

# Nominations and Corporate Governance Committee report



## Committee overview

### Committee meetings and membership

The Committee met 6 times during the year. The composition of the Committee remains in compliance with the Code, the requirements of its terms of reference and comprises only independent non-executive directors. Details of members' experience and skills can be found in the biographies on pages 64 and 65.

#### Members

Sir John Kingman (Chair)
Henrietta Baldock
Nilufer von Bismarck
Philip Broadley
Carolyn Johnson
Lesley Knox
George Lewis
Ric Lewis
Tushar Morzaría
Laura Wade-Gery

#### Gender



#### Tenure



#### Ethnicity



## The role of the Committee

The role of the Committee is to ensure that the Board's composition, and that of its Committees, is appropriate to discharge its duties effectively, and to oversee the Company's corporate governance framework and commitments to diversity and inclusion.

### Key responsibilities

- Regularly review the structure, size and composition of the Board.
- Lead the process for new appointments to the Board, ensuring appointments bring the required skills, knowledge, background and experience to the Board to support the development and oversight of the Group's strategy, and taking into account the promotion of diversity and inclusion.
- Give consideration to succession planning for directors and senior executives.
- Oversee and monitor the Company's corporate governance framework, including its compliance with the UK Corporate Governance Code.
- Oversee and monitor the Company's commitment to diversity and inclusion across the Group.
- Oversee the process by which the Board, each Committee and individual directors assess their effectiveness.
- Review non-executive directors' time commitments and consider additional external appointments.



The Committee's terms of reference can be viewed on our website: [group.legalandgeneral.com/committees](http://group.legalandgeneral.com/committees)



The Board was delighted to appoint António Simões and I look forward to working with António to ensure that we continue to deliver on our enormous potential for our shareholders, employees, customers and the communities of which we are a part."

## Chair's introduction

I am pleased to present my report as Chair of the Nominations and Corporate Governance Committee.

One of the Committee's main areas of focus for the year was succession planning, particularly the extensive search and full and robust selection process to appoint our new Group Chief Executive Officer. The Board was delighted to appoint António Simões with effect from 1 January 2024 and I look forward to working with António. In addition, we implemented succession planning for the Chair of the Remuneration Committee, as well as the Senior Independent Director, as part of our commitment to, and support of, the FCA's targets on board diversity as set out in the Listing Rules.

The external Board effectiveness review was another key area of focus this year for the Committee. Further information on the process and results can be found on pages 84 and 85 of this report.

**Sir John Kingman**  
Chair

### Key activities during 2023

- Led the process for the search and appointment of the new Group Chief Executive Officer.
- Considered director reappointments, external appointments and changes to the composition of the Board and its Committees.
- Recommended the appointment of the external facilitator for the annual effectiveness review of the Board and each of its Committees.

- Oversaw the development of a diverse pipeline of talent for succession to the Group Management Committee across near- to long-term time horizons.
- Oversaw the development of, and progress against, the Group's diversity and inclusion workforce policies, including the annual review and approval of the Board's Diversity and Inclusion Policy.
- Considered the results of the employee Voice surveys.

### Corporate governance

The Committee is responsible for overseeing and monitoring the Company's corporate governance framework and compliance with the Code. The Company has complied with all provisions of the Code throughout the year. Further details of the Group's corporate governance framework, including compliance with the Code, can be found on page 67.

### Appointment of our new Group Chief Executive Officer

Upon recommendation from the Committee, the Board appointed António Simões as our new Group Chief Executive Officer with effect from 1 January 2024. António's appointment followed a rigorous, global selection process managed by a Sub-Committee of the Nominations and Corporate Governance Committee, led by the Chair. A summary of the process is outlined below.

#### Talent management and succession planning

The Committee annually reviews and assesses the executive talent pipeline to ensure there is a pipeline of credible and capable successors for executive management, including for the role of Group CEO.

#### 1. Constitution of Sub-Committee to manage and oversee the process

A Sub-Committee of the Committee, led by the Chair, was constituted to provide direction and Board oversight of the Group CEO succession planning process.

#### 2. Engagement with executive search firm and creation of role specification

The Sub-Committee engaged with independent external search firm Russell Reynolds. Russell Reynolds has no other connection with the Company or its directors and is a signatory to the Voluntary Code of Conduct for Executive Search Firms. Russell Reynolds was chosen for its significant depth in insurance and financial services more generally, a track record of focusing on diversity, and a strong leadership team who would challenge the Board on its thinking on candidates.

The Sub-Committee worked with Russell Reynolds to devise a role specification, which was approved by the Board.

#### 3. Candidate long lists

The search firm produced a diverse long list of candidates which was reviewed, thoroughly discussed and refined by the Sub-Committee. The long list included internal candidates and best-in-class external talent. In reviewing the long list, the Sub-Committee was mindful of diversity, including of background and experience, as well as the desired skills and attributes for the role as set out in the role specification.

#### 4. Candidate short list and interviews

All candidates on the long list were interviewed by the Sub-Committee, following which a short list of final candidates was produced. All shortlisted candidates were assessed against the role specification, on merit and with due regard to all forms of diversity. The final candidates were interviewed by the full Committee, which included a presentation from candidates. In addition, they underwent psychometric testing, and references were taken on the external candidates.

#### 5. Candidate selection

Following shortlisted candidates' presentations and interviews, the Board discussed each candidate in detail, taking into account all elements of the search process. Following this discussion, it was agreed that António was the outstanding candidate.

#### 6. Candidate appointment and approval

The Committee unanimously recommended to the Board the appointment of António Simões as the next Group CEO, subject to regulatory approval, and the Board duly approved the appointment. The Remuneration Committee led on the development of an appropriate remuneration package. António was interviewed by the PRA and FCA as part of the approval process, and approval for his appointment was granted in October 2023.

#### Induction

A comprehensive, tailored induction programme was undertaken by António upon appointment, led by the Chair and the Group Company Secretary. This included a focus on the markets and regulatory regions in which the Group operates, as well as meetings with all senior management, key external stakeholders, and undertaking site visits to the Group's offices in the UK and globally.

# Nominations and Corporate Governance Committee report

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### Key activities during the year

#### Board composition, succession and other changes throughout the year

#### CEO succession

A key activity for the Committee in 2023 was managing and overseeing the search for the new Group CEO, António Simões. For more information on the appointment process, please see page 81.

#### Board composition

The Committee undertakes a rigorous annual review of the Board's composition to support discussions on succession planning. This includes a capability assessment of Board members' knowledge, skills and experience in the context of the Company's short and medium-term strategy, supported by a self-assessment analysis undertaken by each individual director, which forms part of an overall Board skills matrix. The skills matrix reflects the results of the assessment. The skills matrix is refreshed and reviewed on an annual basis and is used by the Committee to support discussions on succession. Various other considerations, including the tenure of the Board as a whole, independence and diversity, are also considered by the Committee when reviewing the Board's composition. The outcome of the 2023 discussion on composition was that, overall, the Board was of an appropriate size and composition, with key succession plans having been executed over the course of the year. The upcoming focus for the Committee will be succession planning for the Chair and non-executive directors who will be coming to the end of their tenure.

The Committee also considered reappointments of directors to the Board, and directors' external appointments to the boards of other companies. Where the Committee approved new external appointments, it was satisfied that the appointments did not give rise to a conflict of interest and would not impact the directors' time commitment to the Company. In line with our conflicts of interest policy, directors absent themselves from any discussions relating to their own reappointment, chair appointment or other internal or external appointments.

#### Other board changes

The Committee considered and approved the following board composition changes throughout the year.

Following the 2022 and 2023 discussions on board composition, Lesley Knox succeeded Philip Broadley as SID in September 2023. As a result of this change, the Company now complies with the FCA's targets on board diversity to have at least one of the following senior board positions held by a female: Chair, Chief Executive, SID or Chief Financial Officer. Philip remains a member of the Board and we continue to benefit from Philip's experience

and counsel. Lesley was considered by the Committee as the outstanding candidate for the role of SID due to her length of tenure, strong understanding of, and experience in dealing with, the Group and its various stakeholders from her roles as Remuneration Committee Chair, Designated Workforce Director and her role on the board of one of our principal subsidiaries.

Being mindful of the time commitment for Lesley to take on the role of SID, Laura Wade-Gery succeeded Lesley as the Chair of the Remuneration Committee in February 2024. The Committee considered Laura an excellent candidate due to her established track record as a UK-listed company Remuneration Committee Chair and her strong understanding of the Committee's current workings and short- and medium-term priorities. Laura fulfils the Code requirement for any appointee to the Remuneration Committee Chair role to have served on a Remuneration Committee for at least 12 months prior to appointment. Having discussed Laura's internal and external time commitments, the Committee considered that Laura has sufficient time to dedicate to the Remuneration Committee Chair role.

#### Executive succession and talent management

In addition to reviewing the Board's composition, throughout the year the Committee has focused on executive-level succession across near- to long-term time horizons to ensure there is a credible pipeline of successors for executive roles.

#### Subsidiary succession

The Company benefits from a strong governance framework operating at subsidiary level. The continued strength of the boards of the Group's subsidiaries is vital for ensuring the Group's high standards are maintained and there is sufficient oversight of activity further down the Group, particularly in our principal subsidiaries. While succession planning remains the responsibility of each subsidiary board, it is nevertheless very important for the Committee to have continued oversight of its key subsidiaries and ensure orderly succession plans are in place. In addition, I meet regularly with the non-executive directors of our principal subsidiary boards, without the presence of executive management, to gain direct feedback.

Appointments to the Group's principal subsidiaries are made on the recommendation of the Committee. This year the board of one of the Group's principal subsidiaries, Legal and General Assurance Society Limited (LGAS), approved the appointment of Andrew Kail as its new CEO, following regulatory approval, on the recommendation of the Committee. Andrew succeeded Sir Nigel Wilson who held the LGAS CEO role (in addition to the Group CEO role)

until his retirement in December 2023. In making its decision, the Committee highlighted Andrew's knowledge and understanding of the Group and the LGAS business, having run the Group's PRT business for the last two years as well as previously running the Group's Retail Retirement division, meaning that Andrew was well-placed to take on the role.

#### Diversity and inclusion (D&I)

#### D&I across the Group

As a Group, we are working towards a more equitable workplace where all our people can realise their potential. We believe that diversity of experience and skills brings diversity of thought and perspective, which in turn drives greater proximity to our customers and promotes a culture which more readily embraces innovation.

Last year, we set ourselves deliberately challenging ethnicity goals across the Group in order to expand the scope of our D&I agenda and to complement existing goals for gender. These goals are for 17% of our workforce, senior management roles and Board members to be from minority ethnic backgrounds by 2027. During 2022, we built these new goals into group-wide and divisional D&I plans, including key operational areas like recruitment. As a Group we have made good progress on achieving our ethnicity goals by 2027, and good progress on our employees' voluntary disclosure of ethnicity data. However, we are aware that faster progression is required to achieve our gender diversity goals, particularly achieving 40% female leadership at the senior/middle management level, and we continue to explore areas of opportunity to achieve this.

Throughout 2023, the Committee received regular updates on the progress against the group-wide and divisional D&I plans and the following key D&I focus areas:

- embedding the progress made in 2022, including inclusive recruitment, improving line manager capabilities and the creation of opportunities for those from underrepresented backgrounds
- evolving the D&I governance and operating model across the Group by increasing transparency, reducing duplication and elevating the voice of our employee networks
- holding leaders and line managers to account on diversity matters.

The Committee continues to support the work of the executive management and the D&I Council in driving the D&I agenda across the Group. For more information on our group-wide D&I activity during 2023, including our progress on achieving our objectives, please see page 49 of this report.

### D&I of the Board

As a Committee, we believe that diversity is important as it supports good decision making and reduces the risk of groupthink by providing different viewpoints, ideas and challenge. As part of this, we believe that it is important for our Board to be diverse in terms of gender, ethnic and social backgrounds and have a broad range of perspectives to help us make better strategic decisions and lead by example in creating an inclusive culture for our people.

Lesley Knox was appointed as SID in September 2023. This appointment reflects our commitment to gender diversity in senior board positions and complies with the FCA's targets on board diversity as set out in Listing Rule 9.8.6(9)(a)(ii), that at least one of the following senior board positions should be held by a female; Chair, Chief Executive, SID or Chief Financial Officer.

We are proud to have a Board which is diverse, both in terms of gender and ethnicity. As at 31 December 2023, the Board comprised 42% women, and 25% of the Board was from an ethnically diverse background. Both of these percentages exceed regulatory requirements, the targets in the FTSE Women Leaders Review (Hampton-Alexander) and Parker Review, as well as the goals we set ourselves in our Board Diversity and Inclusion Policy. The Board is also compliant with the board diversity requirements in the Listing Rules and discloses its compliance in the prescribed format below.

When making appointments to the Board, 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.

### D&I of senior management

A diverse senior leadership team is as important as a diverse Board, because we believe that executive decision-making is more effective if it takes into account a wider range of views and opinions. Last year we introduced a new goal of 17% of our senior management roles to be held by people from minority ethnicity backgrounds by 2027. During 2023, we are pleased that our hiring rates for minority ethnicities are trending positively, increasing our confidence in our ability to achieve our 2027 goals.

We continue to monitor the progress of our gender diversity goals of 40% female leadership by 2025 and a 50:50 gender balance across the workforce by 2025. We have made good progress on the representation of women over the last 5 years, particularly in some of our most senior roles, however the pace of change has been slow. As a result, focus on areas of opportunity for this particular segment of employees, such as optimising incentives, job-sharing and job design, continues.

From 1 January 2024, we implemented a new executive governance framework. The Group Management Committee was formed as a formal committee of the Group CEO. As at 31 December 2023, our Group Executive Committee (which existed under our previous governance framework) comprised 40% women\*, with 50% of our businesses led by a female CEO. Also at 31 December 2023, representation at the middle/ senior management level was 37.2% women (2022: 38%). We are eager to increase the ethnic diversity of senior management across the Company, which is why we have set our goal of 17% by 2027 – we are currently at 17.3% for this constituency.

### Board D&I Policy

During the year, the Committee reviewed and approved the Board Diversity and Inclusion Policy, which complements the Group's wider workforce policies and values on D&I. The Board Diversity and Inclusion Policy sets out the approach to diversity and inclusion of the Board of Legal & General Group Plc, and its Committees, in compliance with the Disclosure Guidance and Transparency Rules (DTR). As a business, we have a clear purpose to improve the lives of our customers, build a better society for the long term and create value for our shareholders. Inclusive capitalism lies at the heart of our business strategy and is built on the belief of being economically and socially useful, embracing diversity and being fully inclusive in everything we do. As part of the policy, the Board, upon recommendation from the Committee, has committed to building a diverse and inclusive Board and a more diverse and inclusive senior management team, as well as driving diversity and inclusion across the Group.



More information on the diversity of our workforce, including the gender and ethnic diversity of our Board and executive management, can be found in our Social impact report: [group.legalandgeneral.com/reports](http://group.legalandgeneral.com/reports)



The Board Diversity and Inclusion Policy is available here: [group.legalandgeneral.com/en/about-us/corporate-governance/diversity](http://group.legalandgeneral.com/en/about-us/corporate-governance/diversity).

### Listing Rule disclosure on diversity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
Men	7	58%	3	6	60%
Women	5	42%	1	4	40%
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
White British or other White (including minority-white groups)	9	75%	4	10	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
South Asian	2	17%	–	–	–
East Asian/Southeast Asian	–	–	–	–	–
Black/African/Caribbean/Black British	1	8%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

\* exclusive of the Group CEO and Group CFO who are included in the number of Board members.

The information in this table was collected on a confidential and voluntary self-reporting basis and is accurate as at the date of this report. For the purpose of this disclosure, 'executive management' means the Group Executive Committee as at 31 December 2023. From 1 January 2024, a new executive governance framework was implemented as detailed on page 66.

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### Assessing board and committee effectiveness

Another role of the Committee is to oversee the annual Board and Committees' effectiveness review. In line with best practice, a formal and rigorous review of the effectiveness of the Board and its Committees is conducted each year. The Board and its Committees undergo a full, independent external evaluation every three years, and an externally-facilitated internal evaluation on all other years. This year, in line with the requirements of the Code, the effectiveness review was undertaken by an independent, external board effectiveness review specialist.

Following a robust tender process conducted by the Chair and Group Company Secretary, upon the Committee's recommendation, the Board approved the appointment of Clare Chalmers Limited as the independent external reviewer to conduct the 2023 evaluation. Clare was chosen due to her specialism in financial services firms. Clare Chalmers Limited has no other connection with the Company or individual directors.

The process, findings and resulting actions from the 2023 effectiveness review of the Board and its Committees can be found in the diagram below across pages 84 and 85. Clare had the opportunity to comment on these disclosures.

#### Chair and individual director performance evaluations

The SID leads the non-executive members of the Board in an annual evaluation of the performance of the Chair, which includes an assessment of the working relationship between the Chair and the Group CEO. In carrying out the annual evaluation, the SID meets with the non-executives without the Chair present and takes into account the views of the executive directors, as appropriate. Following this year's review, the effectiveness of the Chair continued to be highly-rated.

The Chair meets with Board members throughout the year to assess their individual performance. Following this year's review, and the insights gained from the external facilitator, the Chair confirmed that the individual directors' continued to contribute effectively to the Board.

### 2023 Board and Committees' effectiveness review

#### Process

## 1

#### Scoping

Clare met with the Chair and Group Company Secretary to agree the scope of the 2023 effectiveness review. This included the objectives of the review and the key areas of focus. The agreed aim of the review was to assess the effectiveness of the Board, both as a collective unitary Board and at Committee level. The review focused on, amongst other things:

- board composition, including diversity
- succession planning for the Board and senior management
- board dynamics, board decision-making and how effectively members work together to achieve objectives
- strategy, performance and risk
- purposes, values and culture
- stakeholder considerations.

## 2

#### Document review and meeting observations

Clare and her associates conducted a thorough review of previous Board and Committee papers, minutes and other relevant documentation to provide context on Board matters and the decision-making process, to help inform the one-to-one interviews. Following this review, Clare observed a series of Board and Committee meetings to enable her to form an independent view of the meeting dynamics.

## 3

#### Interviews

Clare held in-depth one-to-one interviews with Board members covering a broad range of topics, as agreed with the Chair and the Group Company Secretary. The topics for consideration were shared with the Board members prior to their individual interviews. Clare also interviewed certain members of senior management, including the Group Chief Risk Officer, Group HR Director, Group Chief Auditor and Group Company Secretary, to bring useful insights on the performance of the Committees and an overall holistic view of effectiveness. Discussions with all interviewees remained confidential.

## 4

#### Report

Clare produced an initial, draft report on her independent review findings, which she discussed with the Chair and Group Company Secretary in the first instance. Clare then presented a final written report to the Committee and invited discussion on the report's findings and recommendations. No views were attributed to any individual in the final report.

### Update on previous board evaluations

In 2021 and 2022, internal reviews of the performance of the Board and its Committees were undertaken, externally facilitated by Ffion Hague at Independent Board Evaluation (IBE). IBE has no other connection with the Company or individual directors. At each board meeting, an update on progress against the review recommendations is provided. An overview of the recommendations from the 2022 review and progress against them is provided below.

Recommendations from 2022 review	Progress against recommendations
Continuing the practice of ‘top down’ risk discussions and ‘lessons learnt’ exercises	‘Lessons learnt’ exercises continued to be requested and presented to the Board and its Committees throughout 2023, including lessons learnt in relation to the LDI crisis and data security and privacy. The Group Chief Risk Officer now presents an annual update on emerging (‘top down’) risks to the Group Risk Committee.
Ensuring that strategy papers continued to be forward-looking	The Board strategy papers continued to be reviewed by the Group Strategy & Investor Relations Director and Chair at an early stage to ensure papers were sufficiently ‘forward-looking’. Throughout the year, divisional CEOs provided the Board with assessments of macro-economic changes applicable to their divisional businesses and the potential strategic and operational impacts.
Continuing to prioritise stakeholder impacts and views	Following a review by Group Secretariat, new board paper and coversheet templates were rolled out across the Group during 2023; these templates now require paper authors to specifically include information on wider stakeholder impacts in their papers for the Board’s consideration, including nature and climate. In addition, the Board paper pre-review process continues to focus on ensuring that papers consider stakeholder impacts and views, where relevant.

### Results of effectiveness review

#### 5

##### Findings

The tone of Clare’s report was very positive overall and indicated that the Board, and each of its Committees, continued to be effective. The report identified a number of key strengths, including the experience and skillsets of the non-executive directors, the level of debate in meetings and the strong contributions of all Board members, as well as the supportive, positive nature of interactions between the non-executive directors and management, both inside and outside of formal meetings. The strength of the Company’s culture was also noted, built around good behaviours, positive and open stakeholder relationships and the value-adding engagement from designated board roles such as the Designated Workforce Director.

The appointment process of the Group CEO was felt to have been well-managed and it was recognised that succession planning for the longer-serving non-executive directors on the Board would be a key area of focus for the coming year, particularly in terms of ensuring that the Board’s composition would effectively support the development of strategy under the Company’s new executive leadership. The report commented on the strength of the Chair and the Committee Chairs, noting their extensive work outside of the boardroom, as well as the considerable roles performed by each of the Committees in supporting the Board. Clare provided a number of thoughtful recommendations in the report for the Board’s consideration.

#### 6

##### Action plan

The Board discussed the findings of the 2023 effectiveness review and subsequently agreed an action plan for the coming year. The key actions included (i) continuing to support the new Group CEO as he transitions into the role, (ii) continuing to develop relationships with, and appropriate governance of, the Group’s principal subsidiaries, and (iii) continuing to oversee how the Consumer Duty is embedded into the organisation and how reporting on consumers could be more strategic. Progress to implement the agreed actions is underway. Progress is monitored by the Group Company Secretary and will continue to be reported to the Board at each meeting.