

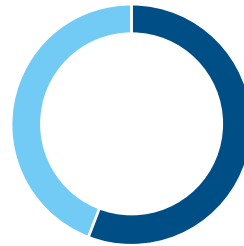
37.8%
(2020: 35.3%)

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

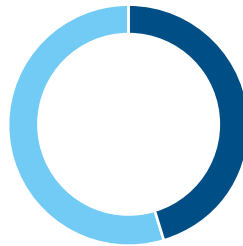
Top quartile



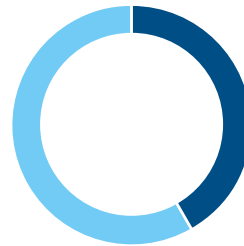
Upper middle quartile



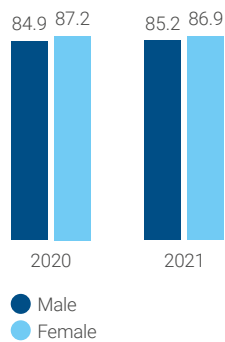
Lower middle quartile



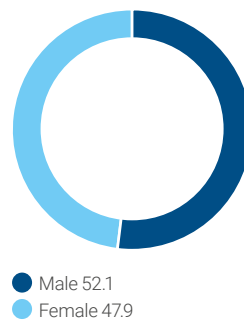
Lower quartile



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



Proportion of male and female employees (%)



Our data continued

LGIM

Headcount: 1,664

Difference in mean hourly rate of pay

16.8%

(2020: 15.5%)

Difference in median hourly rate of pay

16.5%

(2020: 18.8%)

Difference in mean bonus pay

44.7%

(2020: 40.4%)

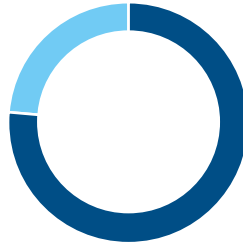
Difference in median bonus pay

42.5%

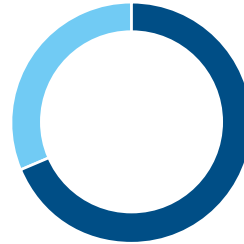
(2020: 48.4%)

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

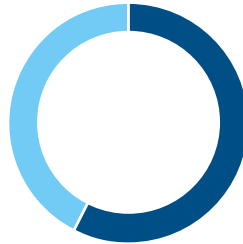
Top quartile



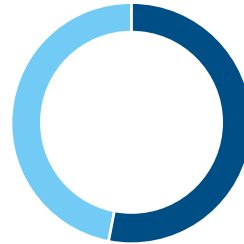
Upper middle quartile



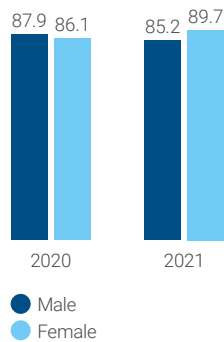
Lower middle quartile



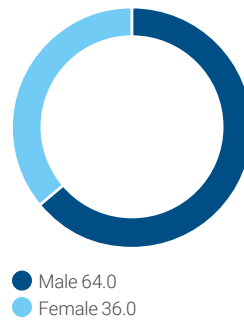
Lower quartile



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



Proportion of male and female employees (%)



Our data continued

Legal & General Homes

Headcount: 415

Difference in mean hourly rate of pay

-27.6%

Difference in median hourly rate of pay

-46.7%

Difference in mean bonus pay

-2.2%

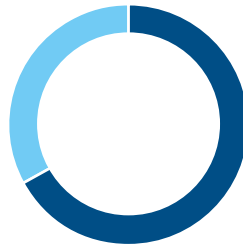
Difference in median bonus pay

16.1%

For the first time, we are reporting gender pay gap data for the Legal & General Homes entity, which employs individuals connected with our housebuilding businesses.

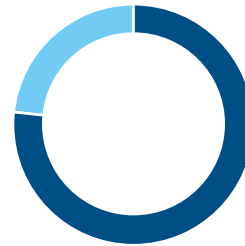
Proportion of male and female employees according to quartile pay bands (%)

Top quartile



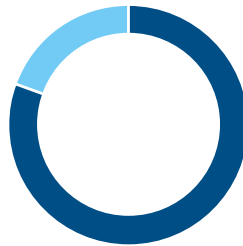
● Male 67.0
● Female 33.0

Upper middle quartile



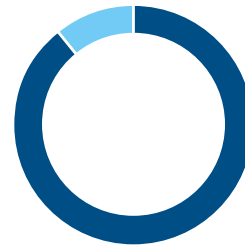
● Male 76.9
● Female 23.1

Lower middle quartile



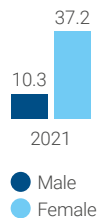
● Male 80.8
● Female 19.2

Lower quartile

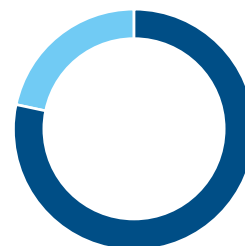


● Male 89.4
● Female 10.6

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



Proportion of male and female employees (%)



● Male 78.6
● Female 21.4

Our data continued

CALA Homes
Headcount: 1,114

Difference in mean hourly rate of pay

19.4%

(2020: 24.5%)

Difference in median hourly rate of pay

18.7%

(2020: 23.1%)

Difference in mean bonus pay

4.8%

(2020: 16.9%)

Difference in median bonus pay

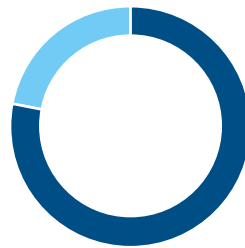
3.4%

(2020: 27.4%)

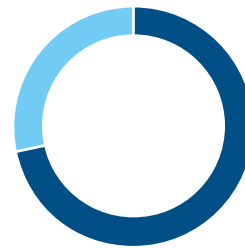
Please see over the page for a separate commentary on CALA data.

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

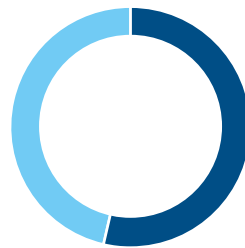
Top quartile



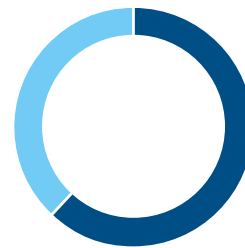
Upper middle quartile



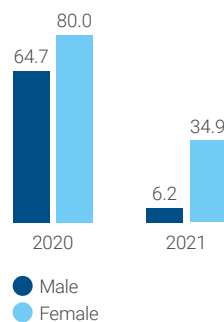
Lower middle quartile



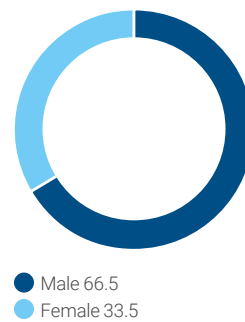
Lower quartile



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



Proportion of male and female employees (%)



Our data continued

CALA

For the first time we are separately reporting the gender pay gap for CALA, a wholly-owned subsidiary of Legal & General plc, as part of our group-wide disclosure. The following commentary explains some of the specific conditions which contributed to CALA's gender pay gap and should be read alongside the commentary above.

During 2021, CALA made some progress towards narrowing its median gender pay gap. The 4.4 percentage points reduction, to 18.7%, was a similar rate of narrowing as was reported last year. Our mean pay gap narrowed by 5.1 percentage points, although, like the rest of Legal & General, we consider the mean to be a less useful metric than the median for the reasons set out on page 2 above.

Our median bonus pay gap has reduced significantly, but this is a result of limited bonuses being paid in 2021, reflecting the disruption caused by Covid-19, and is not a true reflection of our gender representation and bonus pay gap.

There are a range of factors behind our gender pay gap, but like others in our industry, we have a higher representation of men in more senior, higher-paid roles, and more women working part-time. We will continue to address the causes of the gap including through our five-year plan to address diversity and inclusion in our business.



I confirm that the data reported is accurate.”

Emma Hardaker-Jones

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