



Proposed Tier 2 Offering November 2019

Improving lives through Inclusive Capitalism

Executive summary

Legal & General Group plc

- UK market leader in managing risk, being the UK's leader in bulk annuities, life insurance and other retirement products for individuals and companies
- One of Europe's largest and most successful asset managers, with over £1 trillion of assets (HY 2019)
- Diversified business model, with 5 growing and profitable businesses:
 - Pension Risk Transfer (LGRI); Investment Management (LGIM); Capital Investment (LGC); Insurance (LGI); Retirement Solutions (LGRR)
- Our purpose is to improve the lives of our customers, create value for shareholders and build a better society for the long term

Financial highlights & capital position

- Established track record of consistent growth:
 - H1 2019 operating profit from divisions: £1,186m (+12% vs. H1 2018)
 - Interim dividend: 4.93p (+7% vs. H1 2018)
- Robust Solvency position, with disciplined capital management and a significant Solvency II surplus:
 - Solvency II coverage ratio of 171%¹ at H1 2019 and Solvency II surplus of £5.9bn
 - Operational surplus generation of £0.8bn during H1 2019 (+17% vs. H1 2018)

Proposed transaction

- Proposed issue of benchmark GBP denominated Fixed Rate Reset 30NC10 Tier 2 Notes, issued under Legal & General Group plc's £5,000,000,000 Euro Note Programme
- Expected instrument rating of A3 / BBB+ (Moody's / S&P)
- Proceeds of the transaction will be used for general corporate purposes

1. Solvency II shareholder coverage ratio

Financial highlights

Operating profit from divisions

£1,186m

(H1 2018: £1,059m)

+12%

Earnings per share

14.74p

(H1 2018: 13.00p)

+13%

Return on equity

20.2%

(H1 2018: 20.3%)

Book value

£8.7bn, 146p

(H1 2018: £7.7bn, 129p)

+13%

SII operational surplus generation

£0.8bn

(H1 2018: £0.7bn)

+17%

Interim dividend

4.93p

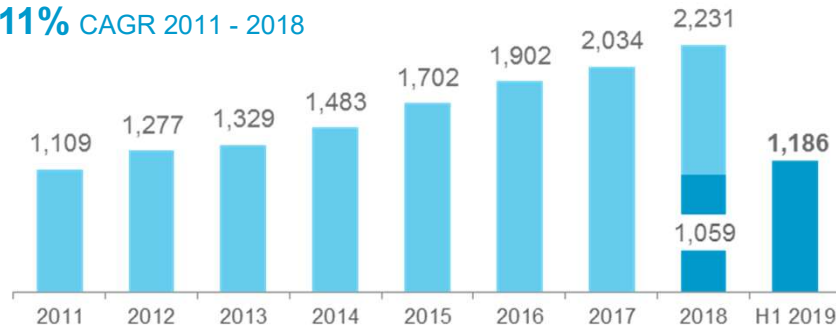
(H1 2018: 4.60p)

+7%

An established track record of consistent growth

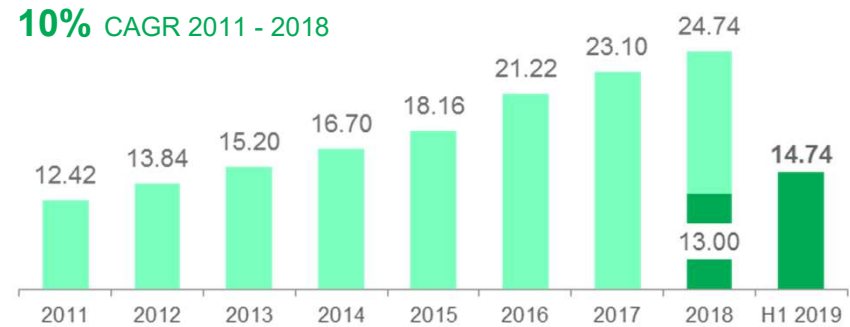
Operating profit from divisions¹ (£m)

11% CAGR 2011 - 2018



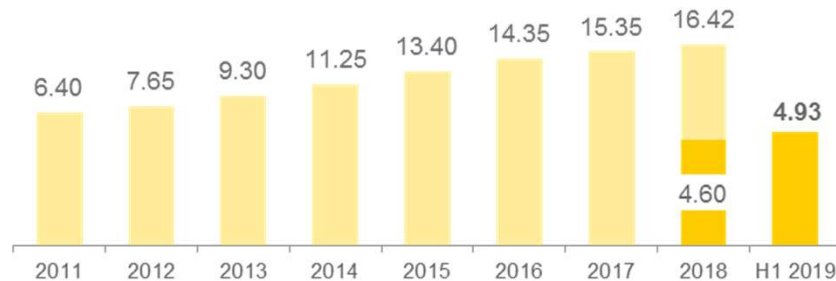
Earnings per share (p)

10% CAGR 2011 - 2018



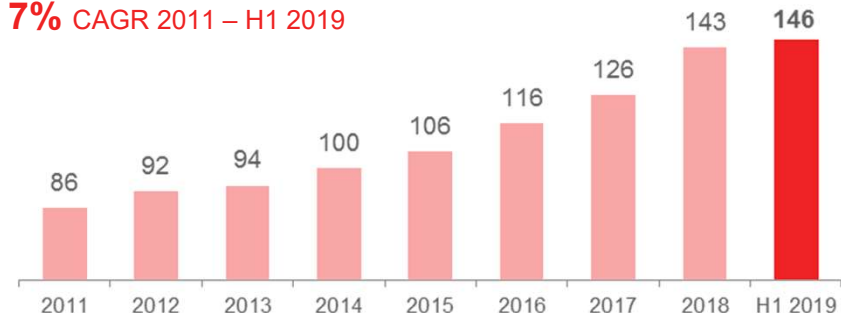
Dividend per share (p)

14% CAGR 2011 - 2018



Book Value per share (p)

7% CAGR 2011 - H1 2019



We have 5 growing and profitable businesses

Continuing Operating Profit from divisions (£m)									
Division	Business	2016	2017	2018	CAGR %	H1 2019	H1 2018	%	Growth opportunity
LGRI	Pension Risk Transfer (PRT) ¹	651	716	832	+13	524	361	+45	<ul style="list-style-type: none"> UK market: £25-30bn p.a. 30% market share US market: \$25-30bn p.a. 3% market share
LGIM	Investment Management	366	400	407	+5	205	203	+1	<ul style="list-style-type: none"> £1.1tn AUM (1.7% global market share) \$74 trillion global AUM
LGC	Capital Investment	257	272	322	+12	173	172	+1	<ul style="list-style-type: none"> Future cities: targeting 15 in the UK Housing: £1bn+ revenue in 2019
LGI	Insurance	303	303	308	+1	134	154	-13	<ul style="list-style-type: none"> Innovative customer-centric technology driving growth Lower costs drive improved customer pricing
LGRR	Retirement Solutions ¹	158	199	283	+34	131	119	+10	<ul style="list-style-type: none"> Lifetime mortgages: £4bn p.a. 26% market share Individual annuities: £4bn p.a. 18% market share
Continuing operating profit from divisions					+11	1,167	1,009	+16	

5 1. Figures shown exclude mortality releases

Delivering Inclusive Capitalism

Between 2011 – 2015 we achieved a 10% growth in EPS

**Our ambition is to replicate this performance out to 2020:
11% achieved to end 2018**

**2020 onwards:
Delivering on our global ambition**

- Achieve global leadership in pensions de-risking
- Provide a suite of products to maximise retirement income
- Use 'patient capital' to become the UK leader in direct investments including housing and regeneration
- Build a world class international asset management business
- Address UK savings gap through retail investments and workplace pensions
- Deliver financial protection from life events for customers
- Become a leading data driven and digitally enabled insurer

To be a leader in financial solutions and a globally trusted brand

Financial Highlights



Financial highlights: Consistent delivery in 2019

Metric	H1 2019	H1 2018	%
Operating profit from continuing divisions (£m)	1,167	1,009	16
Discontinued operations (£m)	19	50	n/a
Operating profit from divisions (£m)	1,186	1,059	12
Group debt costs (£m)	(108)	(97)	(11)
Group investment projects & expenses (£m)	(73)	(53)	(38)
Operating profit (£m)	1,005	909	11
Investment & other variances (including MI) (£m)	48	33	n/a
Profit before tax (£m)	1,053	942	12
Earnings per share (p)	14.74	13.00	13
Return on equity (%)	20.2	20.3	
Solvency II operational surplus generation (£bn)	0.8	0.7	17
Solvency II coverage ratio (%)	171	193	

LGR: Consistently delivering strong results

Financial Highlights	H1 2019	H1 2018
Release from operations (£m)	303	275
New business surplus (£m)	185	23
Net release from operations (£m)	488	298
Operating profit (£m)	655	480
LGR Institutional (£m)	524	361
LGR Retail (£m)	131	119
Profit before tax (£m)	638	565
Total LGR new business (£m)	7,663	1,593
LGR Institutional (£m)	6,677	735
LGR Retail ¹ (£m)	986	858
Total annuity AUM (£bn)	72.1	56.4
Of which: Direct investments (£bn)	18.4	13.5
Solvency II new business margin ² (%)	7.8	
Solvency II new business strain ² (%)	c4.0	

- **Operating profit of £655m, up 36%**, reflecting:
 - Strong performance from back book; run-off of prudential margins
 - **Record UK PRT volumes of £6.3bn**, including a £4.6bn buy-in with Rolls-Royce – UK's largest
 - **International PRT volumes of £0.4bn**, including our first Canadian deal
 - **Individual annuity volumes of £497m**, up 47%
- Direct investments grew by £4.9bn (36%) since H1 2018 reflecting continued success in sourcing attractive assets
- UK new business margin remains strong in line with FY 2018 (7.9%)
- We have maintained pricing discipline in a competitive UK annuities market with **Solvency II new business strain at c.4%**
- Currently reviewing the CMI 2017 mortality data, which is expected to complete by the end of 2019

1. £986m LGR Retail new business includes Individual annuity volumes (£497m) and Lifetime mortgages advances (£489m)

2. UK business only

LGIM: Financials

Financial Highlights	H1 2019	H1 2018
Asset management revenue ¹ (£m)	434	414
Asset management expenses ¹ (£m)	(230)	(213)
Asset management operating profit (£m)	204	201
Workplace operating profit (£m)	1	2
LGIM operating profit (£m)	205	203
External net flows (£bn)	60.3	14.6
Of which: International (£bn)	44.6	9.9
External net flows % of opening AUM	5.9	1.5
Closing AUM (£bn)	1,135	985
International AUM (£bn)	343	229
UK DC AUM (£bn)	86	64
Retail AUM (£bn)	36	31
Asset management cost : income ratio (%)	53	51

1. Revenue and expenses exclude income and costs of £11m in relation to the provision of 3rd party market data (H1 2018: £8m), and also exclude revenue and expenses from our Workplace Savings business

2. Pridham Report Q1 & Q2 2019

- **Operating profit up 1% to £205m**
- **AUM over £1.1tn**, driven by **external net flows of £60bn, 5.9% of opening AUM**, with continued diversification across channels, regions and product lines
- **International AUM of £343bn**, c.30% of total AUM
- International client net flows of £44.6bn driven by funding of a £37bn passive mandate with the Japan Government Pension Investment Fund providing us with a long term foundation for future growth in the region
- UK DC net flows of £3.6bn with assets of £86bn. Workplace customers increased by 10% to 3.4m
- Retail ranked 2nd in retail sales² for H1 2019 as we continue to develop our product range in the UK and distribution strategy in Europe
- **Cost Income ratio of 53%** reflects our continued investment in areas of the business experiencing strong growth or where increased automation and simplification will generate operational leverage

LGC: Financials

Financial Highlights	H1 2019	H1 2018
Operating profit (£m)	173	172
- Direct Investments	99	104
- Traded portfolio and other	74	68
Profit before tax (£m)	278	82
- Direct Investments	71	80
- Traded portfolio and other	207	2
Assets (£m)	7,814	8,078
- Direct Investments	2,638	2,005
- Traded portfolio and Treasury	5,176	6,073
of which: Cash and Treasury assets	3,064	4,097

- Operating profit of **£173m**, in line with H1 2018 on a similar asset base with a different mix of early and mature stage DI

Direct Investments assets, up 31.6% to £2.6bn

- Total investments and new commitments of £0.5bn, including our build to rent portfolio, and the expansion of our Affordable Housing and Later Living businesses
- In addition, we committed up to £4bn to the development of university accommodation and science and innovation parks in and around Oxford
- Net portfolio return of 5.6% (H1 2018: 9.1%), reflecting increased proportion of early stage development AUM and relative H1 2019 build to sell portfolio returns

Traded Portfolio

- Traded portfolio returns have benefited from strong performance in equity markets

LGI: Financials

Financial Highlights	H1 2019	H1 2018
Net release from operations (£m)	170	157
Operating profit (£m)	134	154
- UK	93	136
- US	41	18
Profit before tax (£m)	0	117
New business annual premiums	178	163
Gross written premium (£m)	1,409	1,317
- UK	891	856
- US	518	461
UK Protection SII margin (%)	7.9	
US Protection SII margin (%)	10.8	

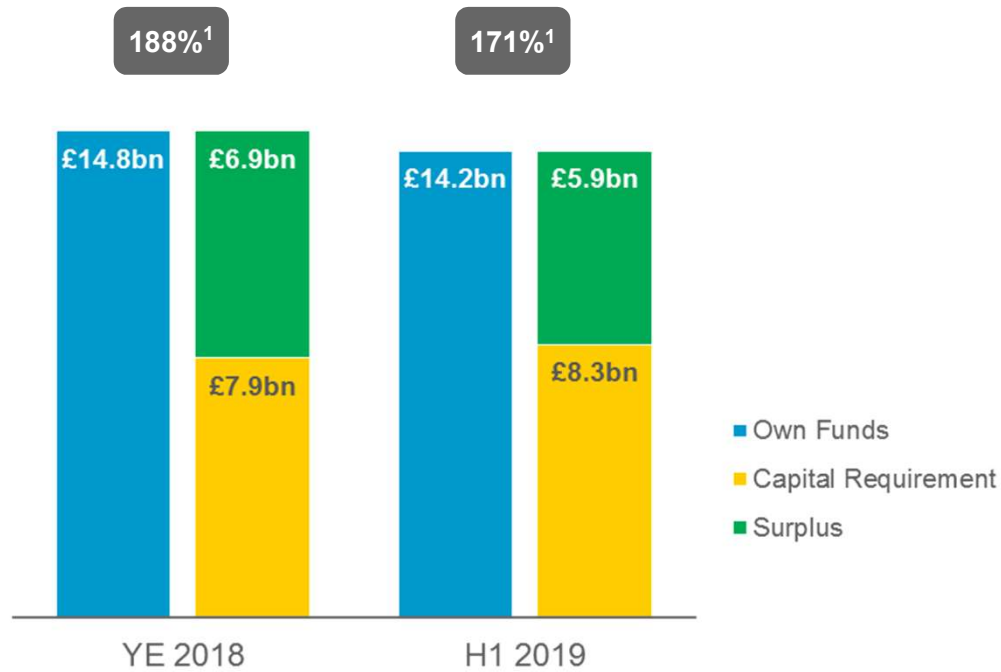
- **New business up 9% to £178m** across the division
- Gross written premiums **up 4%** in the UK, **US up 5%** on a USD basis to \$670m
- **UK Operating Profit** lower due to prior year benefitting from model refinements. In addition, new US reserve financing reinsurance has reduced UK profits, which are now reported in the US
- **US profit above prior year at £41m** due to change in reinsurance, a reserve release, and lower mortality claims vs prior year
- Profit before tax impacted by a fall in government yields in both the UK and US
- \$107m dividend paid from US on 01 March 2019 (2018:\$105m)

Capital Position



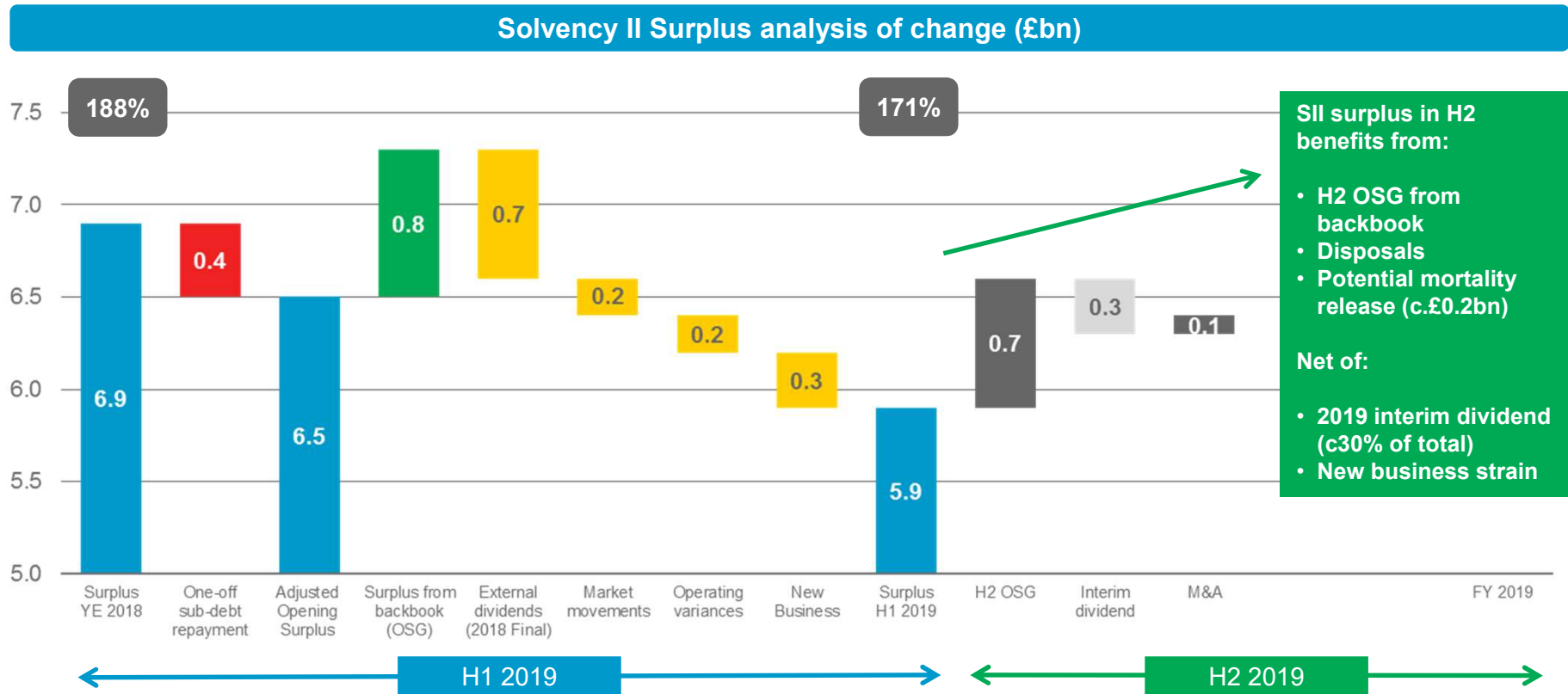
Solvency II Balance sheet: We maintain a significant Solvency II surplus

Solvency II balance sheet



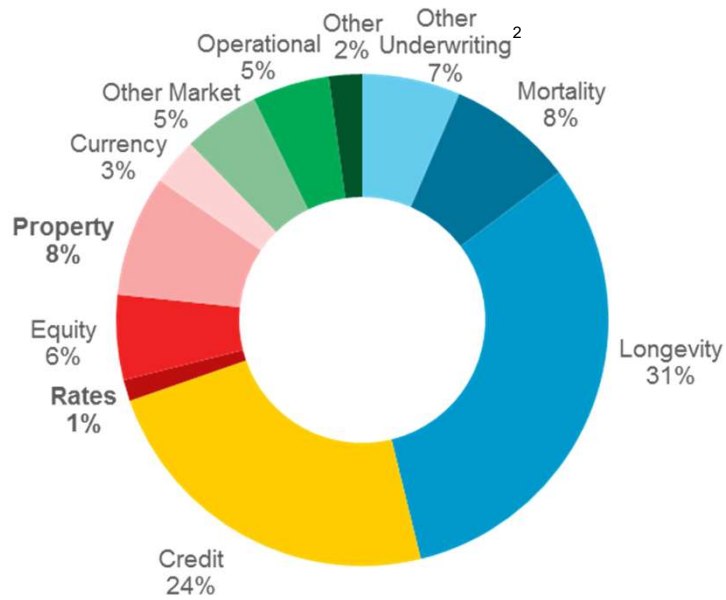
- Solvency II surplus of **£5.9bn**
- Coverage ratio of **171%**
- Core tier 1 Own Funds of **£11.1bn (78%)**

Movement in the surplus: Significantly impacted by dividend timing



Solvency Capital Requirement: Our economic exposure to rates is low

Solvency Capital Requirement (FY18) ¹

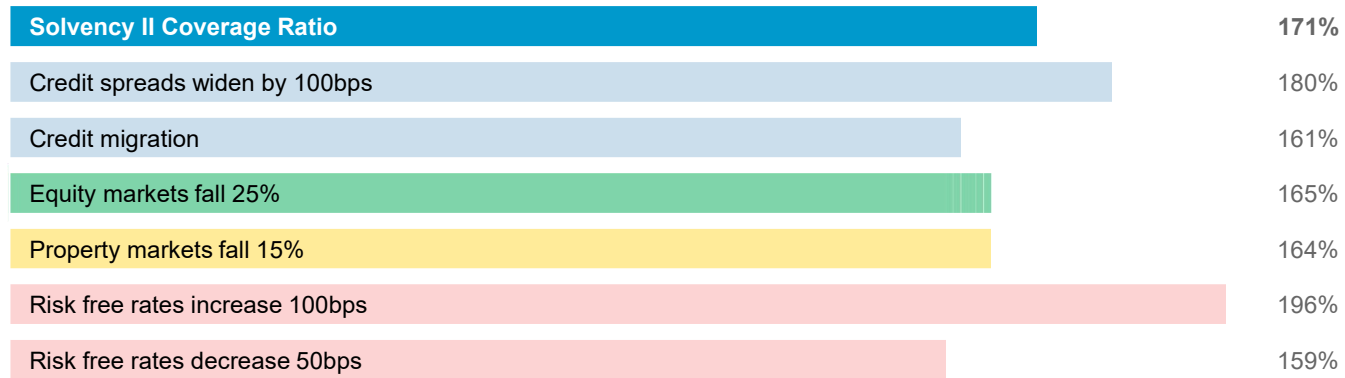


- Primary exposures are to Longevity & Credit
- Economic interest rate exposure is low
- Property exposure is just 8%

1. 2018 L&G Group SCR pre-diversified on a shareholder basis. SCRs from Mature Savings and LGIL have been excluded

2. Other Underwriting risk shows the sum of pre-diversification SCRs for morbidity, expense, and persistency risks

Solvency II Balance sheet: Resilient to stress scenarios



Delivering Inclusive Capitalism



We are growing share in exciting markets and expanding into new, adjacent opportunities

Our strategy is aligned to our 6 structural growth drivers

Growth drivers	Market opportunity	L&G market share (%)	Market size & growth		L&G new business opportunity
			2018	2023e	
1 Ageing demographics	UK PRT	30	£30bn	£150bn cum.	Maintain leading UK share
	US PRT	3	\$27bn	\$150bn cum.	Grow share internationally
	UK Individual Annuities	18	£4bn	£6bn	Maintain leading UK share
	UK LTM	26	£4bn	£8bn	Maintain leading UK share
2 Globalisation of asset markets	Global AUM	1.7	\$74tn	\$101tn	Grow internationally
	Global Revenues	<1	\$279bn	\$330bn	Improve mix
3 Creating real assets	UK Housing market	c.2	165k	300k gov. target	Continue to invest
	UK Infrastructure	n/a	>£500bn deficit	-	Continue to invest





































We are growing share in exciting markets and expanding into new, adjacent opportunities (cont'd)

Our strategy is aligned to our 6 structural growth drivers

Growth drivers	Market opportunity	L&G market share (%)	Market size & growth		L&G new business opportunity
			2018	2023e	
4 Welfare Reforms	UK DC AUM	19	£397bn	£641bn	Maintain leading UK share
	UK ISA AUM	1	£608bn	£1,444bn	Grow UK share
	VC into DC	-	-	-	Champion & drive the market
5 Technological innovation	Lowering unit costs & improving service	-	-	-	Drive & adopt tech change
	Retail Protection (APE)	23	£739m	£810m	Maintain leading UK share
	US Protection	3.6	\$3.1bn	\$3.4bn	Grow US share
	Group Protection (GWP)	18	£2.3bn	£2.6bn	Invest for growth
	Partnering with innovators	-	-	-	E.g. SalaryFinance
6 Today's Capital	Committing capital to help start-ups compete	-	-	-	E.g. OSI and Balderton
	Continued demand for SME finance	-	-	-	E.g. Pemberton

We are replicating our UK business model abroad

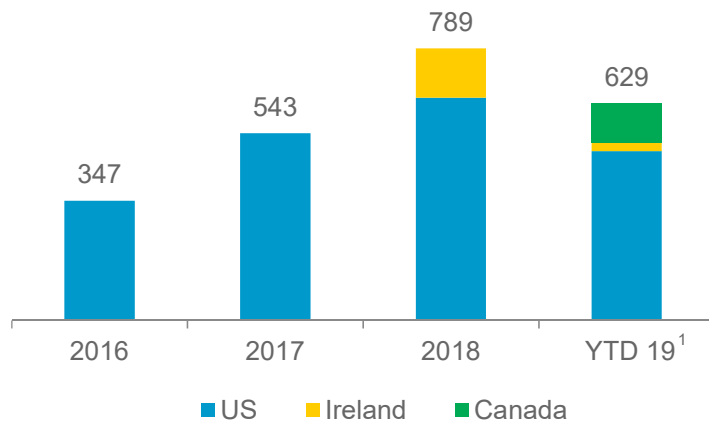
We operate in 85% of the global DB pensions market

DB Market	Mkt size (£tn)	% DB mkt Insured	L&G Presence	L&G Status	Synergies				
					Asset Mgt	PRT	Retirement Solutions	Capital	Insurance
UK 	2.2	8	✓	A market leader in asset management, LDI, PRT & DC					
US 	2.8	5	✓	Leader in LDI and c.40% success rate <\$100m PRT					
Japan 	2.3	-	✓	Top 3 non-domestic manager of institutional pensions					
Netherlands 	0.9	5	✓	Market entry					
Canada 	0.9	2	✓	Market entry					
Ireland 	0.1	2	✓	Market entry					

We are growing our PRT business and LGIM internationally

International PRT Premiums (£m)

Volumes doubled in size in 3 years



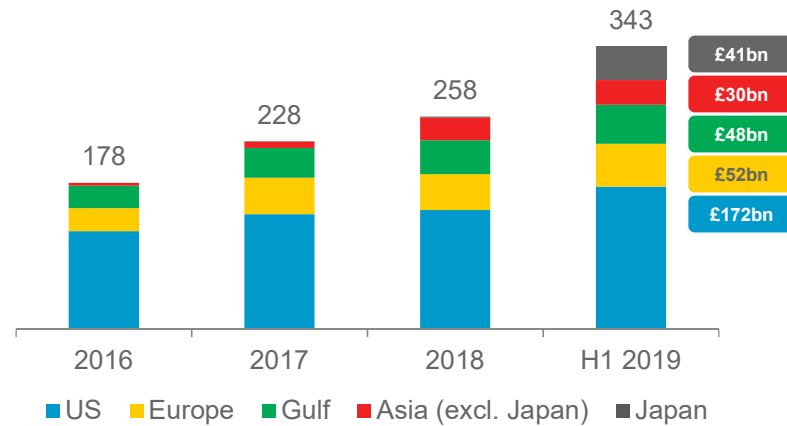
US:

- c.40% success for deals <\$100m across 2017 and 2018
- Won our largest fully retained US PRT deal of over \$200m in H1 2019

Canada: Won first deal in partnership with Brookfield

International LGIM AUM (£bn)

AUM doubled in size in 3 years



Total International AUM up 24% CAGR since 2016

US: Strong pipeline for H2 2019 flows

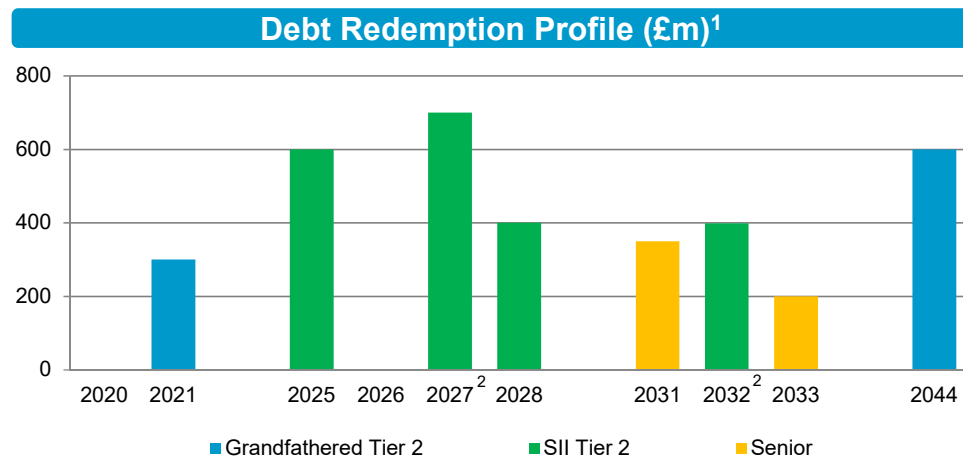
Japan: £37bn passive mandate with Government Pension Investment Fund in H1 2019

1. International PRT premiums as at July-19

Debt Instruments & Proposed Transaction



Debt instruments summary



Rating Type	Entity / Instruments	Moody's	S&P
Financial Strength Rating	L&G Assurance Society Ltd	Aa3	AA-
Instrument Credit Ratings	L&G Finance plc / Senior	A2	A
	L&G Group plc / Tier 2	A3	BBB+
Outlook		Stable	Stable

Issue Date	Entity	SII Classification	Rating (Moody's / S&P)	Currency	Amount (Ccy m)	Coupon (%)	Call Date	Maturity Date
Jul 09	L&G Group plc	Grandfathered Tier 2	A3 / BBB+	GBP	300	10.0	July 2021	July 2041
Oct 15	L&G Group plc	SII Tier 2	A3 / BBB+	GBP	600	5.375	October 2025	October 2045
Mar 17	L&G Group plc	SII Tier 2	A3 / BBB+	USD	850	5.25	March 2027	March 2047
Nov 18	L&G Group plc	SII Tier 2	A3 / BBB+	GBP	400	5.125	November 2028	November 2048
Nov 00	L&G Finance plc	Senior	A2 / A	GBP	350	5.875	-	December 2031
Apr 17	L&G Group plc	SII Tier 2	A3	USD	500	5.55	April 2032	April 2052
Mar 02	L&G Finance plc	Senior	A2 / A	GBP	200	5.875	-	April 2033
Jun 14	L&G Group plc	Grandfathered Tier 2	A3 / BBB+	GBP	600	5.5	June 2044	June 2064

1. Legal & General outstanding debt and capital instruments greater than £100m, based on the earliest of the first call date or maturity date

2. GBP/USD rate at time of pricing used to convert to £ equivalent

Proposed transaction: Summary Terms & Conditions

Issuer	Legal & General Group Plc
Instrument	£[*]m Fixed Rate Reset Subordinated Notes due 2049 (the “Notes”)
Amount	£ benchmark
Issuer Credit Ratings	A2 / A / A+ (Moody's / S&P / Fitch)
Expected Issue Rating	A3 / BBB+ (Moody's / S&P)
Maturity Date	[*] November 2049, subject to the redemption conditions
Optional Redemption	[*] November 2029 (the “ First Call Date ”) and each 5 year reset date thereafter (subject to fulfilling redemption conditions under the documentation)
Status / Subordination of the Notes	Direct, unsecured and subordinated obligations of the Issuer, ranking (i) at least <i>pari passu</i> with all other obligations of the Issuer which constitute Tier 2 Capital (other than Existing Undated Tier 2 Securities); and (ii) in priority to the claims of holders of Existing Undated Tier 2 Securities, all obligations of the Issuer which constitute Tier 1 Capital and all classes of share capital of the Issuer
Interest	<ul style="list-style-type: none"> • [*] per cent. per annum payable semi-annually in arrear until the First Reset Date • Thereafter reset every 5 years to the sum of the 5-year UK Gilt + initial credit spread + Step-up Margin
Step-up Margin	100bps
Interest Deferral	<ul style="list-style-type: none"> • Mandatory cumulative (not compounding) deferral of interest upon any event (including breach of the Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group) which under the Relevant Rules would require the Issuer to defer payment of interest and the Relevant Regulator has not waived the requirement to defer payment of interest under the Notes (a “Regulatory Deficiency Interest Deferral Event”) • Optional cumulative deferral of interest at Issuer’s discretion, subject to 6-month look-back dividend pusher
Solvency Condition	All payments outside of a winding-up are conditional on the Issuer being solvent at the time of payment
Early Redemption/ Substitution or Variation	In case of a Tax Event, Capital Disqualification Event or a Rating Methodology Event, the Issuer may redeem the Notes at par, or substitute or vary the terms of the Notes to remedy such event (provided the resulting notes have terms not materially less favourable to an investor than the terms of the Notes and comply with Tier 2 regulatory requirements and, in the case of a Rating Methodology Event, rating agency equity content criteria), and in the case of redemptions, subject to the redemption conditions and in the case of redemption prior to year 5, to be funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes or effected by way of exchange or conversion of the Notes into capital of at least the same quality as the Notes
Mandatory Redemption Deferral	Mandatory deferral of any scheduled redemption upon any event (including an Insolvent Insurer Winding-up, breach of Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group) which under the Relevant Rules would require the Issuer to defer repayment or redemption of the Notes and the Relevant Regulator has not waived the requirement to defer repayment or redemption of the Notes (a “ Regulatory Deficiency Redemption Deferral Event ”)
Insolvent Insurer Winding-up	The winding-up or the appointment of an administrator of any insurance undertaking within the Group where the claims of the policyholders and beneficiaries pursuant to a contract of insurance of that insurance undertaking which is in winding-up or administration may or will not be met
Law / Listing	English law / London Stock Exchange
Denominations	£100k + £1k
Joint Lead Managers	BofA Securities, Barclays, BNP Paribas, HSBC, JP Morgan Cazenove, NatWest Markets

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Note: should be read in conjunction with full documentation

Structural comparison

	Legal & General Group Plc	Legal & General Group Plc	Royal London	M&G Prudential
Issue Date	Nov 2019	Nov 2018	Sep 2019	Jul 2019
First Call Date	Nov 2029	Nov 2028	Sep 2039 6m Par Call prior to Sep 2039	Jul 2024
Maturity	Nov 2049	Nov 2048	Sep 2049	Jul 2049
Issuer Rating (M/S/F)	A2 / A / A+	A2 / A / A+	A2 / A / -	A2 / A- / A+
Current Instrument Rating (M/S/F)	A3 ¹ / BBB+ ¹ / -	A3 / BBB+ / -	Baa1 / BBB+ / -	A3 / BBB / BBB+
Size	£[*]m	£400m	£600m	£300m
Initial Coupon	[●]% semi-annually	5.125% semi-annually	4.875% annually	3.875% semi-annually
Step-Up / Reset²	100bps in year 10 / 5-year UK Gilt + [●]bps	100bps in year 10 / 5-year UK Gilt + 465bps	100bps in year 10 / 5-year UK Gilt + 510bps	100bps in year 10 / 5-year UK Gilt + 350bps
Optional Interest Deferral	At issuer's discretion, subject to 6-month dividend pusher	At issuer's discretion, subject to 6-month dividend pusher	At issuer's discretion, subject to dividend stopper	At issuer's discretion, subject to 6-month dividend pusher
Mandatory Interest Deferral	Breach of SCR or MCR	Breach of SCR or MCR	Breach of SCR or MCR	Breach of SCR or MCR
Arrears of Interest	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding
Special Event Calls	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event
Substitution / Variation	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event or Capital Disqualification Event
Redemption Deferral	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up

1. Expected rating

2. Reset margin is equal to Initial Credit Spread plus 100bps Step-Up Margin

Appendix



We have strong new business growth

Division	Business	Product	2016	2017	2018	CAGR %	H1 2019	H1 2018
LGRI	Pension Risk Transfer (PRT)	Global bulk annuity premiums (£m)	6,630	3,948	9,140	+17	6,677	735
LGIM	Investment Management	External net flows (£bn)	29.2	43.5	42.6	+21	60.3	14.6
LGC	Capital Investment	Direct investments (£m)	1,137	1,450	2,359	+44	2,638	2,005
LGI	Insurance	New business annual premiums (£m)	290	300	343	+9	178	163
LGRR	Retirement Solutions	Individual annuity premiums (£m)	378	671	795	+45	497	337
		Lifetime Mortgage advances (£m)	620	1,004	1,197	+39	489	521

ESG approach: Delivering Inclusive Capitalism

Our businesses act in a way that is both economically and socially useful, delivering inclusive capitalism, and are aligned to 6 structural growth drivers:

Growth drivers	ESG alignment example	L&G progress
1 Ageing demographics	£584bn corporate DB pension deficit in the UK ¹ – Insuring DB pensions improves security for pensioners and backing-assets can be reinvested in real assets benefiting younger generations and strengthening the intergenerational contract.	1.1m individuals in the UK rely on L&G for security in retirement through annuities
2 Globalisation of asset markets	Global AUM is projected to grow at 6% p.a. to \$101tn ² , representing an enormous opportunity to benefit both society and investors through a sustainable investment approach.	LGIM IMAs embed ESG principles
3 Creating real assets	Investment in global sustainable energy infrastructure needs to triple to \$1.25 trillion p.a. ³ by 2030.	£28bn of direct investments creating positive social and environmental impact
4 Welfare Reforms	UK DC AUM is projected to grow at 10% p.a. to £641bn, as companies and governments shift retirement planning risk to individuals.	£86bn DC AUM across 3.1m customers in the UK
5 Technological innovation	Technology improves customer outcomes, reduces waste and improves efficiency.	Reducing waste and saving costs by sending personalised videos instead of paper benefit statements for DC pensions
6 Today's Capital	Funding for UK start-ups is less than half than the US-normalised level ⁴ , representing an opportunity for investment to create jobs and stimulate economic growth.	£102m total investments in early-stage start-ups in the UK

“Inclusive capitalism can deliver better returns by unlocking this money and putting it to work building better societies, tackling the climate emergency, reducing inequality, closing the infrastructure gap and fostering a new intergenerational contract.”

Nigel Wilson
Chief Executive Officer

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1. Pensions Purple Book 2018
 2. By 2023. WTW Global Asset Management Study
 3. By 2030. UN estimate, Morgan Stanley, “SDGs: Identifying Investment Ideas”
 4. pitchbook.com/media/press-releases/us-venture-capital-investment-reached-1309-billion-in-2018-surpassing-dot-com-era, realbusiness.co.uk/uk-venture-capital-brexiti/, www.worldometers.info/gdp/gdp-by-country/

Inclusive Capitalism naturally align to ESG principles

Our ESG approach considers:

1. Our operations
2. Our £95.0bn asset portfolio¹
3. Our influence as a leading global asset manager with more than £1.1tn AUM

Examples of ESG metrics

Environmental	Social	Governance
Ranked 4 th among global insurers for approach to climate risk and opportunity ¹	£28bn social impact from investments and programmes to date	NEDs on Board: 67%
24% reduction in carbon intensity of Group asset portfolio ² and commitment to 2°C climate objective	Creating 20k new jobs in regional cities through property platform driving science & technology growth	NEDs with insurance, asset management, or finance experience: 88%
All renewable energy for operations	Delivering 80k+ new homes over the next 5 to 10 years (3k p.a. of affordable)	Women on Board: 42%
2m homes powered by L&G investments in wind farms	50/50 by 2020 gender diversity programme ³	Women on Executive Committee: 33%
LGIM's IMAs embed ESG principles, excluding investments in pure thermal coal and assets excluded from our Future World fund		LGIM awards: 1. Best Investor Engagement ⁵ 2. Best ESG Manager ⁶

1. Investments to which shareholders are directly exposed

2. Asset Owners Disclosure Committee

3. Decrease from 2017 to 370 CO2e/£m invested

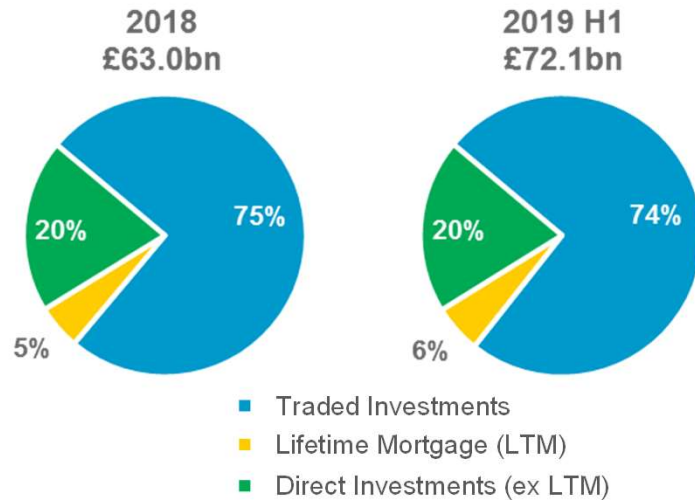
4. 50/50 by 2020 aims to have 50% of senior management roles filled by women

30 5. 2018 ICSA award for the investor who, in the judgment of FTSE 350 company secretaries, conducted the most constructive engagement during the year. This award recognises LGIM for demonstrating a high standard of stewardship in the market.

6. Corporate Adviser Awards 2018 – The award 'recognise[s] and reward[s] advisers and providers that have brought innovation to the field of workplace financial services'

LGR: Diversified portfolio, high quality assets

LGR Asset portfolio



- **16%** in Sovereign-like assets
- **c.2/3rd A rated or better**
- Credit default reserve **£3.2bn** (53bps)
 - £2.8bn prudent long-term prudent reserve
 - £0.4bn additional reserve
- Bank exposure reduced from c. 20% pre-crisis to **5%**

LGR bond portfolio maintaining overall credit quality and high sectorial diversification

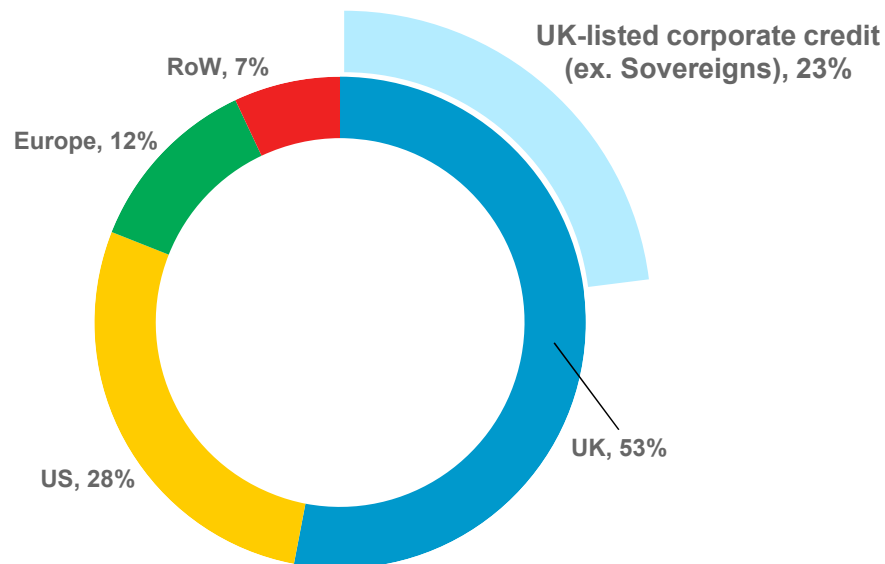


LGR bond portfolio sector split (%)

Consumer services and goods	18
Utilities	17
Sovereigns, Supras, Sub-Sovereigns	16
Infrastructure	15
Technology and telecoms	6
LTM Loans	6
Banks	5
Energy, Oil and Gas	5
Real Estate	5
Securitisations (collateralised credit)	2
Financial Services and Insurance	2
Industrials	2
Commodities	1
Total	100

LGR: UK-listed corporate credit is a relatively small proportion of our bond portfolio

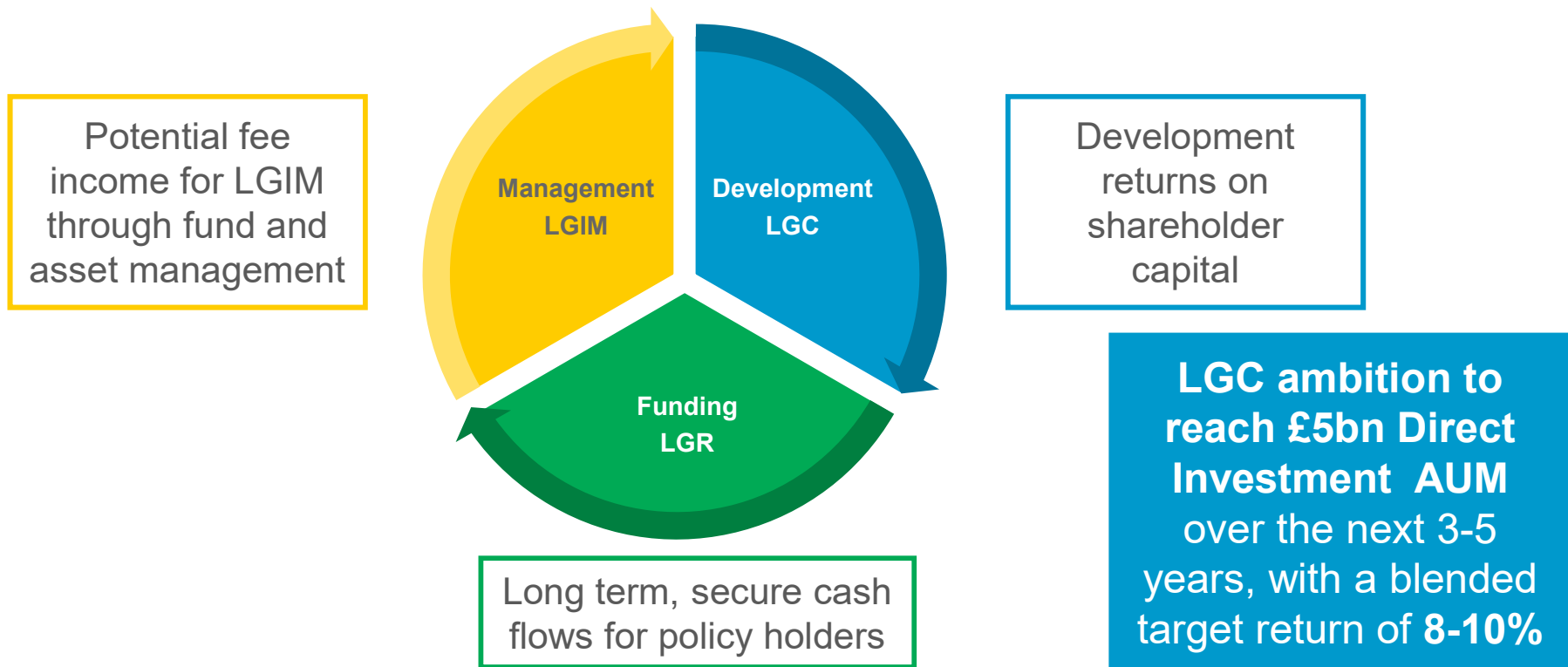
Geographically Diversified Portfolio



- 23% of LGR's bond portfolio is invested in UK-listed corporate credit, excluding Sovereigns
- c.50% of these UK credit holdings are in multinational companies, e.g. GSK, Vodafone, Unilever
- c.1% of UK-listed corporate credit is sub investment grade
- 47% of LGR's assets are overseas assets. The currency risk is hedged

LGC: Ambition

Our aim is to make investments in new assets which generate stable returns for shareholders, create assets for LGR, and desirable assets for LGIM



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