



Growing, simpler, better-connected

Legal & General Group Plc
Annual report and accounts 2024

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Strategic report

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Annual report quick read



Discover more online

group.legalandgeneral.com/AnnualReportSummary2024

A summary of the Annual report and accounts, highlighting strategy, performance and how the Group is structured, is available online.

Our reporting suite



Climate and nature report



Social impact report



Tax supplement



Risk management supplement



Discover more online

group.legalandgeneral.com/AnnualReport2024

Our year in review...

January

We completed a £25 million transaction with The National Trust.

This funding will support the development of next-generation hydro-electric and solar generation projects, playing a crucial role for the Trust achieving net zero across its estate by 2030.



May

Having partnered with the University College London (UCL) Institute of Health Equity since 2021, to explore the role of business in reducing health inequalities in the UK, we launched a new £3 million Health Equity Fund. This will award grants to support up to 150 place-based initiatives from local authorities, charities, businesses, and communities across the UK.



We also completed our third and final buyout of the Nortel Networks UK Pension Plan. This built on L&G's long-standing relationship with the Plan, whose sponsor went into administration in 2009. The Plan agreed its first transaction with L&G in 2018 to secure benefits in excess of Pension Protection Fund (PPF) levels for members. Since then, we've insured £2.5 billion of its liabilities.

£2.5bn

liabilities insured since our involvement

September

We announced our relocation from our current One Coleman Street office to the nearby 10 Coleman Street building in 2027.

We announced several changes to our Group Management Committee, with Eric Adler joining as CEO of Asset Management in December to spearhead growth plans, Laura Mason, being appointed as Retail's next CEO and Katie Worgan joining from Lloyds Banking Group in the newly created role of Group Chief Operating Officer (COO).

We continued to execute our strategy with the sale of CALA Group, simplifying our portfolio to enable a sharper focus on our core, synergistic businesses.

A partnership with NEST, backed by £350 million in combined investment, was announced, to build high quality rental homes.



“10 Coleman Street will offer our people a modern and enhanced working environment, helping to further our ambition for a better-connected L&G.”

” António Simões
Group CEO

As 2024 began, we welcomed António Simões as our new Group Chief Executive Officer (CEO). After spending the first half of the year taking a deep dive into our business and listening to our investors, customers, clients, partners and employees, he outlined his new vision for L&G in June.

L&G's new strategy sets our ambition for sustainable growth, sharper focus and enhanced returns, and a vision of becoming a growing, simpler and better-connected L&G.

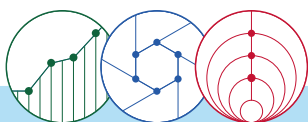
Read more on page 10

February

February was a month of growing investments. Our total investment with Jigsaw Homes Group reached £125 million. We aim to deliver over 4,000 new social and affordable homes by 2028. Additionally, we helped inject more equity into English Cities Fund (ECF). ECF is a unique partnership between three of the UK's leading regeneration and investment organisations – Homes England, Muse and of course, us.

4,000+

new social and affordable homes with Jigsaw Homes by 2028



March



BRITAIN'S
MOST
ADMIRABLE
COMPANIES

We were named **Britain's Most Admired Company** for the second year running, which António celebrated at the London Stock Exchange, the sponsor of the award.

A joint £59 million building project concluded with the handover of two significant new research and innovation buildings at Begbroke Science Park, which is part of our £4 billion partnership with the University of Oxford.

This month we also brought our most senior leaders together at Battersea Power Station for António's first quarterly senior leadership event.

April

L&G Affordable Homes announced its first net zero carbon homes, to be developed in partnership with Rose Builders. These homes will support lower carbon emissions and operational energy use, in alignment with our sustainability goals. This milestone represented a step towards greener affordable housing solutions, contributing to our broader environmental targets.



June

António announced our new business strategy at a **Capital Markets Event**, signalling our ambition to grow and evolve.

We celebrated our **188th birthday** on 18 June. We all took a little time to reflect, giving thanks to the generations of colleagues who helped build the legacy we all share today.



Retail's award-winning **A Little Bit Richer** podcast hit 100,000 downloads, and over the past year our TikTok channel had 8.9 million video views and reached an audience of 6 million.

We decorated our London, Hove and Cardiff offices, and celebrated Pride throughout the summer.



July

António wasted no time bringing our new strategy to life by announcing the launch of the L&G Private Markets Access Fund at the London Stock Exchange.

July was also an important month for our affordable housing mission. We acquired c.390 shared ownership homes from Orbit Group.

c.390
shared ownership
homes acquired



August

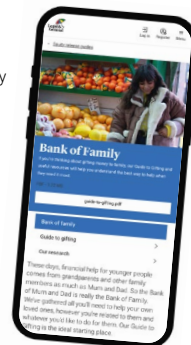
We announced our half year results, which reflected the ongoing strength of our business, with core operating profit slightly ahead of the prior year and a Solvency II coverage ratio of 223%.

Our 'Bank of Family' research showed that family contributions reached record levels in 2024, helping 335,000 UK property purchases with £9.2 billion worth of lending.

We secured £120 million in affordable housing investment from the Greater Manchester Pension Fund and expanded our partnership with Anchor to £100 million, supporting another 5,000 new affordable homes over the next decade.

£120m

investment secured in affordable housing from Greater Manchester Pension Fund



October

October saw us taking a strategic investment in Taurus, a US real estate developer. It accelerated our progress and strengthened our expertise in US real estate.



This month we also partnered with the Happiness Research Institute. We calculated the exact amount of money that you need for a happy retirement and discovered that the happiest retirees have just over £200,000 in their pension pot.

The month ended with our £1.1 billion full buy-in with the Deutsche Bank (UK) Pension Scheme.

November

We gathered at the Natural History Museum in London for our L&G Annual Awards 2024, a special event to celebrate the individuals and teams who go above and beyond to make a difference.



We reaffirmed L&G's 'Future Places' mission by announcing the creation of the UK's first new-build independent neighbourhood in Wandsworth, London. This initiative will offer more than 25 independent retailers their first year rent-free in efforts to breathe life into the high street and champion independent businesses and entrepreneurship.

Additionally, we completed a £34 million buy-in with Walker's Shortbread Limited Retirement Benefits Scheme, securing the benefits of 161 retirees and 238 deferred members. We managed it through L&G Flow, a tailored buy-in and buyout solutions for smaller pension schemes.

December

We held our Institutional Retirement Deep Dive Event, continuing the conversation about our strong position in the pension risk transfer (PRT) market.

Our Retail annuity sales have reached an all-time high of £2.1 billion, indicating more of our customers are looking for financial stability and peace of mind.

2024 was also a great year for our Institutional Retirement business in the US, with \$2.2 billion of PRT business in the US, making this year its largest year on record in the US market.

Our pipeline of PRT deals is as strong as it has ever been, and our guidance of £50 – 65 billion of UK PRT (2024 – 2028) is on track.

£2.1bn
all-time
high of Retail
annuity sales

\$2.2bn
pension risk
transfer in
the US

At a glance

A year of significant strategic progress and strong financial performance, whilst investing for the long term.

Financial measures

Profit before tax £m

£542m

(2023: £195m)

Profit before tax comprises all items of income and expense recognised in profit or loss (excluding tax).

Adjusted operating profit £m



£1,711m

(2023: £1,667m)

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations and exceptional items. The measure enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

Core operating earnings per share p

20.23p

(2023: 19.04p)

Earnings per share (EPS) measures the profitability and strength of a company over time. Core operating EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year.

Store of future profit £bn

£14.8bn

(2023: £14.7bn)

Store of future profit refers to the gross of tax combination of established contractual service margin (CSM) and risk adjustment (RA) (net of reinsurance) which releases reliably into profit over time.

Solvency II coverage ratio



232%

(2023: 224%)

Solvency II coverage ratio, which shows own funds on a regulatory basis divided by the solvency capital requirement, is one of the indicators of the Group's balance sheet strength and aligns to management's approach of dynamically managing the Group's capital position.

Solvency II operational surplus generation £m



£1,751m

(2023: £1,821m)

Solvency II operational surplus generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions, and includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year.

Investment portfolio economic GHG emission intensity¹



51 tCO₂e/£m

(2023: 56 tCO₂e/£m)

This is made up of our ownership share of the emissions related to the assets we invest in within the Group proprietary asset portfolio. It includes bonds, equities, and investment property but excludes cash, derivatives, and any assets already covered in our operational footprint. It is measured per unit of investment.

Operational footprint (scope 1 and 2 (location))¹



27,418 tCO₂e

(2023: 27,722 tCO₂e)

Measures the greenhouse gases (GHG) associated with our direct operations. Scope 1 emissions are direct GHG emissions occurring from sources owned or controlled by the Company. Scope 2 emissions are indirect GHG emissions from consumption of purchased electricity, heat or steam.

Performance measures and remuneration

The performance measures used for the purpose of determining variable elements of directors' remuneration are aligned to the Group's key performance indicators (KPIs). These are indicated with the icon:

For more details, refer to pages 94 to 97 of the summary of remuneration policy.

Alternative performance measures (APMs)

The Group uses certain APMs to help explain its business performance, indicated with the icon:

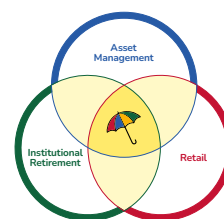
Further information on APMs, including a reconciliation to the financial statements (where possible), can be found on page 252.

Full definitions of the financial metrics above are included in the glossary on page 255. A reconciliation from adjusted operating profit to profit before tax can be found on page 151 of the financial statements.

1. Our total scope 1, scope 2 (location) and scope 3 category 15 emissions have been subject to independent limited assurance by Deloitte. The basis of preparation (or reporting criteria) for our Group carbon footprint and Deloitte's limited assurance report is available in our 2024 Climate and nature report at group.legalandgeneral.com/ClimateReport2024.

Our businesses

We benefit from scale in each of our businesses, which work together to deliver on our purpose and drive synergies across the Group.



Discover our business model

Read more on page 15

Institutional Retirement

£10.7bn

new business premiums

We secure and protect the retirement benefits for pension scheme members in the world's three largest pension risk transfer markets; the UK, the US and Canada.

This 'pensions de-risking' gives companies greater certainty over their liabilities while providing guaranteed payments to individuals within their schemes.

Read more on page 24

Asset Management

£1.1tn

assets under management (AUM)

We are a leading global asset manager with complementary capabilities across public and private markets.

We are a leader in responsible investment, have a significant market share of UK pensions industry assets and play a critical role in the growth of L&G's other divisions.

Read more on page 26

Retail

c.14m

people's needs met

We help millions of people in the UK create brighter financial futures. We support their savings, protection, mortgage and retirement needs through our reportable segments – Retail Retirement and Insurance.

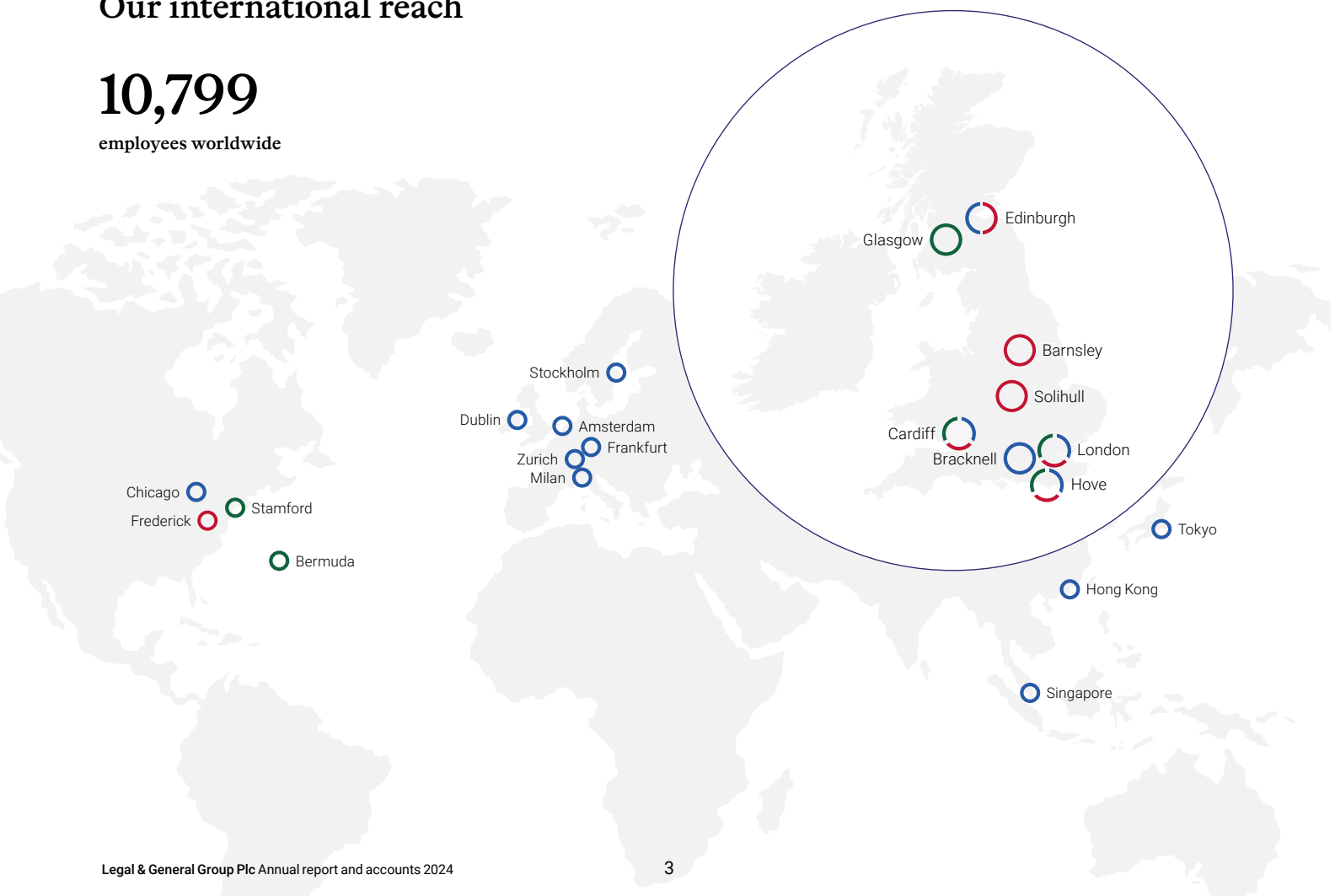
We are a market leader in UK Retail protection and retirement income. Our workplace savings business administers the largest and fastest-growing commercial UK Mastertrust.

Read more on page 28

Our international reach

10,799

employees worldwide



Chair's statement



A renewed sense of purpose

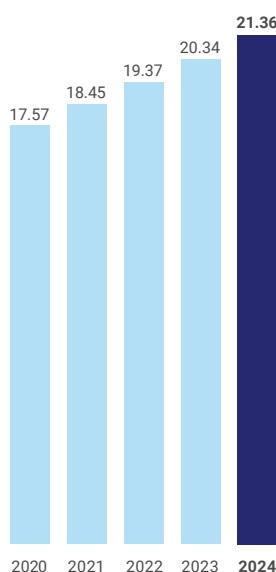
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The purpose statement, combined with our new strategy and a refreshed set of behaviours, sets out how L&G intends to continue creating value for its shareholders and the economies in which it operates.

”

Sir John Kingman
Chair

Full year dividend (p)



Final dividend to be paid on 5 June 2025

15.36p

(2023: 14.63p)

Dividend policy

The Group's dividend policy states that we are a long-term business and set our dividend annually, according to agreed principles. The Board's intention for the future is to maintain its progressive dividend policy, reflecting the Group's expected medium-term underlying business growth, including measurement of capital generation and adjusted operating profit.

Annual General Meeting 2025

The Annual General Meeting (AGM) will be held on Thursday 22 May 2025, at the British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, with additional facilities for shareholders to join and vote electronically.

Introduction

2024 was a year of renewal and further transformation for L&G. Under the leadership of our new Group Chief Executive Officer (CEO), António Simões, the Company has set out an ambitious vision and a clear set of strategic objectives, while continuing to support the customers and clients who trust us with their financial futures.

While the year was characterised by continued global economic and geopolitical uncertainty, it is clear that companies like L&G have an opportunity and duty to contribute to stability and progress. We have done that by delivering the services we exist to provide: making pension payments, settling customers' claims, and offering our clients attractive returns on their investments.

Our long-term approach – protecting individuals' futures and investing capital to generate returns for society over years and decades – gives us focus during turbulence. It helps us to respond to events in the moment, while not losing sight of why the company does business.

It has been particularly pleasing to see our employees continuing to make extraordinary efforts for our customers throughout a period of change. On behalf of the Board, I thank them for their ongoing work and excellent results.

Setting our strategic ambitions

In 2024, António and his leadership team set out the strategic focus for the Company by sharing a vision for a growing, simpler and better-connected L&G. The strategy responds to structural trends including a shift in responsibility for long-term savings and retirement from employer to employee; increasing economic and geopolitical volatility; a need for productive investment to solve challenges such as the transition to net zero; and rapid advances in technology and Artificial Intelligence (AI).

The teams are already well underway in their delivery of this strategy. In June, we announced the creation of a new Asset Management business, bringing together our former Capital and Investment Management divisions with an objective of more effectively meeting clients' evolving needs, including enabling them to access a wider range of asset classes and multiply the effects of our own investments. Among the objectives of the Asset Management strategy is to grow our private market assets under management, and it was encouraging to see progress with the launch of the L&G Private Markets Access Fund during 2024.

Another fund launched in 2024 focused on affordable housing, which demonstrates the close fit between our commercial opportunity and the social purpose that motivates so many of our activities.

A 'sharper focus' means making choices about the shape of the business. During 2024, we began to reshape L&G with such decisions as the sale of CALA Group based on an enterprise value of £1.35 billion and a strategic investment in US real estate equity specialist, Taurus, committing up to \$200 million seed capital.

Finally, we have made progress on redistributing capital to shareholders through a share buyback, totalling £200 million in 2024.

New leadership

Alongside our new Group CEO, during 2024 the business welcomed further Group Management Committee (GMC) members. Eric Adler joined as CEO of our Asset Management business, Laura Mason took up a new role as CEO of Retail and Katie Worgan joins in 2025 as our Group Chief Operating Officer (COO).

Michelle Scrimgeour and Bernie Hickman, Chief Executive Officers respectively of Investment Management and Retail, departed during the year. I would like to thank both Michelle and Bernie for their huge contributions to L&G over their respective 5 and 26-year tenures at the Company.

A renewed sense of purpose

For many years, L&G has been driven by a belief in the potential of capital to do good. It is this deep-seated sense of purpose which has led us to invest shareholders' capital in urban regeneration, to support early-stage clean energy businesses, and to help our clients access investment strategies that target positive commercial, environmental and social outcomes.

In December 2024, the Board endorsed a new statement of L&G's purpose: 'Investing for the long term. Our futures depend on it'. The purpose statement, combined with our new strategy and a refreshed set of behaviours, sets out how L&G intends to continue creating value for its shareholders and the economies in which it operates. Page 10 sets out more detail on each of these.

Continued delivery

During 2024, our business continued to deliver balanced and stable growth. Our adjusted operating profit was £1.7 billion and profit before tax of £542 million.

We maintained a strong Solvency II coverage ratio of 232% and capital generation in the year of £1.8 billion.

New partnership

The Group continues to build on delivering our strategic ambitions with the recent announcement of the sale of our US insurance entity to Meiji Yasuda, a Japanese mutual life insurance company, for a sale price of \$2.3 billion. The sale of our US protection business, unlocking value for shareholders and capital to reinvest into our growth areas; and the creation of a strategic partnership with Meiji Yasuda, increasing growth potential in US PRT and co-investment capital in Asset Management.

On completion, as well as taking ownership of our US protection business, Meiji Yasuda will have a 20% economic interest in the US PRT business, with L&G retaining 80% of existing and new PRT through reinsurance arrangements.

This transformative transaction is expected to complete towards the end of 2025 and will bring significant strategic and financial benefits to the Group.

Meiji Yasuda also acquired a 5% shareholding in L&G, deepening our strong corporate relationship and bringing closer alignment of interest between our companies.

Looking ahead

The work of L&G's employees during 2024 placed us in a strong position to continue delivering the strategic focus set out last year. My fellow Board members and I all have great confidence in the strategy that the GMC has set out, and in the skill and dedication of our people to deliver it. I look forward to seeing the results as we continue to transform our business in 2025 and beyond.



Sir John Kingman
Chair

Chief Executive Officer's review



A growing, simpler and better- connected L&G

“

This year marks the beginning of an exciting new chapter for L&G. With our refreshed purpose guiding us, we are sharpening our focus, driving sustainable growth, delivering enhanced returns, and creating meaningful value for all our stakeholders.

”

António Simões
Group CEO

Reflecting on your first year leading L&G, what have been the highlights?

I'm proud of what we've achieved together. There have been many highlights, but focusing on just three:

1. Our strategy – in June we set out our new Group strategy, with a vision for a growing, simpler and better-connected L&G. It gave clarity to our people, our investors, our customers and clients about what they should expect from us. Since then, we've been focused on delivering progress against that strategy, and I'm proud of what we've been able to achieve – from the creation of a single Asset Management division to the sale of CALA Group, a £200 million share buyback and our recently announced partnership with Japanese life insurer, Meiji Yasuda.

2. Our colleagues – throughout the year it's been great to interact with our people across the world. From all over the UK, to the US, Bermuda, Hong Kong, Tokyo and Singapore – every conversation reinforced our business potential, and the pride that our people share in L&G – they love what they do.

3. Our customers and clients – we continued to focus our efforts on delivering the products and services that our customers need and want. We launched our Private Markets Access Fund, providing millions of savers with exposure to the potential returns available through global private markets, which will support the delivery of better long-term retirement outcomes. Together with the Happiness Research Institute, we showed how the certainty of an annuity enables a happier retirement.

We have also continued to embed Consumer Duty requirements into every stage of our product lifecycle, and in 2024, the Board received its first annual Consumer Duty report as well as regularly reviewing detailed information to ensure continuous improvement.

How have L&G's three businesses performed?

Our strategy harnesses the strengths of our three businesses, and we have made strong progress on how they connect and collaborate to achieve our vision.

1. Institutional Retirement

2024 was a strong year for Institutional Retirement, with more than £10 billion of PRT deals written globally, with record performance in the US and Canada.

Looking ahead, there is a £1 trillion global market opportunity in new business over the next decade, and as a leading global player in the market, we have an incredibly strong pipeline. In December, Andrew Kail, Jeff Davies and I gave our investors more detail about why our scale, asset sourcing and synergistic model gives us a winning advantage.

2. Asset Management

In Asset Management, 2024 was a year of transformation as we combined our former Capital and Investment Management businesses into a single Asset Management business, with the newly appointed CEO, Eric Adler, to lead the growth engine of our strategy.

Over the past 12 months, that transformation has seen us grow fee-related revenues as we pivot to higher margin products, and grow private markets to £57 billion AUM with several new fund launches. We've also invested to grow our capabilities, with a strategic investment in Taurus.

3. Retail

In Retail, we also announced a new leader, with Laura Mason bringing her experience from across L&G to the role of CEO of Retail. We demonstrated strong workplace flows and launched our app to help customers better connect with their long-term savings. We achieved record-breaking retail annuity sales of £2.1 billion, up 48% compared with 2023. And, our protection businesses performed strongly both in the UK and US.

Our US protection business is high performing and has grown rapidly in recent years. Strategically though, it offered limited synergies with the rest of our business and the recent announcement in February 2025, to sell this business allows us to unlock substantial value for the Group at attractive multiples, and to reallocate capital to areas of strategic growth.

First 100 days



Happy new year

António's first days were filled with opportunities to hear from his new colleagues – with a focus on understanding the potential ahead. He recognised the strength of our purpose, people and performance.

Full year results

Our 2023 full year results were announced to the market and our employees on António's day 47, alongside confirmation of a Capital Markets Event on 12 June 2024.

AGM

António marked his 100th day in role delivering a speech at our AGM, before answering questions, alongside Chair, Sir John Kingman.

Strategy

Our new strategy

António announced L&G's new strategy, which aims to deliver sustainable growth, sharper focus, and enhanced returns. He highlighted the creation of a new Asset Management business, the continued growth of the Institutional Retirement business, and the strengthening of the Retail business.

Growth & leadership

In support of our new strategy António and Andrew Kail hosted an investor day focused on PRT in December. Meanwhile, Eric joined as CEO Asset Management, and Laura Mason moved into her new role as CEO Retail.



Enhancing our culture



Office visits

António has met colleagues across our offices including Hove, Cardiff, and the US. He engaged with local teams, discussed community impact, and explored growth plans for the US Asset Management business.

He visited L&G's first Asian office in Hong Kong, where he hosted a town hall with the 21-strong team, discussing the Asset Management strategy. He also celebrated the first anniversary of L&G's newest office in Singapore.



Annual Awards

We celebrated our outstanding L&G employees and teams – those who inspire us to go above and beyond – at the Natural History Museum for our Annual Awards. With over 800 nominations and 140 finalists in attendance, it was an evening to celebrate our people and their achievements.

There were 12 awards to be won over four categories: People, Customer, Community and Strategy.

You've refreshed L&G's purpose. Why was that important?

Our authentic sense of purpose and heritage are two of the key things that attracted me to L&G. We know that purpose is a huge source of motivation and pride for all our people and a point of differentiation for us as a business.

As I look ahead, our purpose of 'Investing for the long term. Our futures depend on it' articulates why L&G exists. L&G is here to create a world we all want to live in – today and tomorrow.

We're already delivering on that purpose. In June, we published our 8th Climate Impact Pledge, assessing over 5,000 companies and engaging with more than 2,800. As at 31 December 2024, we managed £424.6 billion in responsible investment strategies linked to sustainability criteria for various clients.

What are your priorities for 2025?

We are well positioned to continue executing on our strategy. We have an experienced Group Management Committee, clear focus areas and a refreshed purpose that will – alongside our strategy and behaviours – help motivate us to continue making a positive impact. 2024 saw us doing what we said we'd do – delivering our new strategy, and we are committed to maintaining that momentum through 2025.

We have outlined three clear focus areas for the year, as we take another step forward in delivering our long-term strategy:

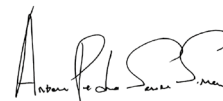
- **Commercial momentum**
Delivering strong results to maximise value for customers, clients and shareholders.
- **Efficient ways of working**
Focusing our energy and resources where they create most value.
- **People and capability**
Driving the right behaviours, empowering our talent and building capability.

Any closing comments on 2024?

I'd like to thank my colleagues for their hard work this year – it's been a busy 12 months, and I'm grateful for everyone's commitment and drive as we worked together to define and then deliver our strategy.

A special thanks to Michelle Scrimgeour for her leadership of our former Investment Management division over the past five years, and to Bernie Hickman for his commitment to L&G over the last 26 years.

As we look ahead to 2025, I am optimistic about the future. I'm confident that as we approach our 190th anniversary, L&G will adapt and evolve to continue to serve the needs of our customers, clients, society and shareholders.



António Simões
Group CEO

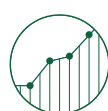


(Global) Town Hall following the Capital Markets Event held on 12 June 2024. From left to right: Andrew Kail, Michelle Scrimgeour, Laura Mason, António Simões, Jeff Davies, Emma Hardaker-Jones and Bernie Hickman.

A simpler reason to invest

Our investment case is built on the strength of our market position, the power of our simplified and synergistic business model and our ability to allocate capital effectively to support strategic goals.

We are making clear progress as we execute our strategy to deliver long-term value creation for shareholders.



Sustainable Growth

Market leadership in high growth segments

Our well positioned businesses align to long-term structural trends. By leveraging our scale and expertise, we continue to expand in key markets and drive recurring revenue growth and long-term value creation.

Market leading, profitable franchises

We are consistently one of the leading players in all of the markets we serve. Our scale allows us to both offer value for money for our customers and sustain attractive margins through operating leverage. We will continue to consider partnerships and bolt-on acquisitions to strengthen our proposition.

Exposure to major growth trends

Long-term growth trends are tailwinds to our business. We are well positioned to meet the global pension de-risking opportunity, to provide lifetime solutions in UK Retail, and to create blended investment solutions for our clients.

Increasingly capital-light growth

We are building a capital-light business model to address growth opportunities in Asset Management and Retail, extending future earnings beyond the return on equity of our balance sheet. Our asset origination capabilities, for example, honed on our balance sheet, are now increasingly being offered to our clients and DC members.



Sharper Focus

Simplified business model focused on execution

We are simplifying our business model, focusing on our core propositions and the competitive advantages that arise from operating them together. We are investing in innovation and efficiency, which will offer future upside to shareholders.

Sharper focus on core equity story

We have exited non-strategic businesses that have complicated our equity narrative. Disposing of CALA Group, for example, has reduced shareholders' exposure to UK housebuilder volatility, whilst releasing proceeds for reinvestment in our core propositions.

Synergies creating competitive edge

Our portfolio is synergistic and self-reinforcing. Our complementary businesses allow us to develop more holistic end-to-end solutions for clients and to operate more efficiently, creating competitive advantages that are difficult for peers to replicate.

Further execution upside to come

We are in the early stages of executing our new strategy and can deliver further efficiencies in the way we work and operate as a Group. Innovation is critical and we are investing significantly in technology – to enhance our customer proposition and improve our back-office infrastructure.



Enhanced Returns

Strong fundamentals and capital discipline drive returns

We offer attractive returns, built upon the strong fundamentals of our business. We are disciplined allocators of capital and are committed to returning over £5 billion of capital within three years, equivalent to c.40% of our market capitalisation as at 1 January 2025.

Strong financial fundamentals

We have a track record of consistent adjusted operating profit growth and a resilient balance sheet that offers strategic optionality. We have reliable, recurring earnings with £14.8 billion of stored value to be released into profit over the coming years.

Disciplined capital allocation

We have introduced a new capital allocation framework to add greater discipline to our investment decisions. We are reallocating capital to strategic businesses to deliver future growth and are clearer in when we have surplus capital for return to shareholders.

Compelling shareholder returns

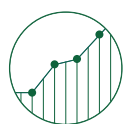
We have a long history as a progressive dividend payer through all market cycles. We are committed to increasing our capital return to shareholders, including the use of share buybacks, and we expect to return c.40% of our market capitalisation as at 1 January 2025 to shareholders within three years.

Introducing our new strategy and refreshed purpose

Our purpose

Investing for the long term. Our futures depend on it.

New strategic priorities



Sustainable Growth



Sharper Focus



Enhanced Returns



We believe that capital can be invested in ways which generate social benefit alongside returns for investors.

This idea has been important to us for many years, and our new strategy is based on the attractiveness of long-term investment for delivering returns. We want to continue building on it as we serve our customers and clients.

The shape of our business continues to evolve and the needs and expectations of our stakeholders are changing. In 2024, we have responded not only by resetting the Group's strategic objectives but also by refreshing our statement of purpose: 'Investing for the long term. Our futures depend on it.'

Along with growing our PRT business in Institutional Retirement, our strategy focuses on Asset Management as the cornerstone of our growth potential, in particular through increasing access to private markets for more of our clients. Meanwhile, our Retail business is focused on building lifelong relationships with customers as they save for retirement and protect themselves and their families.

What unites all three parts of our business is summed up in our purpose statement.

We believe that capital can do good when it's invested carefully, over the long term: whether by an individual preparing to retire; a pension scheme reducing its risks or an institutional client looking for stable returns; or by the L&G shareholders who trust us to build a strong business over the long term.

Our updated purpose sets out what we do and why we do it. It builds on what has inspired us throughout our history. Because it is clearer and more actionable, it challenges us more effectively to act with greater urgency and focus. We believe that it will remain relevant and useful to us for the coming decade of transformation.

Our behaviours

We will also be introducing our refreshed behaviours in 2025 for our employees, creating a culture of accountability, effectiveness, and pace to deliver our strategy and purpose.

These are:

- Challenge positively
- Commit together
- Act decisively

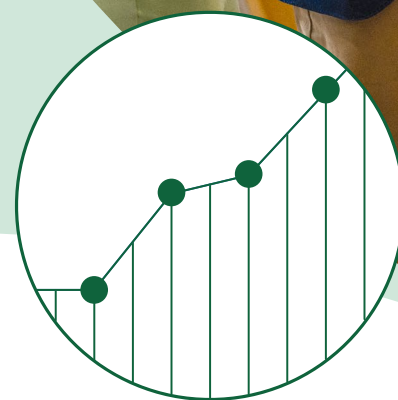
For more details on our purpose and culture, see page 64, in our Governance section.

Our new strategy

Our strategy highlights the opportunities we see ahead of us as the world changes, and how we'll position ourselves to make the most of them and achieve sustainable growth, sharper focus and enhanced returns. For further details on each strategic priority, see pages 11 to 13.

Sustainable growth

We want to sustainably grow our three businesses, seizing the opportunities in Institutional Retirement and investing to grow Asset Management and Retail. Each of our three businesses has reliable earnings and the potential for significant growth upside.



We will continue to grow our Institutional Retirement business and secure the benefits of millions of defined benefit (DB) pension holders, with the aim to write £50 – 65 billion of UK PRT between 2024 and 2028. The steady store of future profits generated will release reliable earnings for many years to come, and as we write more PRT, we will create further patient capital to support our asset origination capabilities.

In Asset Management, we have a large-scale global business with a well-established reputation, long-standing client base and valuable internal clients. We are investing in the business to realise its potential, adding new capabilities while improving our operational efficiency. We are seeding new funds with our own balance sheet, but importantly, we are attracting an increasing number of third-party investors.

In Retail, our protection and annuity businesses provide consistent earnings. We have c.14 million customers and members across all our Retail businesses, with strong market positions and prospects for profitable growth. We will strengthen our propositions to partner with customers throughout their lifetimes, helping them save, protect, plan for and, ultimately, enjoy retirement, starting from the day they enrol in their workplace pension scheme.

These opportunities support a steady stream of earnings and a gradual shift towards a more fee-based, capital-light business, particularly as Asset Management's earnings grow and compound over time.

Case study

In May, L&G completed a c.£900 million buy-in with the ICI Pension Fund (Fund), securing the benefits of over 7,000 retirees. To date, L&G has completed transactions totalling £7 billion in aggregate with the Fund and covers around 70% of the Fund's total liabilities. This milestone deal is particularly special as it marks our 12th transaction agreed with ICI, with the first having been completed almost 10 years ago. Our enduring relationship with ICI reflects our collaborative and client-centric approach which underscores the sustained growth we deliver as a business.

“

We are pleased to have deepened our relationship with ICI in the most recent transaction. It falls almost ten years to the day since ICI's initial ground-breaking transaction with us in 2014 and highlights how well advised pension schemes can achieve great results when they have a deep, collaborative, and trusted relationship with an insurer.

”

Andrew Kail
CEO, Institutional Retirement

Introducing our new strategy and refreshed purpose continued

Sharper focus

We have sharpened our focus on the core businesses of L&G. We are bringing together our capabilities across public and private markets to create a single global Asset Management business. Guided by our new capital allocation framework, we now have a clear set of priorities, and we are focusing on those businesses with the strongest strategic fit and financial performance. Therefore, we have created a new Corporate Investments unit to manage our non-strategic assets to maximise the value to shareholders.



Bringing together our former Capital and Investment Management businesses as a single Asset Management business recognises the evolving needs of our clients and partners. It acknowledges and responds to growing client demand for blended public and private market solutions; enables us to use our global distribution capabilities and to better support origination; and simplifies our operations with the correct infrastructure to deliver our growth ambitions.

We are adopting a more disciplined approach to capital allocation, guided by our new internal capital allocation framework that looks at the strategic fit and financial performance of each business. We are being explicit about which businesses are strategic, and we have created a new Corporate Investments unit to oversee assets and businesses that are not a strong fit with our refreshed strategy, even though some deliver strong financial performance.

We sold CALA Group based on an enterprise value of £1.35 billion, generating c.£100 million in solvency capital. Other smaller disposals are also in progress. All the proceeds will be used to reinvest in the business, with our aim to return above 14% on cash or capital, as well as for additional capital returns to shareholders.

Case study

In July, L&G launched the L&G Private Markets Access Fund, offering our 5.2 million defined contribution (DC) members the opportunity to access the benefits of diversified private markets exposure. The Fund aims to provide DC investors with access to the long-term growth potential of private markets and greater diversification through exposure to investments that are not typically accessible through public markets. This highlights the increasing significance of Asset Management in our strategy and our ambition to grow in private markets.

“

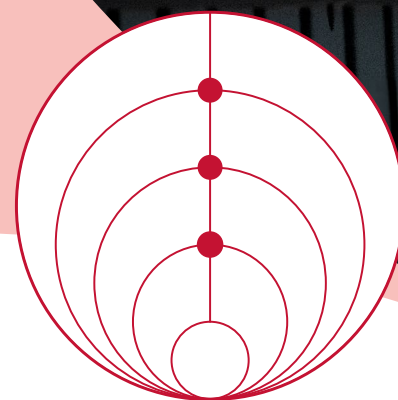
Today's launch is an important step forward in putting UK pension capital to work to drive economic growth while supporting people to build the savings they need for retirement. Building on our refreshed strategy, this Fund will offer defined contribution scheme savers access to high growth investment opportunities, provide innovative funding for communities, society and the real economy, and power Asset Management's private market growth ambitions.

”

António Simões
Group CEO

Enhanced returns

We are committing to delivering enhanced shareholder returns – setting out new financial targets and changing our approach to shareholder distributions. Our new strategy seeks to deliver strong returns over time, through making the most of our synergies, investing in the business for long-term growth and returning capital to shareholders through dividends and share buybacks.



Targets:

- 6 – 9% core operating EPS CAGR (2024 – 2027) at an operating return on equity of over 20%.
- £5 – 6 billion cumulative Solvency II operational surplus generation across 2025, 2026 and 2027.
- The Board intends to return more to shareholders over 2024 – 2027, through a combination of dividends and buybacks, with 5% growth in dividend per share (DPS) to FY24 and a first share buyback of £200 million in 2024, followed by 2% DPS growth per annum out to FY27 alongside further similar buybacks.

We have listened to shareholder feedback, and we intend to return the equivalent of c.40% of market capitalisation to shareholders over the next three years, through a combination of dividends and share buybacks.

In February 2025, we announced the intention to carry out an additional £1 billion buyback commencing after the completion of the sale of our US protection business and creation of our strategic partnership with Meiji Yasuda.

The £200 million share buyback previously announced in June 2024 was completed in November 2024.

More information about the share buyback can be found in the section 172(1) statement in the Governance section on page 71.

The excellent returns in our businesses are driven by our synergistic model between our three businesses. For instance, 81% of our UK PRT deals over the last three years were with our Asset Management clients. Conversely, the permanent capital from Institutional Retirement seeds new investment strategies and creates the opportunity for third-party capital to invest with us.

Between Asset Management and Retail, our asset management expertise means we can offer our customers a wide range of solutions from asset accumulation to decumulation. The divisions also benefit from bundled administration and asset management.

There are significant synergies between Institutional Retirement and Retail. Retail's Home Finance business creates lifetime mortgages which offer long duration and reliable income which can be used to meet our long-dated annuity liabilities. Additionally, the shared management of Retail and Institutional Retirement annuities yields substantial efficiencies through asset liability management, investments, and payments.

Case study

Demand for annuities continues. Our Retail division had a record year, with annuity sales reaching an all-time high of £2.1 billion. While improved rates on annuities has been one driver of this growing demand, there's also increasing awareness of the other benefits a guaranteed income can provide. Customers seeking financial stability place value on the certainty and regularity that an annuity offers. A recent study from L&G and the Happiness Research Institute, an independent Danish think tank, found that retirees who have an annuity score more positively across multiple wellbeing measures than those who don't.

“

Together with the Happiness Research Institute, we've shown how the certainty of an annuity enables a happier retirement, removing the fear of outliving savings and providing retirees with a sense of financial security that eases stress and uncertainty.


”


Lorna Shah
Managing Director, Retail Retirement

Key performance indicators (KPIs)

Our businesses continue to deliver strong financial performance, while consistently distributing growing dividends and maintaining a robust balance sheet.

Guide to symbols used in these financial results:

 Alternative performance measure (APM), see page 252 for definitions.

 Key measure in the remuneration of executives, see pages 94 to 97 for definitions.

Profit before tax £m

£542m

(2023: £195m)

Purpose: to measure the profit before tax of the Group.

Profit before tax of £542 million (2023: £195 million) was heavily impacted by unrealised mark-to-market movements in asset valuations from higher interest rates, changes in inflation expectations and some non-recurring IFRS 17 modelling refinements.

Core operating earnings per share p

20.23p

(2023: 19.04p)

Purpose: to illustrate the core operating profit (after tax) associated with each share owned by our investors.

Core operating earnings per share increased to 20.23 pence (2023: 19.04 pence), driven primarily by strong year on year growth in both our Institutional Retirement and Retail divisions.

Operating return on equity (ROE) %

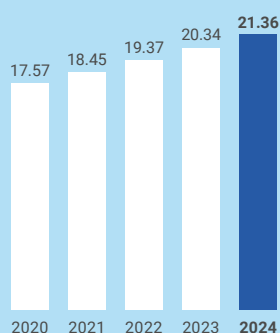
34.8%

(2023: 26.6%)

Purpose: to show how efficiently we are using our financial resources to generate a return for shareholders.

Operating return on equity of 34.8% is driven by strong adjusted operating profits and returns to shareholders from both buybacks and dividends.

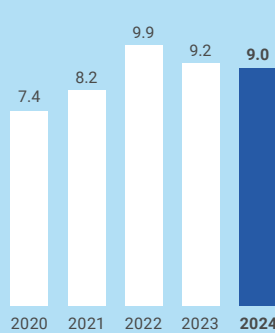
Full year dividend p



Purpose: to show the level of distribution to shareholders.

The Board has recommended a final dividend of 15.36 pence, giving a full year dividend of 21.36 pence, up 5% from the prior year (20.34 pence). This is consistent with our stated ambition to grow the dividend at 5% for 2024.

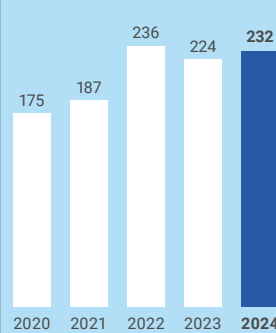
Solvency II surplus £bn



Purpose: to demonstrate the surplus capital position over the solvency capital requirement.

Solvency II surplus of £9.0 billion (2023: £9.2 billion) over our capital requirement demonstrates the continued strength of our balance sheet.

Solvency II coverage %



Purpose: to demonstrate the balance sheet strength of the Group.

The Solvency II coverage ratio increased to 232% (2023: 224%), primarily reflecting the impact of rising interest rates and a reduction in capital requirement from Solvency II reforms partially offset by the impacts of returns to shareholders and the writing of capital-light PRT in the UK.

Total shareholder return %

As at 31 December 2024

150%



+1%

(2023: +8%)

Purpose: to measure the total return to shareholders, including dividends and share price movements, over time.

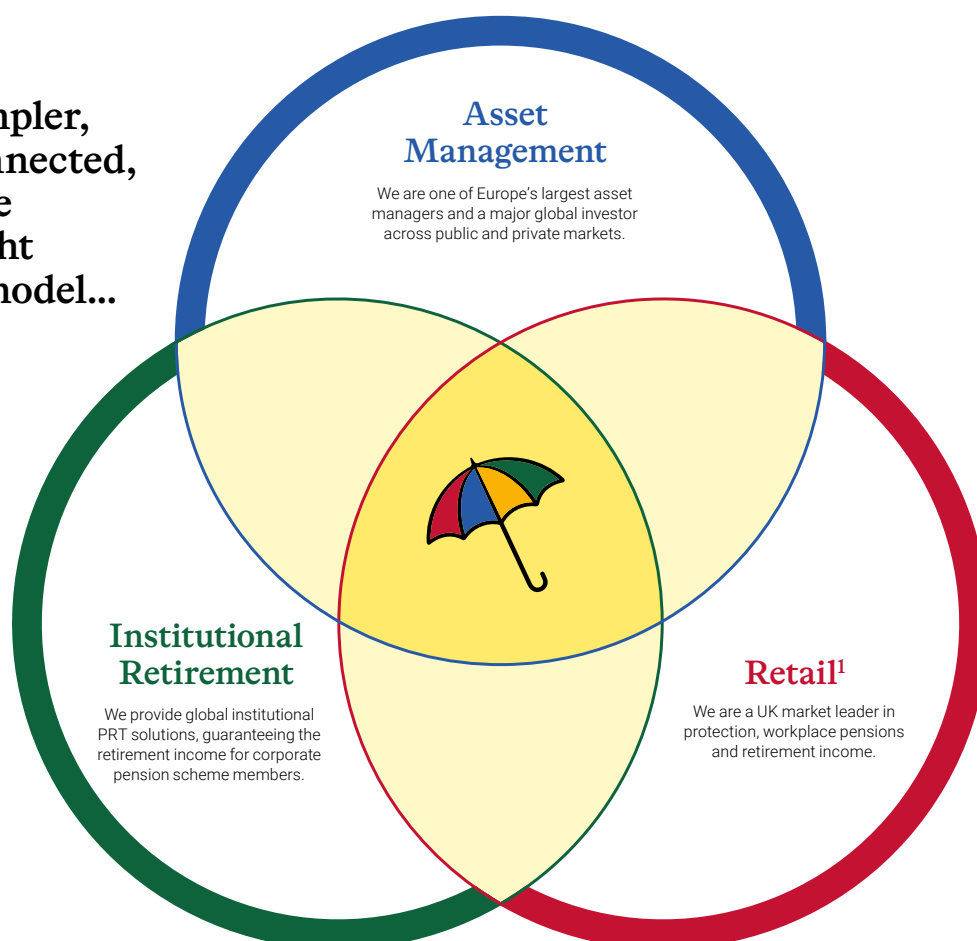
In 2024, the total shareholder return (TSR) underperformed the FTSE 100 index (+10%), largely driven by the strategic and financial reset announced at the capital markets event in June. Over a 10-year period, the stock has performed in line with the FTSE 100 delivering returns of 83% and significantly outperformed the FTSE 350 Life Index (+12%).

Our business model

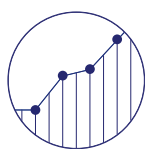
Our strategy is to deliver sustainable growth, sharper focus and enhanced returns, with a vision of becoming a growing, simpler and better-connected L&G.

We aim to be leaders in retirement and protection solutions, and a leading global asset manager with public and private markets capabilities.

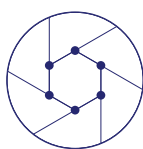
With a simpler,
better-connected,
and a more
capital-light
business model...



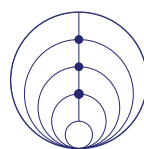
and rigorous
approach to
execution
through our
strategic priorities...



**Sustainable
Growth**



**Sharper
Focus**



**Enhanced
Returns**

[Read more on pages 10 to 13](#)

to create a
better future.

L&G creates long-term value for all stakeholders by delivering financial security, investing in sustainable growth and supporting communities.

For more on how we create value for our stakeholders.

[Read more on pages 42 and 43](#)

1. Retail comprises of Retail Retirement and Insurance reporting segments (see Note 1 on page 133 of the financial statements).

Our business model in action

How our synergistic business model supports our customers



“

I recently tried their retirement guidance service just to see if I can maybe retire when I'm 62 and the mortgage is finished. It was easy to understand and get a full view of my finances. It even accounted for the value of my home.

”

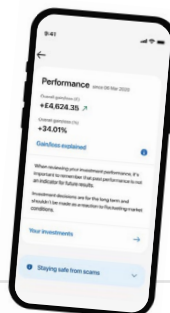
Grace¹

1. This is an illustrative example of a customer's journey at L&G.

Grace has always strived to make sensible choices, manage her spending wisely and plan for the future.

Since starting her career, she has been contributing to her workplace pension with L&G, making monthly contributions to secure her financial wellbeing.

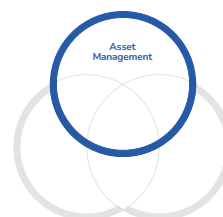
Grace uses the L&G app and realises she can save a little more towards her future goals. She finds it simple and straightforward to open an L&G ISA, which offers tax advantages and a range of low-cost investment funds managed by our experts.



The money that Grace contributes into her pension is pooled together with funds from other customers.

These pension assets are managed by Asset Management, where we invest in a diversified portfolio of assets across public and private markets to generate steady, long-term returns for our customers.

The pension capital also helps to drive real economic benefits and enhance local communities, as it is invested in tangible assets that our society needs, such as affordable houses and infrastructure.

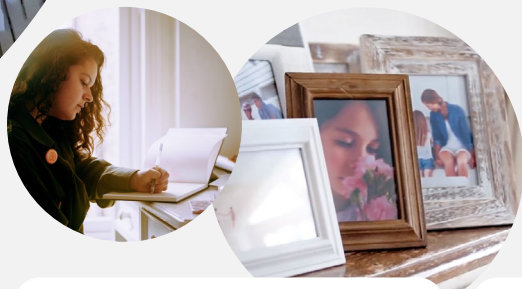


Case study:

L&G's largest Build to Rent (BTR) scheme to date, New Acres, is a testament to our long-standing commitment to help address the chronic lack of housing supply. Since 2016, L&G has deployed over £3 billion of capital into the BTR sector, delivering 6,000 homes amid sustained demand for high-quality rental housing.

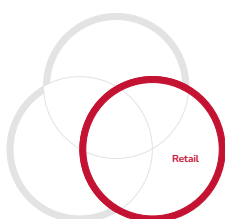
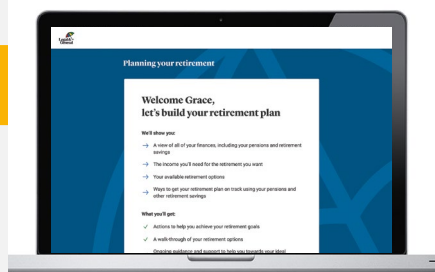
New Acres is one of the UK's largest purpose-built rental developments, providing 1,034 homes across 18 buildings next to Wandsworth Town Station. The site includes amenities for residents, workspaces, commercial opportunities at street level as well as a new station square. L&G is also providing a diverse selection of brands with their first year rent-free to help independent businesses and promote entrepreneurship, all in line with L&G's 'Future Places' mission.

Managing capital for our own divisions and third parties, Asset Management plays a central role in unlocking long-term capital from institutional investments and pension assets to productive uses in the economy.



As Grace's kids leave home, she is both excited and nervous. She would like to reduce her hours to pursue new passions, but she is uncertain if her savings are sufficient.

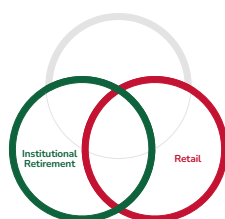
L&G's Guided Retirement Planner helps those over 55 achieve their goals by simplifying complex choices and tailoring the experience. It considers all of their assets and helps address financial shortfalls, empowering customers to make informed decisions to achieve the retirement and lifestyle they want.



Following her plan, Grace uses savings to reduce her working hours for a few years before fully retiring and purchasing an annuity.

The annuity guarantees a steady income for life, regardless of investment performance. Grace will receive her regular annuity payments from L&G, providing her with a secure income stream in retirement.

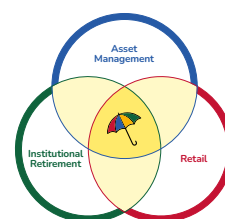
The reliability and consistency of these payments reduces financial worries for our customers.



The premiums received from Grace's annuity purchase are managed by Asset Management.

The premiums are invested in a diversified portfolio of assets aimed at ensuring that L&G can meet its annuity payout obligations.

L&G also benefits from efficiencies gained from the shared management of Retail and Institutional Retirement annuities through asset liability management, investments, and payments.



Chief Financial Officer's Q&A

Our business is well positioned for growth in our areas of strategic focus



Our new three-year financial targets:

- 6 – 9% CAGR in core operating EPS (FY24 – FY27)
- Operating return on equity of at least 20% (2025, 2026, 2027)
- Cumulative capital generation of £5 – 6 billion (2025, 2026, 2027)

Strong financial performance in 2024

£1.6bn

core operating profit

£21.36p

dividend per share up 5%

£14.8bn

store of future profit

£232%

solvency II coverage ratio

£1.8bn

capital generation

£542m

profit before tax

1. 2024 has been a busy year for L&G with a new strategy announcement in June while continuing to deliver strong financial results. What have been the financial highlights?

Our strong financial results in 2024 reflect our diversified business model, our ability to adapt to prevailing market conditions and capitalise on growing structural trends. Our core operating profit of £1.6 billion is up 6% and our balance sheet remains resilient and provides strategic flexibility with a Solvency II coverage ratio of 232%.

We continue to deliver reliable and growing profit from our insurance businesses and build on our significant store of future profit which releases over time. Fee-related revenues have increased by 4% in our Asset Management business on a 2% lower average AUM, as we pivot towards higher margin products, and we continue to manage our underlying operating expenses effectively through efficiency initiatives and streamlining of our organisation. Overall, our Asset Management profit was down as we continue to invest to deliver sustainable long-term growth. In 2024, we wrote highly capital efficient UK PRT business, with a strain of c.1% and we wrote record new business volumes in the US and Canadian PRT. In Retail, we have also achieved record volumes in individual annuities as we continue to benefit from higher interest rates and the increasing demand for guaranteed income products in retirement. Our workplace DC business is thriving with AUM up 17% and 5.5 million members.

This strong financial performance has allowed us to increase the dividend per share by 5% and announce a further £500 million share buyback.

2. L&G is investing to drive growth – how do you ensure the business is balancing short-term profitability whilst focusing on long-term growth?

Our long-term vision requires near-term investment in our operating model to position us for structural growth trends in Asset Management and Retail. This in turn will move the business towards a more capital-light model. We have a disciplined approach to capital allocation, and every £ we spend will meet our hurdle rate of return. We are committed to gaining efficiencies in operations and we are challenging the way we work in order to deliver these. We are continually looking to optimise our capital and cash usage, and where appropriate, will look to redeploy these resources to drive future growth. A good example of this is in Asset Management where we have told the market we will be investing £50 – 100 million per annum to drive long-term growth, but simultaneously we are continually looking for initiatives to streamline our operations. As a result, our underlying operating expenses have only grown by 1% in 2024, despite inflationary pressures.

3. You have set new financial targets for 2025 – 2027, what was the reason for choosing the metrics you have?

As we worked through the new strategy ahead of our Capital Markets Event in June 2024, we considered various metrics in deciding which would be the most appropriate to measure the success of the business. We also engaged with our top shareholders to ensure their views formed part of that decision making process. With the change in structure of the Group and the creation of the Corporate Investments portfolio, we have focused on our core operating profit as this measures the profit contribution from the parts of the business that are most strategic and central to our long-term growth plans. Linked to that, we have chosen Core operating EPS and operating return on equity as a measure of how that growth delivers value directly to our shareholders. Our third key metric focuses on our Solvency II operational surplus generation (OSG) which reflects the surplus capital being delivered to fund future investment for growth as well as increased returns for our shareholders.

4. Your Solvency II coverage ratio is strong – how do you think about capital allocation versus returning capital to shareholders?

Our robust Solvency II coverage ratio of 232% and capital surplus of £9 billion provides us with both strategic flexibility as well as a significant buffer in the event of adverse economic environment changes. We plan over the next 5-year time horizon as well as projecting our capital position over the next 20 years. We look to hold the appropriate level of capital today to ensure we are able to capitalise on the many opportunities ahead, some known and others not, and this could include a significant increase in PRT volumes or our next strategic bolt-on acquisition.

At the Capital Markets Event in June 2024, we set out a capital allocation framework which lays out exactly how we approach ensuring the best use of our capital for shareholders. We will prioritise investing in our business for long-term growth and we have set a hurdle return rate of 14% for any investments we make across the business. If we believe there are insufficient opportunities available to us at or above that hurdle, we will then consider returning additional capital to shareholders. We have already demonstrated discipline in applying this framework in 2024; as we announced in December last year, we have written highly capital-efficient new PRT business in the UK and as a result we are returning more capital to our shareholders via a £500 million buyback in 2025.

5. You recently assumed responsibility for the newly created Corporate Investments unit and completed the sale of CALA Group (Cala) this year. What are the key commercial impacts from selling Cala, and when should we expect future sales of the remaining investments?

Cala was the largest asset within our Corporate Investments portfolio, and made up over half of the total net asset value (NAV). In September 2024, we announced the sale of Cala based on an enterprise value of £1.35 billion representing a commercially attractive valuation for shareholders. Cala was identified as being a financially well-performing but non-strategic part of the business and so this transaction not only delivered good value to shareholders in the short-term, but it also allows us to focus more of management's time on growing the strategic parts of our business that will be key to driving long-term growth. The transaction also released approximately £100 million of capital. We will look to dispose of all the remaining assets in the portfolio, we have a plan and a timeline for each. We remain focused on achieving maximum value for shareholders through all disposals.

6. You recently announced the sale of US protection and the creation of a strategic partnership with Meiji Yasuda. What was the rationale for this and what are the financial impacts?

It is important to put this transaction in the context of our wider strategy. In June last year, we talked about driving sustainable growth, sharper focus and enhanced returns and this transaction delivers against all three of those aims. In sustainable growth, our new strategic partnership with Meiji Yasuda will help to accelerate growth in our US PRT business as we bring together two balance sheets to drive increased scale and opportunity. It will also generate long-term growth in our Asset Management business through both the management of a growing US PRT book as well as the commitment of ¥150 billion of co-investment capital to our global private markets business. The sale of US protection also allows us to reallocate capital and time to our more strategic businesses, delivering on the sharper focus that we promised.



Jeff Davies
Group Chief Financial Officer

Tax review



“

Our sustainable approach to tax shows our commitment to contribute to the economies and communities in which we do business.

”

Grace Stevens
Chief Tax Officer

Our renewed purpose allows us to continue to take a sustainable, principled, and reasonable approach to taxation. This includes being transparent with our customers, clients, shareholders, stakeholders, and the public on our tax affairs and our approach to tax.

You can read more about our tax strategy, our governance, and what taxes we pay in our Tax supplement, which has been approved by the Board and can be found here:



Discover more online

group.legalandgeneral.com/TaxSupplement2024

Total tax contribution

Our total tax contribution is the amount of tax that we pay together with the amount of tax that we collect on behalf of our employees, suppliers, customers, clients and policyholders. We paid £479 million (2023: £461 million) of tax and collected £1,269 million (2023: £1,121 million).

Our total tax contribution of £1,748 million is higher this year. The increase is primarily due to the volume of PAYE collected on administered pension schemes.

£1,748m

In 2024, our total tax contribution was £1,748 million (2023: £1,582 million), of which 93% (2023: 93%) arose in our UK businesses and 7% (2023: 7%) overseas. Further details can be found on page 21.

Tax supplement

Our Tax supplement is available on our Group website:



Discover more online

group.legalandgeneral.com/TaxSupplement2024

Our 2024 tax position

Our effective tax rate for the year is 41%. This is higher than the headline UK corporate income tax rate of 25% that applied for 2024. The difference between our effective tax rate and the UK corporate income tax rate is largely due to the fair value movements on our investments and the difference between the accounting values and the tax values used. This includes the disposal of CALA Group which gave rise to an accounting loss of £99 million after costs, at a Group level. The disposal of CALA Group was exempt from UK corporate income tax due to the substantial shareholding exemption applying, this increases our effective tax rate by 6%. Other movements on investments account for a 10% increase in our effective tax rate.

This is our second full year reporting under the IFRS 17 Insurance Contracts accounting standard. The standard impacts the corporate income tax we pay in the UK due to the transition adjustments, applying from 1 January 2023, to ensure the Group does not pay tax on the same profits twice. The introduction of IFRS 17 has also altered when profits emerge.

Our effective tax rate is also influenced by the different rates of corporate income tax that apply to profits earned outside of the UK and UK top up tax, payable post the introduction of the global minimum tax regime on 1 January 2024.

The global minimum tax regime

The global minimum tax rules, as enacted by the UK (Pillar II rules), apply to the Group for the first time this year. The Group has a UK top up tax liability of £35 million relating to the Group's reinsurance businesses in Bermuda.

From 1 January 2025, the Bermudan Government introduced a corporate income tax regime which will apply to profits arising in our Bermudan reinsurance businesses. We will start paying Bermudan corporate income tax on our Bermudan taxable profits arising in 2025 at the enacted rate of 15%.

We do not anticipate any other significant impacts of the Pillar II rules for this year, and expect most of the Group's jurisdictions, including the UK, to fall within one of the transitional safe harbours.

The tax environment

Our refreshed purpose statement: 'Investing for the long term. Our futures depend on it', shapes the way we do business. Our total tax contribution is part of our ongoing commitment of putting capital to work for good, alongside generating a financial return, and making a positive impact on the economy and society.

We monitor risks and complexities across all the territories in which we operate and take a responsible approach to tax management, consistent with our tax strategy.

We recognise that governments, customers, clients, investors, and other stakeholders have justifiably high expectations for compliance, risk management and transparency. Our approach to tax transparency remains consistent with a focus on engaging with all our stakeholders and supplementing our disclosures on tax where we believe this will add value.

Further detail on our main risk areas and how we manage those risks can be found in our Tax supplement.

One of the key risks for all of us is the impact from changes in tax policy, guidance and thresholds as well as the arrival of new taxes. Any tax regime needs to balance the revenues it raises with the needs of all stakeholders across society, both in the present and in the future; supporting growth and incentivising change and behaviours appropriately whilst ensuring that policies do not create unintended consequences.

Changes to the tax environment impact our businesses, our investments, our employees, our customers and clients. We contribute to discussions and research on the tax landscape, prospective changes and active consultations on new legislation and guidance. This is with a view to ensuring the impact across society, our customers, clients, shareholders and wider stakeholders is understood and that new rules are implemented effectively. During the year, we responded on a variety of consultations including those related to ISAs, tax administration and the implementation of Bermuda corporate income tax rules.

The pace of change across the tax landscape is higher for businesses and individuals than ever with new demands such as those to support both economic growth and net zero; growing complexity with an ever increasing range of compliance requirements; and the need to ensure everyone is paying the right tax at the right time. A sustainable approach to tax by governments, tax authorities and taxpayers is ever more important to support investing in all our futures.

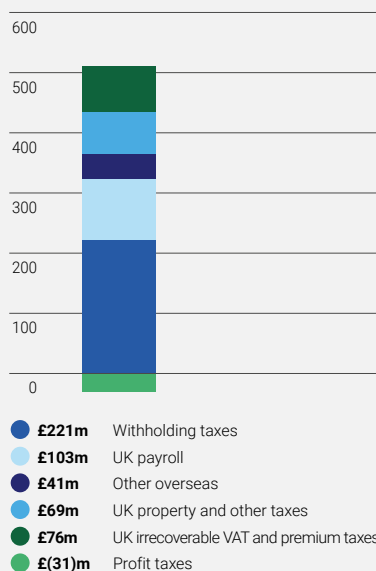
Alongside the Budget, the government published a Corporate Tax Roadmap setting out its approach to corporation tax. The roadmap reflects the needs of businesses to have a stable and predictable tax environment to encourage investment, innovation and growth over the long term.

While a similar approach to the broader business tax environment would be welcome, the highlights of the corporation tax roadmap included: 'Full expensing' of qualifying plant and machinery, the R&D tax relief, a commitment to keep the UK corporate income tax rate at 25% for the length of the parliament, as well as consultations on international taxation and further details on HMRC's modernisation ambitions. These provide welcome stability to our businesses and investments.

Total tax contribution in 2024

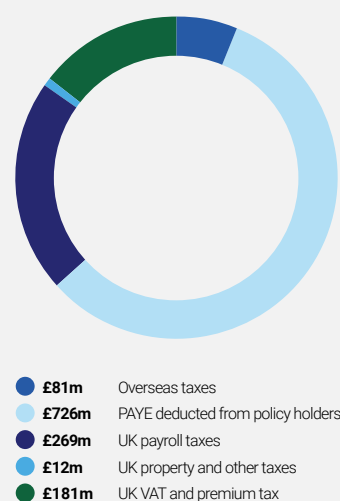
Total taxes paid

£479m



Total taxes collected

£1,269m

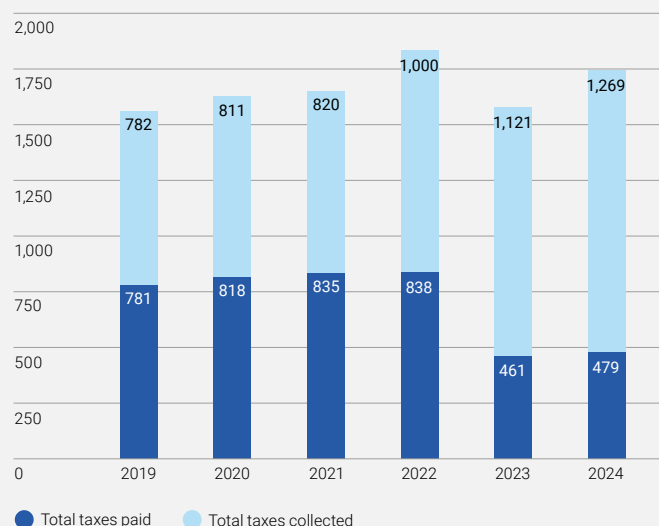


During the year, the Group received net refunds of UK corporate income tax of £31 million. The Group made payments on account for the year ended 31 December 2024 and received R&D expenditure credits, making total payments of £11 million. In addition to the payments made the Group also received refunds for overpayments made in prior years of £42 million.

Our total tax contribution over the last six years

The table below shows our total taxes paid and collected over the past six years. For a breakdown of how we calculate these numbers, please refer to our Tax supplement.

Total tax contribution £m



A compelling vision for growth and shareholder value.

Refreshing our business in 2024

Following the appointment of António Simões as the new Group CEO and a realignment of our management team, we have delivered another year of strong growth and have a clear vision for the future. We announced our strategy for a growing, simpler and better-connected business, focused on three core divisions, and set apart by our shared sense of purpose and powerful synergies. We have already shown clear momentum in execution of our strategy through our private market fund launches and the disposal of non-strategic CALA Group.

Working together, Institutional Retirement, Asset Management and Retail will aim to deliver sustainable growth, sharper focus and enhanced returns for shareholders. Our vision for growth and shareholder value is driven by our businesses which are part of a simpler and more synergistic model. With our strong purpose and talented people, we are in position to capitalise on the long-term trends and achieve our new three-year Group financial targets:

6 – 9%

CAGR in core operating EPS
(2024 – 2027)

>20%

Operating return on equity
at >20% (2025 – 2027)

£5 – 6 billion

Cumulative capital generation
of £5 – 6 billion (2025 – 2027)



Discover more online

Capital markets event

For full details of our external ambitions, see our capital markets event:
group.legalandgeneral.com/CME

Institutional Retirement

Our Institutional Retirement division offers an attractive proposition. We are well placed to win in an exciting and growing market where we expect £1 trillion of new business to transact over the next decade in the UK, the US and Canada.

Our competitive advantage, driven by our size, asset-sourcing capabilities, international reach and synergistic model means we are positioned to capitalise on the strong pipeline and write new business to support L&G's growth.

We will leverage our competitive pricing, trusted brand and long-standing relationships to maintain our position as a leader in this market while continuing to deliver against our ambitions:

- grow Institutional Retirement operating profits at 5 – 7% CAGR (2023 – 2028)
- write £50 – 65 billion of UK PRT at a capital strain of less than 4% (2024 – 2028).

Asset Management

In Asset Management, we have established a single global public and private asset manager by combining our former Investment Management and Capital Investment businesses, benefitting from the synergies and complementary capabilities across both markets.

We expect strong growth over the next decade and are well placed to meet the increased demand for productive finance, supporting climate transition and economic developments.

Private markets is making strong progress against the strategy through launching multiple new funds, and will be a major growth driver going forwards as we access differentiated investment opportunities across private credit, real estate and infrastructure. Our ambitions are to:

- deliver operating profits of £500 – 600 million by 2028
- achieve cumulative Annualised Net New Revenue (ANNR) of £100 – 150 million (2025 – 2028)
- grow our private markets platform AUM to £85 billion by 2028.

Corporate Investments unit

As part of the new strategy, alongside the three core divisions, the Corporate Investments unit was established to manage a number of non-strategic assets, with a goal of maximising value.

Adjusted operating profit for the year of £95 million is 30% lower than 2023, largely reflecting the sale of CALA Group in the second half of 2024. Profit before tax predominantly reflects the sale of CALA Group, and the write-down of our investment in Salary Finance. The remaining investment variances are driven by unrealised mark-to-market impacts versus the expected return in adjusted operating profit.

During 2024, we successfully sold CALA Group based on an enterprise value of £1.35 billion, demonstrating continued momentum in executing our strategy, simplifying our portfolio to enable a sharper focus on our core, synergistic businesses. We have also transacted on a number of smaller assets across the portfolio, consistent with our objective to enhance returns for our shareholders. The disposal proceeds are, and will be used, as they become available, to reinvest in the Group in line with our strategy and capital allocation framework.

Strong progress has been made to further optimise the value opportunity for the remaining assets, and we remain well positioned to continue providing capital to support our strategic ambitions.

Retail

Capitalising on our market leading positions across our key businesses, we will continue to drive long-term growth by supporting customers throughout their lifetime.

We expect to continue to invest and enhance our workplace DC position through digital transformation while we improve the services offered in retirement and maximise protection profitability via technological improvements.

These business enhancements will enable us to meet our financial ambitions:

- achieve 6 – 8% CAGR in operating profit (2023 – 2028)
- generate £40 – 50 billion of workplace net flows (2024 – 2028).

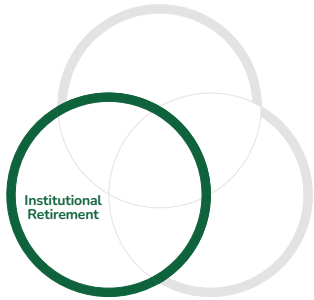
Institutional Retirement

“

2024 has been another strong year for Institutional Retirement, with our performance demonstrating our continued commitment to delivering innovative solutions in the world’s largest PRT markets, whilst also generating returns for the wider Group.

”

Andrew Kail
CEO, Institutional Retirement



CEO Q&A

New entrants have entered the bulk annuity market this year. Do you see this as a threat to L&G’s market position?

We have continued to see very strong demand in the market during 2024 with volumes of c.£45 billion. We expect to see similar volume levels in the UK across the next decade. As I highlighted at our recent Deep Dive Event, we are a leading global player in PRT and extremely well positioned to win in this attractive and growing market.

We are proud to have written more than £70 billion of business in the UK, more than any of our peers, at a market share of over 25% in the last decade. In fact, we have been a constant presence in the market for nearly 40 years – making us the longest-serving provider. We have also taken our expertise internationally into the US and Canadian markets.

PRT remains the most attractive long-term option for sponsors and trustees of DB pension schemes to secure their members’ benefits, and there are several areas that set us apart from the competition. Our brand, track record and purpose mean that our clients trust us.

We have a deep client base and value the long-standing relationships we have with DB schemes and sponsors, many of which come to us through our Asset Management business.

Adjusted operating profit £m

£1,105m

(2023: £1,028m)

We achieved adjusted operating profit of £1,105 million driven by releases from the stock of future profit of £791 million and an insurance investment margin of £485 million.

We offer bespoke solutions for the whole market and support pension schemes of all sizes.

Our in-house customer service is an integral part of our proposition which is highly valued by our customers, exemplified by our net promoter score of +68, which is widely considered a world-class score and compares to an industry average of +37.

Our highly synergistic business model positions us perfectly to seize opportunities and remain a market-leader in this booming sector.

We have seen the Company launch its new strategy and refreshed purpose. How does this impact its approach to climate change and other sustainability issues?

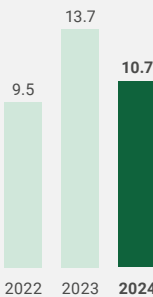
The refreshed strategy announced in June set out Institutional Retirement’s pivotal role in realising L&G’s vision to achieve a growing, simpler, more synergistic and capital-light business. An important part of this is investing sustainably, and our refreshed purpose captures the need to address climate and nature issues as all our futures depend on it.

We are proud to be a founding signatory of the Sustainability Principles Charter launched by ‘Accounting for Sustainability’ which aims to bring a more unified approach and collaboration across the industry.

Institutional Retirement volumes £bn

£10.7bn

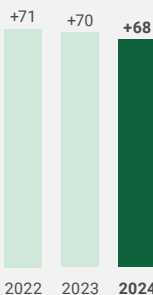
We have written 38 transactions in the UK totalling £8.4 billion, 15 in the US totalling \$2.2 billion, and 3 reinsurance transactions totalling CAD\$1 billion in Canada.



Net promoter score

+68

Net Promoter Score (NPS) is a metric that is used to measure customer experience on a scale of -100 to +100. We hold a 12-month rolling NPS score of +68 which is regarded as a world-class level of service in the industry, with the average UK score for Banking and Financial Services being +37. We have maintained this world-class level of service for five consecutive years.



Our new home in Glasgow



We assumed management of the Glasgow office of the British Steel Pension Scheme (the Scheme), expanding our footprint in the UK. This followed our final buy-in with the Scheme in 2023, securing £7.5 billion of liabilities.

We were pleased to welcome 17 new colleagues to L&G, who bring with them extensive knowledge of the Scheme. This includes tailored and experienced customer service, which we will leverage for the benefit of the 64,000 scheme members. We have been busy integrating the new team into existing operations, while utilising the additional strengths to our administration and technology capabilities across the division.

Canadian PRT deals

We had a record year in the Canadian market executing three transactions, totalling CAD\$1 billion reinsured in partnership with a Canadian regulated insurer. This includes our largest individual transaction to date, bringing our total premium reinsured to over CAD\$2.5 billion in Canada.

Investing for the future

We are proud to source and invest to create assets that deliver a widespread positive impact on the environment and society. Through investing sustainably and meeting societal need, we deliver enhanced long-term security for our pension scheme members.

Modern office spaces in Sheffield

We completed No.1 West Bar Square, a new 100,000 square foot Grade A office building in Sheffield, which has been leased to the City Council. This is the first of a collection of modern, sustainable buildings within the comprehensive £300 million regeneration of West Bar, bringing life to a previously derelict part of the city. When complete, the scheme will deliver offices that will support up to 6,000 jobs in a strategic regeneration location.

This is one of several schemes we fund in collaboration with the Asset Management division. An even larger scheme with offices and homes for market and affordable rent – Temple Island in Bristol – has just gone in for planning permission.

Affordable housing for Birmingham

L&G secured 487 affordable homes in 2024, created by Birmingham City Council in Perry Barr as part of the Commonwealth Games regeneration of the area. This investment delivers much-needed affordable housing for rent and shared ownership; a key part of an ambitious plan to create a new neighbourhood with supporting infrastructure.

The acquisition delivers on our commitment to invest in high quality and environmentally sustainable stock that meets long term social need, while improving our asset portfolio and achieving enhanced financial returns.

Outlook

We expect to see more than £250 billion of UK and US volumes transact in those markets over the next three years and expect increasingly large transaction sizes in the future. We operate in the three largest PRT markets in the world and combined we expect £1 trillion of new business to transact over the next decade. We remain confident in our guidance that we will write £50 – 65 billion of UK PRT over 2024 to 2028.

2024 key activities

In 2024, we showcased our capabilities as a leader in global PRT by writing £10.7 billion of business in the UK, the US and Canada. Our international PRT businesses have had a landmark year, marked by continued growth and record-breaking volumes.

We continue to provide de-risking opportunities for the whole market in the UK, assisting schemes of all sizes secure their benefits. Smaller schemes benefit from the efficient processes and immediately transactable pricing facilitated by our streamlined proposition L&G 'Flow' with price locks, flexible premium payment options and personalised post-transaction support.

Excellence in customer service

Customer service continues to be a cornerstone of our proposition, earning us the Customer Contact Association's (CCA) Global Standard Accreditation continuously since 2018. We won Silver for Best Customer Service Team at the European Contact Centre & Customer Service Awards and won five awards in total at the CCA Awards and CCA Women in Leadership Awards.

We took the opportunity to meet customers in person at Customer Roadshows across the UK and met more than 3,000 customers for our fifth year at BBC Gardeners' World Live. Events like these are a valuable opportunity to engage with customers about their experiences with L&G and help us to better support them.

New business

£1.4 billion full buy-in for the Sanofi Pension Scheme

We completed a £1.4 billion buy-in with the Sanofi Pension Scheme securing the benefits of 10,500 members¹. The Scheme is a long-standing client of our Asset Management division, stretching back to 1999, demonstrating how L&G's synergistic model can support pension schemes at every stage of their lifecycle.

We have now secured £2.2 billion of the Scheme's benefits adding to the first transaction in 2021 through an umbrella contract.

£1.1 billion buy-in with Deutsche Bank Pension Scheme

In October, we completed a £1.1 billion buy-in with the Deutsche Bank (UK) Pension Scheme, also a long-standing client of our Asset Management division. The transaction follows on from previous buy-ins with L&G in 2021 and 2023 bringing the total of insured liabilities with us to £2.1 billion.

£1.1 billion with the SCA UK Pension Plan

We secured the benefits of 9,500 members through a £1.1 billion buy-in with the SCA UK Pension Plan, an Asset Management client for 31 years.

We provided a price lock to the Scheme's assets and premium payment portfolio, enabling the Plan to optimise its investment strategy to closely align with L&G's pricing.

US PRT deals

In February 2025, as part of the disposal of L&G's US insurance entities, we announced a strategic partnership with Meiji Yasuda to grow our US PRT business, with L&G retaining an 80% exposure to new and existing business through a reinsurance treaty. In the US, L&G had a record year securing \$2.2 billion of business across 15 transactions. We have surpassed \$12.5 billion in total business across 119 deals since our entry into the American market in 2015. Our continued success in the US is built on service excellence for our over 200,000 annuitants.

1. The buy-in was executed across two tranches with the initial tranche completed in 2024 securing £1.3 billion of pension liabilities and a second tranche covering £85 million of remaining liabilities completed in January 2025.

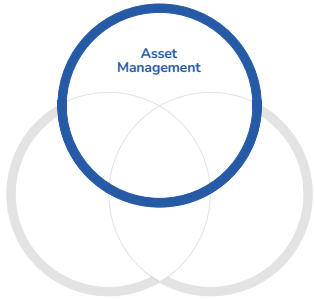
Asset Management

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Bringing together scale, global distribution, and expertise across public and private markets and asset classes, L&G is well placed to address the full breadth of client needs, including the increasing demand for responsible, blended investment solutions.

”

Eric Adler
CEO, Asset Management



Adjusted operating profit £m

£401m

(2023: £448m)

Adjusted operating profit of £401 million is lower than 2023 (£448 million) reflecting increased investments to drive future growth, and a more modest valuation uplift on Pemberton compared to 2023, partially offset by increased revenues as we pivot towards higher margin products.



CEO Q&A

What attracted you to L&G as CEO of Asset Management and what are your ambitions for the next year?

I've long admired L&G's incredible achievements and the positive impact it has had on clients, society, and shareholders. It's rare to find a business that combines such a strong sense of purpose with commercial success. For me, L&G is the perfect combination of ambition, expertise, and purpose, and I couldn't be more excited to be part of this journey. This role offers a unique opportunity to help shape the future of an organisation with the scale, global distribution, and expertise to meet the full breadth of clients' needs across public and private markets.

How is Asset Management making an impact through responsible investing?

We're leveraging our scale, expertise, and commitment to responsible investment to drive meaningful change. Through our focus on Environmental, Social, and Governance (ESG) integration, we're actively influencing companies to adopt sustainable practices, reduce carbon emissions, and improve governance standards.

In addition, we're channelling capital into projects and initiatives that support economic growth and social progress, such as funding affordable housing, renewable energy infrastructure, and innovative technologies.

Our work in both public and private markets ensures that investments align with long-term value creation for clients while contributing to broader societal goals. We managed £424.6 billion (2023: £378.1 billion) in responsible investment strategies¹ linked to sustainability criteria for various clients.

What real world impact will this have?

There are many examples in 2024 of how we are making a real social impact, for example we announced a partnership with PGGM and Nest to build and manage UK rental properties. With an initial investment of £350 million, the portfolio aims to grow to £1 billion, supporting the government's goal of 1.5 million new homes. We also achieved planning for a £750 million hyperscale data centre in London, secured by L&G, Goldacre and sineQN. The development is expected to create over a thousand skilled jobs and is targeted to attract 500 high-growth data businesses to the borough. Our Clean Power Europe Fund continues to strategically deploy capital, acquiring and developing clean power assets across Europe. In 2024, the Fund acquired a battery energy storage project in Finland called Uusnivala BESS, which is the first of its kind to be developed in the country.

1. Asset Management's responsible investment reporting criteria is reviewed in line with industry frameworks, as well as regulatory developments, relating to sustainable finance disclosure requirements, as deemed to be relevant to the markets in which L&G operates. This includes but is not limited to the EU's Sustainable Financial Disclosure Regime (SFDR) and the UK Sustainability Disclosure Requirements (SDR).

Assets under management (AUM) £bn²

£1,118bn

AUM (excluding joint ventures and associates) of £1,118 billion is 4% lower than prior year, reflecting the impact of higher interest rates on our fixed income portfolio, external net outflows as UK DB clients adjust their portfolios in response to improved funding ratios, and adverse FX movements.



Private markets AUM £bn²

£57bn

Private markets AUM of £57 billion is 14% higher than prior year, driven by a number of new private market fund launches and the growth of our private credit business.



2. Our Asset Management division was formed in 2024, and 2023 figures have been restated to include the assets that were previously part of our Investment Management and Capital Investment divisions. No comparative 2022 figures are available.

Strategic international expansion



In October, we announced a strategic investment in Boston-based, global real estate private equity firm, Taurus Investment Holdings, LLC. This partnership further deepens our private markets capabilities in the US, while addressing investor demand for real estate equity exposure. Alongside this, we announced an initial commitment of up to \$200 million in seed capital to Multifamily.

Our expansion efforts in Europe and Asia have yielded impressive results. Despite market headwinds, we saw substantial success in our Euro Credit offering, particularly in the institutional market, and continued to build on our climate

transition strategy, which has garnered approximately £800 million in net inflows since 2023.

In Asia, we achieved notable success in Active Fixed Income (AFI) with net inflows of around £500 million, driven by our Global Credit and US Corporate strategies. AUM has grown by 8% to £150 billion over the past year and we have continued to make progress with key strategic hires across our Tokyo, Hong Kong and Singapore offices. In Japan, our AUM has more than doubled since 2019, and we are now Japan's 7th largest asset manager.

2024 key activities

In June, we announced the creation of a new single Asset Management division, combining our former Investment Management and Capital Investment businesses, followed by the appointment of Eric Adler as the new CEO, who joined us in early December.

Key to our strategy, our Asset Management division provides a solid platform to achieve more blended public and private investment solutions, while providing us with differentiated asset origination, underpinned by global distribution reach and infrastructure.

Our key activities in 2024 included the launch of multiple private markets funds which will offer our clients new investment opportunities while addressing real-world problems.

Private markets

Our private markets platform is key to our growth. We can access and originate differentiated investment opportunities in private credit, real estate, venture capital and infrastructure both by using our own balance sheet and by attracting third-party capital investment.

During the course of 2024, we deployed £5.4 billion in private credit assets, including in Ecuador's second debt-for-nature swap positioning us as one of the largest investors in their debt conversion programme. In addition, Pemberton has become a top-5 European private credit manager.

In April, we launched a new Short-Term Alternative Finance Fund. This fund offers an alternative to cash and short-dated credit, aiming for attractive yields and low volatility with an average investment-grade rating.

In July, we announced the launch of the L&G Private Markets Access Fund, offering our 5.5 million DC members the opportunity to access the benefits of diversified private markets exposure, including opportunities across clean energy, affordable homes, university spin-outs and critical infrastructure. The launch of this fund enables a scale of access to the private market asset class for UK DC savers, while maintaining an appropriate liquidity profile to manage capital flows on a daily basis.

We also announced the launch of the L&G Affordable Housing Fund, alongside a £125 million commitment from the local government pension scheme ACCESS, London CIV and Greater Manchester Pension Fund, among others. The fund, which has raised £510 million since launch, aims to tackle the UK's housing crisis head on while delivering a diversified inflation-linked cash flow for investors, and builds on our strategy to scale up our private market capabilities.

Public markets

Our public markets business aims to achieve positive returns for our clients while helping to build a better future. That's why we invest in assets that promote sustainable and resilient economies and create opportunities for our clients.

Our strategic initiatives and market-responsive strategies have enabled us to navigate the complexities of the global financial landscape and demonstrate the robustness of our investment proposition.

Our investment proposition remains a cornerstone of our growth strategy, and we have continued to expand our product offerings. Our Index strategies have shown remarkable resilience and we have seen significant growth across Wholesale and DC clients in particular. Innovation in our Index Solutions has seen AUM growth, particularly in North America, as clients recognise the strength of our performance.

Our Multi Asset strategies have also performed exceptionally well. In 2024, 50% of our Multi Asset strategies outperformed over both 1 and 3 years. This strong performance is a testament to our robust investment process and our ability to deliver diversified, risk-adjusted returns for our clients.

Our Active Strategies have continued to deliver strong performance across various asset classes. For our UK-managed Active Fixed Income strategies, 76% outperformed over 1 year, and 79% over 3 years. Similarly, our US-managed Active Fixed Income strategies also performed well with 93% of strategies outperforming over 1 year and 84% over 3 years. This exceptional performance highlights our expertise in active management and our commitment to delivering superior investment outcomes for our clients.

An integrated hybrid approach

Across both public and private assets, we have established a fully integrated framework for responsible investing to strengthen long-term returns. This is based on stewardship with impact and collaborative, active research across asset classes. Together, these activities enable us to conduct corporate engagement that drives positive change and to deliver ESG-integrated solutions to clients.

We seek to bring about broad-based positive change by unifying our research and engagement effort agnostic to asset class. The early identification of potential risks that threaten the sustainability of returns and capturing the investment opportunities that present better products, sustainable margins, improving societies and returns, is central to our investment philosophy.

We announced a new hybrid property investment strategy in April. The strategy combines direct UK real estate with indirect property exposure via holdings in global Real Estate Investment Trusts (REITs). Two property investment approaches were combined into one portfolio with a strategic allocation split of: 45% UK direct property, 45% global REITs and 10% cash. The new strategy will enable investors to have on-going access to the sustained track-record, experience and expertise of the Property Fund management team.

Our ability to offer investors an integrated blend of high quality investment solutions, pensions administration and Mastertrust governance is a significant source of competitive advantage.

Outlook

Our Asset Management division is well placed in an attractive global market, and our vision for the business aligns to the changing needs of our clients. We have the building blocks for success in place. We see significant growth opportunities for the business, particularly in the private markets space, and in our blended public and private markets solutions.

Retail

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Retail is at the forefront of delivering sustainable growth for the Group, with strong presence across mature and high-growth market opportunities, including workplace. Our leading propositions and investment into technology, data and AI will allow us to deliver an exciting growth strategy that will see us deepen our support for customers throughout their lifetimes.

” **Laura Mason**
CEO, Retail



Adjusted operating profit £m

£504m

(2023: £449m)

Retail achieved a 12% increase in adjusted operating profit in 2024, reflecting higher profit release from the backbook and favourable net experience variances.



CEO Q&A

How has Retail¹ been focusing on its customers this year?

Our customers are at the heart of everything we do. In our first full year under the new Consumer Duty requirements, which we have embedded into every stage of the product lifecycle, we have innovated across our business to meet their needs this year, launching our At Retirement digital guide for workplace savings customers, extending our critical illness cover in protection and extending eligibility for our retirement lending products. We have also continued to invest in research about our customer needs, including our landmark study into understanding how financial security impacts customers' happiness in retirement.

What emerging trends in the market do you believe will have the most significant impact on Retail in the next five years?

We see defined contribution (DC) as a critical growth market over the next 5 to 10 years, with UK workplace savings growing on average 8% a year over this period. Providing high quality and efficient lifetime solutions for scheme members will be a key differentiator in a market shaped by employers looking for great outcomes for their people.

As more DC customers come to retirement, decumulation will become more important, with customers looking to access a range of products including annuities and lending to meet their retirement funding needs.

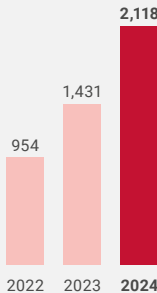
What role does digital transformation and AI play in your strategic vision, and how are you implementing these changes?

Digital transformation and the enhanced automation achievable by deploying AI are crucial enablers both for the efficiency of our operations and for the continual improvement of our customer experience, making it quicker, simpler and more personal to deal with us. We already deploy significant automation through straight-through processing in protection, GenAI Chatbots and our At Retirement digital guides and see further opportunities in this area in future years.

Individual annuity sales £m

£2,118m

We have had a record year for new business volumes, with over £2 billion of sales, matching the overall growth in the market with the ABI reporting a 50% rise in total annuity sales in 2024.



Protection new business premiums £m

£422m

We continue to demonstrate growth in annual premiums as our focus on data, automation and product proposition creates strengths in our key markets.



1. Retail comprises of Retail Retirement and Insurance reporting segments (see Note 1 on page 133 of the financial statements).

Happiness in retirement

We published new research this year, in collaboration with the world-leading Happiness Research Institute, showing that UK retirees with an income of £1,700 a month are the most likely to be happy in their later years but that only a third meet this level.



Financial status was a key factor of happiness, with a quarter of participants reporting unpredictable finances, and a third financial constraints that hinder their ability to socialise, while other factors such as social connections and good health were also vital.

With the average saver contributing 8% of their income to their pension savings each year, young adults today need more support in helping them to save and secure a more rewarding future. L&G continues to explore new solutions to help members to provide for an adequate income in their retirement.

Retirement lending

In 2024, we continued to enhance our retirement lending business, which has supported 119,000 customers to date. Unlocking property wealth remains a key option for retirees, and our research finds that it could add five years of additional income to the average pension pot.

This year, we have further enhanced our payment life term mortgage, providing individualised pricing, reintroducing our higher loan to values and widening eligibility. We also made our products easier for advisors to access through different portals and launched a support hub to give advisors access to informative and easy-to-access video guides on our lending criteria.

As we see the way people use retirement lending evolve, these innovations allow us to continue to adapt and improve to best meet our customers' changing needs.

Mortgage services and theidol

Our mortgage services business grew this year, with increases in our distribution team and volume growth both in total mortgage lending and surveys offered. Since 1995, we have facilitated over £1 trillion of mortgages, and during 2024 we worked closely with a broad range of lenders as we transacted £111 billion of lending. Data from Ignite, our free mortgage research and sourcing platform, showed growth in interest from first-time buyers, as well as increased interest in the energy efficiency of properties and maximum loan term and age, evidencing the breadth of customer circumstances underlying the market.

Our wholly-owned subsidiary, theidol, grew its core business lines this year providing comparison tools for travel, pet, gadget and annuity products, in addition to providing services to our mortgage businesses.

Outlook

We are well positioned to drive long-term growth through our lifetime model of supporting customers throughout their accumulation, retirement and decumulation journeys, with strong and market leading positions in a range of retirement and protection products.

We expect to continue to invest over the coming year to capitalise on the workplace DC opportunity and a new divisional ambition will be shared at our Retail Investor Deep Dive Event planned for the second half of 2025.

Retail protection

Our dedication to helping our 5.4 million customers plan for the unexpected was recognised as we have been crowned Moneyfacts Best Life Assurance Provider for the fifth year running as well as Swiss Re's No.1 UK Life Insurance Provider, further supported by an outstanding NPS score of 51. We extended our Critical Illness Cover to reflect demographic trends and advances in medical cover, extended the age of Children's CI Extra product from 22 to 23 and expanded cancer and severe illness definitions to allow for earlier detection and additional conditions.

Group protection

We are committed to serving over 2 million employees and safeguarding their financial futures, as demonstrated through our strong retention of existing mandates and winning new business from both large corporates and small and medium-sized businesses (SMEs). We now have well over 2,400 new SME employers using Onix, our online quote and apply platform, reflecting our continuing investment in digital enhancements for our customers and reaffirming our position as a digital transformation pioneer.

During 2024, we continued to invest in our health and wellbeing provision, ensuring a comprehensive care pathway is available for both the everyday and the moments that matter the most for employers and their employees. Our person-centred approach has helped us to support 77% of all employee Group income protection claims back into the workplace before the end of the deferred period.

US protection

In February 2025, we announced the disposal of our US protection business, alongside a stake in our US pension risk transfer business, for \$2.3 billion. In the US, our protection business serves over 1.5 million customers, and is well positioned to capitalise on further growth opportunities as it joins Meiji Yasuda Group. We have outperformed the market in 2024 and achieved record volumes as the third largest term insurance provider in the US.

Since its launch in 2019, our innovative online quote and buy platform has focused on streamlining the customer and advisor experience, with over 41% of applicants receiving an instant decision. Through continuous innovation we have been able to amplify our positive track record and drive increased market share, keeping customers at the forefront of everything we do.

Workplace savings

Our workplace savings business supports 5.5 million members through their pensions journey and continued to grow through 2024 as we focused on enhancing our customer experience and growing our market presence. Our market leading commercial Mastertrust reached the £30 billion milestone, the first in the UK to do so, and we continued to deliver our market leading engagement initiatives, including the Mastertrust Engagement Group and Annual Member Forum.

We launched our At Retirement digital guide proposition this year, which uses member insight, data analysis and behavioural science to provide simple, individualised support. The provision is crucial to help counteract low levels of understanding of, engagement with, and financial confidence in pension savings, and will help members achieve their retirement goals by proactively nudging and engaging them with tailored support.

Retirement income

In a year when L&G research highlighted the importance of financial security in retirement, we saw record volumes for our Retail annuity products, topping £2 billion for the first time, matching rapid growth for the whole market over the period.

Growth comes both from higher rates, and an increase in awareness of the benefits guaranteed income can provide. In our recent study, customers with an annuity scored more highly across multiple wellbeing areas and showed a higher level of financial confidence than those without, reinforcing the importance of this product to our customers.

With a wide variety of options available at retirement, including lifetime income and shorter fixed-term annuities, we can offer an optimal combination of flexibility and security to best meet those customer needs.

Sustainability

The idea that capital can generate social benefit alongside sustainable returns for investors has been important to L&G throughout our history and remains so today.

Our business is evolving and our stakeholders' needs and expectations are changing. In 2024, we responded by resetting the Group's strategic objectives and refreshing our statement of purpose: 'Investing for the long term. Our futures depend on it.'

This statement unites our business and reflects our commitment to realise the positive potential of investment for our clients and customers and the communities where we work. It also inspires the actions we are taking to build a sustainable, responsible business over the long term.

“

As a leading financial services group, a major global investor, and a significant labour market participant (through our pension and protection products), we can – and do – impact society.

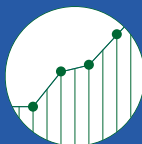
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António Simões
Group CEO

Our purpose

Investing for
the long term.
Our futures
depend on it.

Our strategic priorities



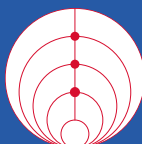
Sustainable Growth

We want to sustainably grow our three businesses, seizing the opportunities for significant growth upside.



Sharper Focus

We have sharpened our focus, with a clear set of priorities for those businesses that have the strongest strategic fit and financial performance.



Enhanced Returns

We are aiming to deliver enhanced shareholder returns, setting new financial targets and changing our approach to shareholder distributions.

Our approach to sustainability

We see the structural economic and social trends that face firms like ours, both as risks to be managed and as opportunities. Facing these issues – the shift in responsibility for long-term savings to individuals, economic and geopolitical volatility, a need for productive finance to solve big, societal challenges, and rapid advances in technology – requires attention over the long term. But it begins with immediate, decisive action in the areas which are most material to us, and where we can have the most significant positive impacts.

Our purpose, commercial strategy and focus on sustainability recognise this.

In 2022, we set out our sustainability focus areas, reflecting where we have the greatest potential to create social, economic and environmental impact while seeking to generate returns for our customers, clients and shareholders.

Since then, we have continued to refine our approach to sustainability issues. During 2023, we undertook a review of sustainability impacts, risks and opportunities (IRO) which are relevant to the Group. The objective was to establish the most material topics for L&G and assess the fitness of our various strategies to respond to them. In 2024, in light of our new corporate strategy, we reassessed these findings to ensure their ongoing relevance.

The ways in which our strategy, refreshed purpose, sustainability focus areas and material IROs interact are shown below. More detail can also be found on pages 4 and 5 of our 2024 Social impact report.

 Discover more online

group.legalandgeneral.com/SocialImpactReport2024

Our sustainability focus areas

We'll promote long-term financial wellbeing

2
4

We'll create better communities in which we live and work

1
3

We'll invest in game-changing environmental solutions

8
9

We'll engage our customers and employees with our social impact

2
4

We'll run our business in a responsible way

5
6
7

We believe that capital can generate social benefit alongside sustainable returns for investors, when it is invested carefully, and over the long term – whether by an individual preparing to retire, a pension scheme reducing its risks or an institutional client looking for stable returns. This idea has been important to us for many years, and our new strategy is based on the attractiveness of long-term investment for delivering returns.

Our business is evolving, and our stakeholders' needs and expectations are changing. In 2024, we responded by re-setting the Group's strategic objectives and refreshing our statement of purpose: 'Investing for the long term. Our futures depend on it.' This statement summarises what unites all three parts of our business.

We continue to see the structural trends that face firms like ours – including shifts in responsibility for long-term savings to individuals, economic and geopolitical volatility, a need for productive finance to solve big, societal challenges, and rapid advances in technology – as not only risks to be managed but also as commercial opportunities to be realised. Our commercial strategy and our sustainability focus areas speak to this, as well as to our purpose.

Perhaps most importantly, our purpose informs not only what we do, but how we do it. Our 10,799 employees help us realise our purpose in many ways: in their everyday roles as investment, retirement and insurance specialists or in a range of professional support roles; and in the things they do to protect and nurture our culture and serve the communities in which we operate.

Our commercial success depends on our people, which is one of the reasons why much of this report is given over to describing the ways we seek to understand and support them. It's also why, in 2024, along with our new strategy and refreshed purpose, we reviewed the behaviours we expect of our people. See page 10 for more on this.

Our IRO assessment results

1 Accessible and affordable housing
2 Financial inclusion
3 Infrastructure and real estate

4 Health and wellbeing
5 Corporate culture
6 Diversity and inclusion

7 Transparency of reporting
8 Climate change mitigation
9 Biodiversity and ecosystem loss

Our sustainability KPIs

Climate

Operational footprint (scope 1 and 2 (location))



27,418 tCO₂e¹

(2023: 27,722 tCO₂e)

Measures the greenhouse gases (GHG) associated with our direct operations. Scope 1 emissions are direct GHG emissions occurring from sources owned or controlled by the Company. Scope 2 emissions are indirect GHG emissions from consumption of purchased electricity, heat or steam.

Investment portfolio economic GHG emission intensity



51 tCO₂e/£m

(2023: 56 tCO₂e/£m)

This is made up of our ownership share of the emissions related to the assets we invest in within the Group proprietary asset portfolio, as explained on pages 26 and 27 of the 2024 Climate and nature report. It includes bonds, equities, and investment property, but excludes cash, derivatives, and any assets already covered in our operational footprint. It is measured per unit of investment.

Implied temperature alignment



2.5°C

(2023: 2.5°C)

This measures the implied warming potential of the Group proprietary asset portfolio (where we have the relevant data) aggregated from its individual components, calculated in line with Asset Management's methodology.

Other

Employee engagement index



80%²

(new KPI)

Measures a range of employee sentiments about working at L&G, including satisfaction, pride, recommendation, and intent to stay.

Median gender pay gap



28.0%

(2023: 23.6%)

Measures the difference between median pay per hour for women and men, expressed as a percentage of the latter. This KPI relates to UK-based employees only.

Management roles held by women



38.5%

(2023: 37.2%)

Measures the percentage of management-grade roles held by women. We have set the objective of 40% of such roles being held by women by 31 December 2025.

More information about our environmental KPIs and reporting

FCA Listing Rule 6.6.6R(8)

A summary of our climate-related financial disclosures is set out on page 35. Our disclosures are consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and can be found on pages 35 to 39 of this report, with additional information available in our separate Climate and nature report.

Transition plan: response to FCA requirement 2021/61 9.8.6FG

Our Climate transition plan was presented to, and approved by, the 2023 Annual General Meeting of our shareholders. The plan assumes, and sets out our proposed role in bringing about, the economy reaching net zero carbon emissions by 2050 in line with the UK Government's Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Companies Act 2006 and SECR

In building our footprint, we have reported on the emission sources for January to December 2024 required under the Companies Act 2006 Strategic report and Directors' report regulations 2013 and have followed the requirements of the Streamlined Energy and Carbon Reporting (SECR) framework.

In line with the Greenhouse Gas protocol, our scope 1 and 2 is the annual carbon emissions of the whole Group. We apply the operational control approach, i.e. we include all operations which we directly control, such as the energy from our core occupied offices, landlord activities, as well as the construction of new homes within our housing businesses and joint ventures.

Environmental system

We manage our business in accordance with ISO 14001 certification.

1. Carbon dioxide (CO₂) is the most significant contributor to global anthropogenic GHG emissions, which also includes other gases such as methane and nitrous oxide. The equivalent warming impact of non-CO₂ GHG emissions are measured as tonnes of CO₂ equivalent (tCO₂e).
2. From 2024, we have measured and will report our employee engagement index (EEI) rather than employee satisfaction ('eSat'). EEI is a composite of measures including, but beyond, only satisfaction. For reference, our eSat for 2024 was 80%, up one point vs 2023.

For further information on our GHG emissions, and steps taken to reduce them, please see our separate 2024 Climate and nature report.



Discover more online

group.legalandgeneral.com/ClimateReport2024

For further information on our employee engagement index, representation data and pay gap, please see pages 40 and 41 of this report and our Social impact report.



Discover more online

group.legalandgeneral.com/SocialImpactReport2024

Our sustainability areas of focus

Our sustainability areas of focus are defined by reference to our purpose, commercial strategy and understanding of the issues which are most material to us. We focus on them because they are also highly relevant to our business strategy.

Financial wellbeing is important if members of society are to build adequate savings for their futures. We seek to make commercial and residential real estate investments over the long term, to back long-dated liabilities. Addressing climate change and nature loss helps us to mitigate risk and offers a significant investment opportunity. And ensuring that our customers and employees are at the heart of our sustainability approach helps us to ensure our activities generate value for them.

Long-term financial wellbeing

We want society to be financially confident and resilient. This is important to realising our purpose because financial wellbeing creates the conditions in which 'investing for the long term' is possible.

As a leading insurance and retirement provider, we're well placed to influence people's long-term financial wellbeing. Our Retail business offers products, services and tools which help do this. We enhance these with extra services and not-for-profit activities aimed at improving our customers' ability to cope with difficult times, creating additional, targeted value for those who need it most. We also invest capital in ways which look to generate long-term economic value.

Chapter two of our Social impact report gives more detail on this.

Better communities

As an investor in towns and cities, we have an opportunity to use capital in ways which aim to benefit society while delivering on commercial and client priorities.

We invest capital for the long term in ways which seek to generate returns for clients while benefitting society, through business lines such as L&G Affordable Homes or through third-party investment opportunities like our L&G Private Markets Access Fund and our Affordable Housing Fund, which were both launched in 2024.

In 2022, we developed a social impact model that we employ throughout the lifecycle of a real estate investment, from design and construction to the asset's impact on end users and surrounding communities. 2024 saw us continue to put its principles into practice: driving not only economic, social, and environmental benefits for the people and communities where we invest, but also helping ensure investments maintain value over the long term.

Chapter three of our Social impact report gives more detail on this.

Climate, environment and nature

Climate change and nature loss are systemic issues, impacting the economies and societies in which we operate. Addressing them is central to our purpose. We see them not only as risks to be managed, but also as opportunities to invest in the solutions that society needs to transition to net zero.

By investing in assets for the long term which support decarbonisation, we are helping to protect customer, client, and shareholder returns while supporting a more sustainable future.

Our approach to climate change and nature loss is built on three strategic pillars:

- Invest: through reducing the intensity of our financed emissions and through investing in the transition
- Influence: through the products we offer and our engagement with companies, governments and policymakers
- Operate: through our operations, our purchased goods and services, and our management of real assets.

Our Climate transition plan was approved by our shareholders in 2023 and is clear that addressing climate change must be pursued in tandem with halting nature loss. In 2024, we joined a large group of global organisations by formally committing to be an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD) framework – this was a commitment to begin making TNFD-aligned disclosures in this report, and through future iterations. Our Climate and nature report gives a full account of our performance on this throughout 2024.

Engaging customers, clients and employees

The positive impact a company has on the world remains important for many stakeholders, including customers, clients, and employees.

As a market leader in life insurance, workplace pensions and retirement income, we meet the needs of c.14 million people through our Retail division. We manage £1.1 trillion of our clients' assets. And we employ over 10,799 people globally.

Our customers, clients and employees are from all walks of life and many different backgrounds with differing needs, expectations and financial objectives. As a business whose products are so connected to the way people live, we can have a material impact on them, from our most vulnerable customers to those who rely on us to generate reliable returns on their investments.

In chapters four and five of our Social impact report, we describe the steps we take to engage customers, clients, and employees in our sustainability agenda, as well as how we adhere to high standards in the ways we do business.

Reporting our progress

We make sustainability-related disclosures across four main publications. We recommend that readers who want to understand our approach to the whole range of sustainability issues – environmental, social and governance (ESG) – read these publications together.

In this section of our **Annual report and accounts**, we report information that is required under regulation and legislation. We also outline our approach to sustainable business, comment on how our commercial activities have contributed to positive environmental and social outcomes and describe our governance practices; see pages 30 to 41.




Our **Climate and nature report**, prepared in line with the recommendations of the TCFD, describes our climate and nature strategy, scenario planning, risk management, metrics and governance. This report contains detailed data on our carbon emissions and other environmental metrics.



Our **Social impact report** describes the commercial and not-for-profit actions we've taken in the reporting year in pursuit of our sustainability areas of focus. It also contains people-related disclosures, including workforce data; diversity and inclusion data and targets; and pay gap information.



Our **Modern slavery statement**, prepared to meet the requirements of the 2015 Modern Slavery Act, describes the steps we have taken to identify the risks, and remediate any instances, of modern slavery and human rights violations. It covers our strategy, risk processes, governance and key performance indicators relating to this issue in our operations and supply chain.

 [Discover more online](#)

group.legalandgeneral.com/en/reporting-hub/Sustainability

Sustainability continued

Responsible business

Our commercial success depends on a strong and resilient economic system in which companies act with integrity and responsibility. L&G is no exception: our impact is far-reaching, and strong business ethics are central to making that impact positive.

Running our business in a responsible manner is part of our promise to stakeholders, including our employees. We hold ourselves and our employees to high standards of conduct. Our culture is important and plays a role in attracting and retaining employees who have the skills and motivation to deliver for our stakeholders.

Chapter five of our Social impact report sets out the approach we take to managing our business in ways which promote high ethical standards.

Anti-bribery and corruption

As a financial services firm, L&G plays a part in making sure its customers, clients and shareholders are protected from the impact of financial crime such as bribery, corruption, terrorist financing, money laundering and fraud.

Our financial crime risk policy applies across the Group and mandates that controls are put in place to prevent and detect such activity. Controls include an annual risk assessment; regular training; due diligence measures on customers, clients, investments, and our supply chain; reporting of suspicions of financial crime to a dedicated Financial Crime Risk team; and the control and approval of riskier activity such as giving and receiving of gifts and hospitality, political and charitable donations, and corporate sponsorship. Training on financial crime risk and employee responsibilities is mandatory for all employees and regularly reviewed to ensure it is up to date and appropriate.

Modern slavery and human rights

We understand our duty to uphold human rights in our operation and value chain. We have zero tolerance of labour abuses, and are committed to maintaining high standards when it comes to the protection of human rights – including a commitment to play our part in eradicating modern slavery.

Our main annual disclosure on human rights is our Modern slavery statement, which covers, among other matters, how we assess modern slavery and human rights risk in our operation and value chain; our due diligence; and our policies and practices.

Our human rights policy sets out our approach to managing human rights risk in our investments. It, too, is available on our website.

Our approach to this issue is based on standards set by the United Nations, the International Labour Organization, the Gangmaster and Labour Abuse Authority, the Living Wage Foundation and the Ethical Trading Initiative.

In 2024, we undertook numerous actions to prevent and remediate modern slavery, including training employees, undertaking in-depth risk assessments, and carrying out audits across our operational and investment sites. We embedded human rights considerations into our revised Supplier Code of Conduct (see below for further detail).

Please refer to our human rights policy and our 2024 Modern slavery statement for more.

Our supply chain

Our global supply chain means that our actions have far-reaching consequences. We recognise the importance of balancing financial considerations with promoting environmental and social sustainability when making purchasing decisions.

Across the organisation, we procure approximately £960 million of goods and services from c.2,800 suppliers, which is a contributor to our operational carbon footprint.

Our procurement framework allows us to engage with our supply chain effectively and fairly, in a manner that manages risk and promotes value in the best interests of our stakeholders. Our contracts specify the commercial and legal parameters of engagements with suppliers, including compliance with laws and regulations and provisions to ensure continuity of services and the security of data.

We continuously adapt our practices to align with evolving sustainability expectations and requirements. This includes assessing suppliers' environmental practices, labour conditions and adherence to human rights principles through regular audits and assessments.

In 2024, we launched our first procurement sustainability strategy, which will focus on modern slavery, living wage payment, and carbon emissions and science-based carbon reduction targets. The new strategy drew from existing procurement activities and reviewing market best practice.

Also in 2024, we launched our updated Supplier Code of Conduct, which focuses on:

- business conduct
- diversity and inclusion
- human rights and modern slavery
- environmental sustainability
- digital accessibility
- prompt payment
- real living wage
- social value.

For more information on plans to implement our procurement sustainability strategy, please see page 47 of our Social impact report and page 19 of the Climate and nature report.

Under sections 414CA and 414CB of the Companies Act 2006, we are required to include in our Strategic report a non-financial and sustainability information statement. This section of the Strategic report (pages 30 and 41) provides the following information required to be included in the non-financial and sustainability information statement:

- environmental matters
- our employees
- social matters
- human rights
- anti-corruption and bribery.

In addition, other required information can be found on the following pages:

- business model (pages 15 to 17)
- principal risks and how they are managed (pages 49 to 53)
- non-financial key performance indicators (page 32).

Climate-related financial disclosures align to the TCFD requirements (page 35). Details of relevant policies, due diligence processes and the outcome of these policies and processes are contained throughout the Strategic report. Our non-financial and sustainability information statement focuses on the stakeholders and issues that are important for us to deliver on our refreshed purpose and new strategy (see pages 10 to 13).

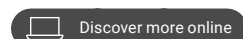
Climate

Summary disclosure against TCFD recommendations

We have continued to disclose in line with the TCFD recommendations. We have complied with the FCA Listing Rule 6.6.6R(8) and have considered relevant and material elements of the recommended TCFD disclosures.

Climate and nature report

Our 2024 Climate and nature report is available on our Group website.



group.legalandgeneral.com/ClimateReport2024

The table below gives a summary of our material disclosures and directs readers to the relevant pages in this report, and to our Climate and nature report for supplementary information. This additional report provides us with the space we require to provide sufficient detail of our approach to addressing climate change and nature loss, as we do with our disclosures on risk, tax and social issues. In response to FCA guidance 9.8.6FG, we have also produced a Climate transition plan which was published in April 2023 and was approved at our Annual General Meeting in May 2023. Our plan sets out our role in aligning our business with a net zero outcome by 2050, consistent with the UK Government's targets.

Our climate commitments at L&G are currently on track, with good progress made during 2024. However, we recognise that the world is currently on a path that will lead to an overshoot of the Paris Agreement's central aim of limiting temperature increase to well below 2°C and ideally 1.5°C. As the gap between a pathway aligned with 1.5°C of warming and the world's current trajectory continues to grow, it is becoming increasingly challenging for us to continue to meet our own commitments. As material financial issues, addressing climate change and nature loss will remain priorities for L&G, but without rapid, significant action across the global economy, we may need to revisit our approach in future years to reflect the current realities.

Additional information is provided on pages 8 to 20 of our Climate and nature report		
Strategy	Climate-related risks and opportunities	We have integrated climate risk management into our overall risk management framework and are well placed to play a role in the decarbonisation of the economy. Our climate-related opportunities and risks and the time periods to which they are assessed are described on page 36.
	Impact on our businesses, strategy and financial planning	Based on our scenario analysis, our business model is not expected to be significantly disrupted by climate change, however it does impact how we execute our strategy. We have built a three-pillar approach to address climate change: how we invest our assets, how we influence as an asset manager and how our businesses operate. Our proprietary model on climate change is used to quantify the potential impacts of climate change on our portfolio. Page 37 shows our key commitments and interim milestones under each of these pillars, and descriptions of our climate action statements.
	Resilience based on scenarios, including a 2°C or lower scenario	Our climate scenario analysis helps us to identify and quantify the sources and magnitude of potential climate-related risks that will emerge as the world transitions to a low-carbon economy. We describe our resilience to these scenarios, including a 2°C or lower scenario, on page 38, and climate considerations are also highlighted in the Group Board viability statement on page 48.
Additional information is provided on pages 30 to 32 of our Climate and nature report		
Governance	The Board's role in oversight	The Board is accountable for the long-term stewardship of the Group. It has delegated oversight of the management of climate-related risks to the Group Environment Committee (GEC). We describe the governance structure in more detail on page 37.
	Management's role in assessing risks and opportunities	We have appointed a Group Climate Director, who chairs the GEC, and we set out the senior managers' responsibilities through the committees and overall risk and governance framework on pages 37 and 38. The link between executive remuneration and progress against climate commitments is set out in our Annual report on remuneration on pages 98 to 113.
Additional information is provided on pages 33 to 38 of our Climate and nature report		
Risk management	Processes for identifying and assessing climate-related risks	Climate risk management has been integrated into our risk and governance framework. Our approach is described on pages 38. Scenario analysis is a key tool to assess the potential impacts from climate risk, referenced above and described on page 38.
	Processes for managing climate-related risks	We deploy a range of management actions to manage our exposure to climate-related risks associated with our investments and operations, to meet our risk management objectives, including: an established framework for climate commitments; exclusions and high-carbon escalation; physical risk controls; review of our existing tolerance framework to incorporate climate considerations; and active engagement.
	How we integrate these risks into our overall risk management	The Group's climate governance has been designed to ensure that the management of the financial risks from climate change are integrated across the whole governance system and embedded into the existing risk management framework.
Additional information is provided on pages 21 to 29 of our Climate and nature report		
Metrics and targets	Internal metrics	Our metrics support our commitment to align with net zero by 2050, and our key sustainability performance indicators for managing the risks and opportunities from climate change are disclosed on page 32. We focus on our investment portfolio economic carbon intensity, implied portfolio temperature alignment and operational carbon footprint. We also measure our engagement with investee companies.
	Greenhouse gas emissions	Our scope 1 and 2 (location) operational emissions were 27,418 tCO ₂ e. Our scope 3 non-investment emissions (fuel and energy-related activities, waste, business travel, working from home and serviced offices) were 19,143 tCO ₂ e. Our scope 3 downstream leased assets were 0.3 million tCO ₂ e. Our scope 3 investment emissions were 5.0 million tCO ₂ e. Additional metrics are disclosed on page 32.
	Targets	We have set our climate targets across our three-pillar climate strategy to align with the 'Paris' objective. Our key climate commitments and interim milestones are on page 37. Our Climate transition plan, issued in April 2023, is also available online.

Climate and nature-related opportunities and risks

Short, medium and long term




- Our **short-term** horizon looks at a three-year period.
- Our **medium-term** horizon looks forward up to 10 years.
- Our **long-term** horizon looks at the time horizon up to 2050.

While there are manifestly risks from climate change, the transition to net zero also creates opportunities. The table highlights material climate and nature-related opportunities and risks that L&G has identified.




The impacts of climate change are different across our businesses. They are also likely to shift over time, and we have assessed levels of impact as well as a time horizon to try to illustrate this.

We continue to play an active role in addressing significant risks posed by climate change. We do this because we believe it is the right thing to do for our business; creating value for shareholders and protecting our long-term sustainability, while also being better for society and the planet.

Opportunities

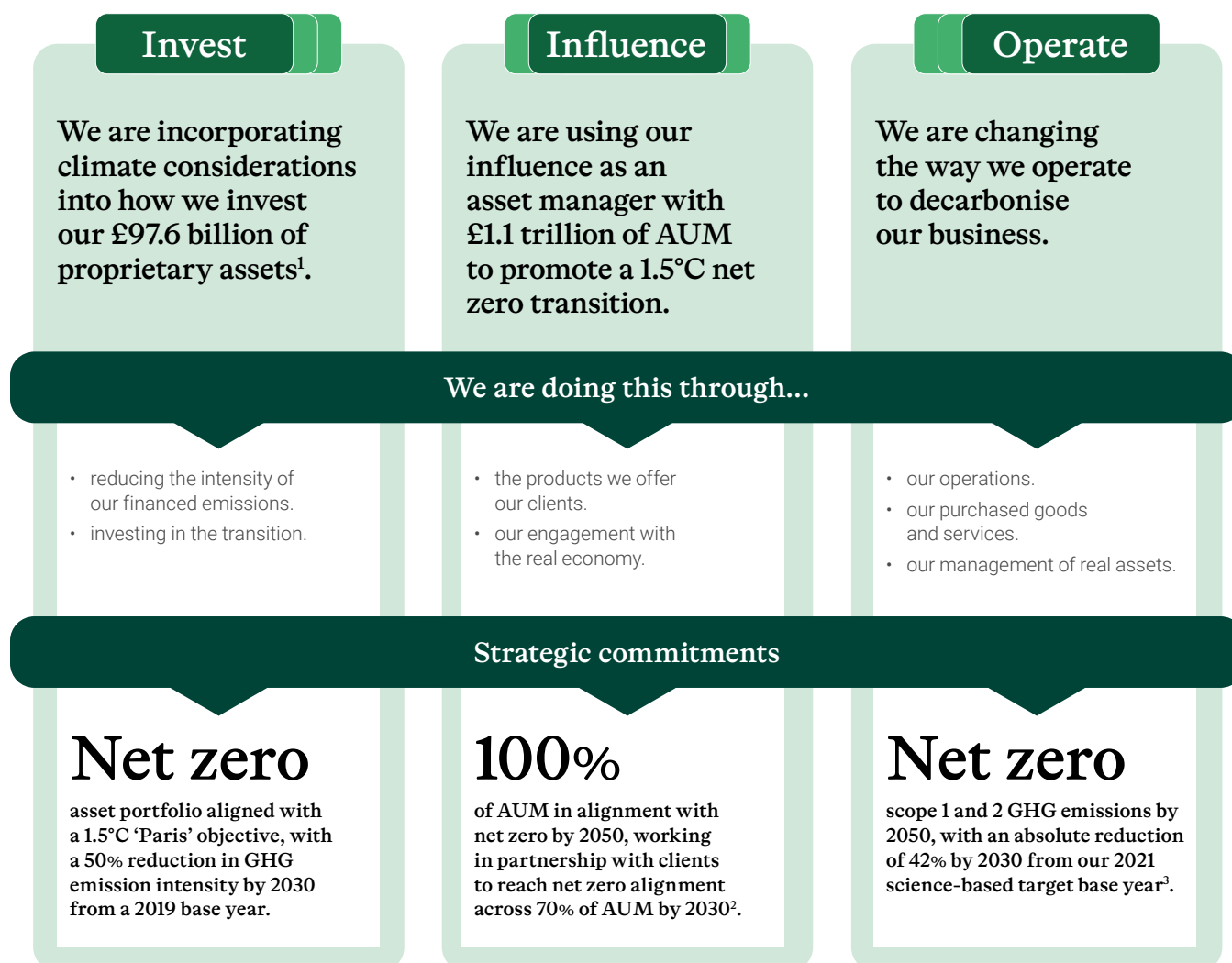
Strategic pillar	Potential opportunities	Business area most impacted	Horizon term		
			Short	Med	Long
Invest	Directing our investments to support a low-carbon transition while investing in corporate infrastructure, real estate and venture capital climate and nature-based solutions.	 Institutional Retirement Asset Management Retail	●	●	●
Influence	Attracting and retaining clients by supporting them to decarbonise their investment portfolios, for example through net zero-aligned investment products and the provision of data and analytical tools. Managing funds that provide clients with access to financing opportunities in transition technologies and infrastructure and nature positive outcomes.	 Asset Management	●	●	●
Operate	Enhanced returns from investing in homes and commercial properties by enabling them to operate with net zero carbon emissions and helping to protect and restore nature. Increasing our market differentiation through investment in low-carbon real estate, including reduced embodied carbon. Protecting our returns by developing real assets with high levels of climate resilience.	 Institutional Retirement Asset Management Retail	●	●	●

Risks

Strategic pillar	Potential risks	Business area most impacted	Horizon term		
			Short	Med	Long
Invest	Investments in sectors or companies which are adversely exposed to a transitioning economy lose value or are downgraded, and investments prove ineffective resulting in loss. Disruptive technology impacting the value of investments. Increased frequency and severity of extreme weather events, or increased nature loss, impacting on the value of physical assets or the value of companies with high exposures to these risks.	 Institutional Retirement Asset Management Retail	●	●	●
Influence	Loss of market share if investment solutions are perceived as not meeting evolving client needs. A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand. Reputational risk from not meeting our own commitments, or if activities across the Group are not aligned.	 Institutional Retirement Asset Management Retail	●	●	●
Operate	High delivery costs of low-carbon or nature-positive solutions for residential and commercial properties impacting viability. High delivery costs due to changing climate and nature-related disruptions to our supply chain, leading to increased costs and material shortages. Property values fall due to increased risk of extreme weather impacts, higher insurance costs or poor energy efficiency. Not having the right skills for the future, or weakness in processes or systems, leads to customer detriment or reputational damage.	 Institutional Retirement Asset Management Retail	●	●	●

● High impact
● Medium impact
● Low impact

Our approach to climate change and our targets



Governance of environmental risks

The Board is ultimately accountable for the long-term stewardship of the Group. Responding to climate change and addressing nature loss, and the opportunities and risks associated with these issues are of significant importance to the Board. Nilufer Kheraj, a Non-Executive Director, has a responsibility to give specific focus to climate change and nature loss in her role.

The Board has delegated oversight of the management of environmental risks to the Group Environment Committee (GEC), through the Group Risk Committee, Executive Risk Committee and Group Management Committee. The GEC is responsible for providing strategic direction on the Group's environmental response, including to climate change, with reference to the Group's broader sustainability strategy.

Our Group Climate Director has responsibility for coordinating the Group's response to climate change and incorporating nature and biodiversity opportunities and risks. The role has responsibility for ensuring that an appropriate strategy is in place to understand, identify, measure, monitor, control and report the opportunities and risks from climate change, in line with the risk strategy and risk appetite parameters set by the Board. The Group Climate Director also supports management in the development of appropriate processes to monitor and report exposures to the risks arising from climate change and in benefitting from strategic opportunities arising from climate change.

The GEC met five times in 2024 in accordance with its annual plan. GEC is chaired by the Group Climate Director with membership including: the Group CFO, Group Chief Transformation and People Officer, Group Chief Risk Officer (CRO), Institutional Retirement CEO, Asset Management Chief Investment Officer (CIO) and with the Head of Asset Management's Investment Stewardship team in attendance. The level of seniority in its membership and attendees helps ensure that there is a single forum to provide oversight on our response to environmental issues, which ensures consistency, encourages debate and demonstrates the importance we place on our response to these issues.

1. We define proprietary assets as total investments to which shareholders are directly exposed, minus derivative assets, loans and cash and cash equivalents.

2. Excludes sovereigns and derivative securities until such time as agreed methodologies exist.

3. To account for the impact of the pandemic, our 2021 base year includes estimated emissions data from our Real Assets portfolio based on 2019 data. All other base year emissions are from 2021.

Climate risk management

Our risk management approach to the financial risks arising from climate change reflects our climate strategy, the materiality of the exposures and how we operate. When assessing materiality, we consider both how the Group is affected by climate change, as well as the Group's own impact on the climate.

The risks arising from climate change to which we are exposed, fall into three broad categories: transition risks, physical risks, and corporate risks. The risks from climate change and nature loss are far-reaching, uncertain and broad-ranging. As much of our balance sheet is based on assumptions and expectations of future experience, risks can materialise through both actual change in experienced profits or losses, as well as changes in those future expectations.

Climate risk management is integrated into our existing risk and governance framework (see pages 44 to 53), and we have carried out a detailed assessment of how we could expect climate risk to emerge across our business model. Given our business model (see page 15), we assess the most material financial risks from the potential impact of climate change on the value and credit rating of our assets.

Transition risks are primarily measured in relation to our carbon exposures, both for our operational footprint (scope 1 and 2), and of our investment portfolio GHG emissions intensity to align with the 'Paris' objective. We deploy a range of management actions to manage these exposures, including: our established framework of climate commitments; exclusions and high-carbon escalation; physical risks controls; review of our existing tolerance framework; and active engagement with investees.

Climate scenario analysis

Our scenario analysis enables us to assess how the impacts from climate change may emerge under a range of climate scenarios and time horizons. Our scenario analysis focuses on the financial risks from climate change, both physical and transitional risks, across our major risk categories of credit, longevity and market risk. We have developed four scenarios:

- **Inaction** (approximate warming 3 – 4°C) – failure to act means emissions continue to grow at historical rates
- **Below 2°C** (approximate global warming of less than 2°C) – immediate ambitious policy and investment actions to address climate change
- **Net Zero 1.5°C** (approximate global warming of 1.5°C) – immediate, highly ambitious actions to address climate change reduces emissions to net zero by 2050
- **Delayed Below 2°C** (approximate global warming of less than 2°C) – policy and investment action to limit warming to well-below 2°C is delayed to 2030 resulting in much more disruptive change.

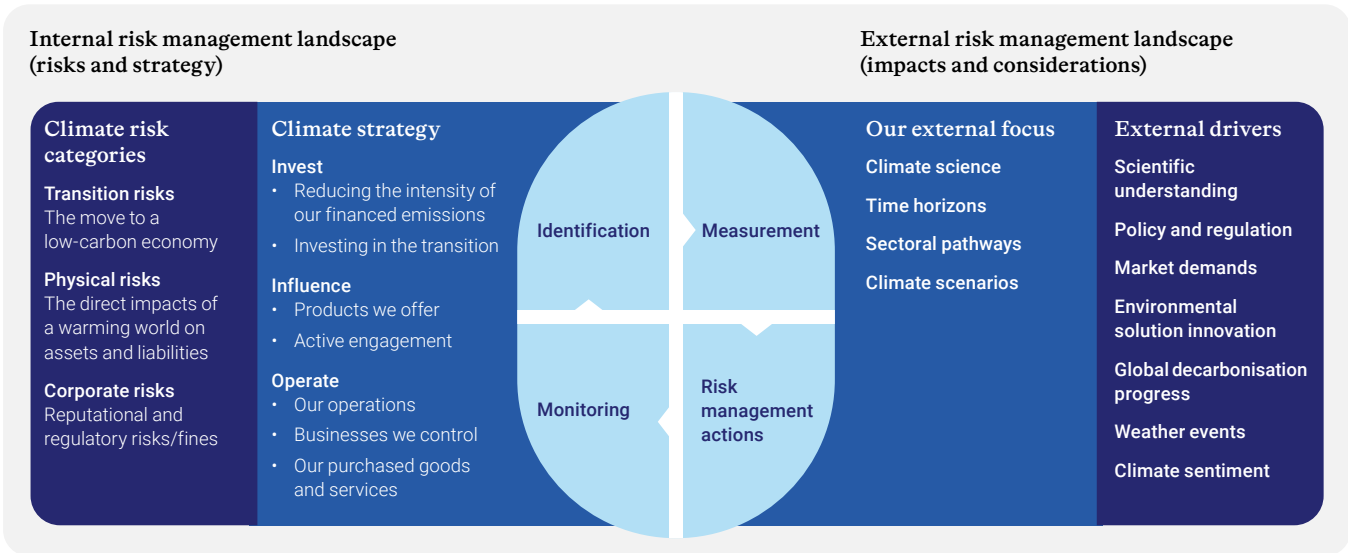
Scenario results for our Group portfolio are produced for the three pathways which are based on transition risks (Below 2°C, Net Zero 1.5°C and Delayed Below 2°C). We do not apply the Inaction scenario to our portfolio. We expect most of the associated impact to be driven by physical risks, which tend to be highly localised and manifest further into the future and are hence more uncertain. As part of our assessment of viability, we include the impact of the Group's net zero ambitions, and the Group's ability to adapt its operations and business strategy to address the financial risks arising from both the physical risk of climate change and the transition to a low-carbon economy. The Board regularly considers the potential financial and reputational impact of the Group's principal risks, which includes failure to respond to the emerging threats from climate change for our investment portfolios and wider businesses.

The nature of our business means we have identified four broad mitigations to our transition risk exposure.

1. Our exposure is largely through financial assets, many of which are listed, so we have significant flexibility to adapt by trading to the desired carbon position. This is the expected outcome should active engagement fail.
2. We hold mainly investment grade bonds, which are matched against liabilities such that we are not materially exposed to price risk compared to investors who regularly trade their bond portfolios or those holding greater exposures to equities.
3. We continue to carefully manage our balance sheet and our credit portfolio. We continually analyse our credit exposures and, where appropriate, seek out opportunities to improve credit quality at attractive pricing levels. We have incorporated climate considerations within our credit and market risk management and expect these to develop over time. We manage our transition risk from climate change through setting our portfolio decarbonisation targets. These pre-emptive management actions are expected to reduce the credit risk of the portfolio and are expected to reduce the impact of the credit stresses presented in these scenarios. Our decarbonisation strategy also covers our equity portfolio.
4. The balance sheet is well diversified across different sectors of the economy. Our initial assessment of our implied portfolio temperature alignment indicates that we do not have an over-weight allocation to the highest carbon intensity names within the market sectors.

 [Discover more online](#)

See our 2024 Climate and nature report for additional information.



Greenhouse Gas (GHG) disclosures

Global GHG emissions data¹

Emissions source	2023	2024
Scope 1	10,158	9,665
– UK	9,452	8,983
– International	706	682
Scope 2 location-based	17,564	17,753
– UK	14,349	14,653
– International	3,215	3,100
Scope 2 market-based	4,215	3,652
– UK	1,000	1,264
– International	3,215	2,388
Fugitive emissions (included in scope 1)	216	664
Scope 3 operational emissions		
Category 3 – fuel and energy-related activities	7,325	7,474
Category 5 – waste	483	308
Category 6 – business travel	7,631	7,799
Category 7 – employee commuting (home working)	4,568	3,323
Category 8 – upstream leased assets (serviced offices)	304	239
Category 13 – downstream leased assets	0.3m	0.26m
Category 15 – investments	5.0m	4.9m
Intensity ratio: tCO ₂ e emissions per employee (scope 1 and 2)	2.3	2.3
Energy (kWh)	2023	2024
Total electricity	75,679,000	77,796,000
– UK	67,129,000	69,551,000
– International	8,550,000	8,245,000
District Heating		
– UK	3,442,000	1,424,000
Gas	42,853,000	41,525,000
– UK	38,960,000	37,760,000
– International	3,893,000	3,765,000
On-site fuel (UK only)	16,795,000	9,123,000
Total energy use	138,769,000	129,868,000

1. Annual GHG emissions data is aligned with the Group's financial reporting year, 1 January to 31 December, unless otherwise stated. Scope 1, 2 and scope 3 category 13 & 15 data for Real Estate covers the period 1 January to 31 December noting that November and December data is estimated, based on prior year's November and December data, to account for utility company data lag periods.

Our total scope 1, scope 2 (location) and scope 2 (market) emissions have been subject to independent limited assurance by Deloitte. The basis of preparation (or reporting criteria) for our Group carbon footprint is available within our Climate and nature report, and Deloitte's assurance report is available on pages 52 to 53 of our 2024 Climate and nature report.

Data sources: carbon data is collected and aggregated to provide a group-wide footprint and is based on a combination of actual, extrapolated, estimated and benchmarked data. Data is sourced from meter readings, invoices, supplier reports, expenses and travel booking systems. Refer to our basis of preparation within our Climate and nature report for further details.

Scope 1: All direct emissions from the activities under control.

Scope 2: Emissions from purchased or acquired electricity, steam, heat and cooling.

- Location-based – reflects the average emissions intensity of grids on which energy consumption occurs.
- Market-based – reflects emissions from electricity purposefully chosen. It derives emission factors from contractual instruments.

Scope 3: Indirect emissions from our value chain. Further details on L&G's assessment of materiality for all categories of scope 3 emissions can be found within our basis of preparation in our Climate and nature report.

- Cat. 3 emissions related to energy purchased and consumed by L&G in the reporting year, that are not included in scope 1 and 2.
- Cat. 5 emissions from third-party disposal and treatment of waste generated in occupied properties and construction activities in the reporting year.
- Cat. 6 emissions from business mileage, flights and train journeys for UK and US operations.
- Cat. 7 emissions from homeworking only, calculated using Department for Business, Energy & Industrial Strategy (BEIS) conversion factors.
- Cat. 8 emissions from the operation of assets that are leased to L&G in the reporting year and not included in scope 1 or scope 2, calculated using Real Estate Environmental Benchmark (REEB) 2022.
- Cat. 13 emissions from tenant operations of L&G-owned assets.
- Cat. 15 emissions including equity and debt investments and project finance in the reporting year, not included in scope 1 or scope 2.

Methodology

We have reported on the emission sources required under the Companies Act 2006 Strategic report and Directors' report regulations 2013 and have followed the requirements of the SECR framework. The GHG emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard 'Operational Control' method, and emission factors for fuels and electricity are published here: ghgprotocol.org/corporate-standard.

Our emissions, shown in the table opposite, cover 100% of Legal & General Group Plc's operational footprint. We report scope 1 and 2 emissions where we have operational control. Operational control is where we directly procure utilities for property we occupy, own and manage, including our subsidiary businesses and joint ventures* or where we have significant control over energy use. Please refer to the sustainable business section of this report, our 2024 Climate and nature report and CDP Disclosure for an overview of the management of climate risk through our governance processes and internal controls. The types of measures taken to manage and improve our management of energy can also be found within these documents.

* Joint ventures are included in our footprint where we are the majority shareholder, or have operational control.

 Discover more online

Climate and nature report

Our Climate and nature report is available on our Group website.
See: group.legalandgeneral.com/ClimateReport2024

 Discover more online

Social impact report

Our Social impact report is available on our Group website.
See: group.legalandgeneral.com/SocialImpactReport2024

People

Our purpose informs not only what we do, but how we do it. Our 10,799 employees help us realise our purpose in many ways: in their everyday roles as investment, retirement and insurance specialists or in a range of professional support roles; and in the things they do to protect and nurture our culture and serve the communities in which we operate.

Our commercial success depends on them. In 2024, along with our new strategy and refreshed purpose, we reviewed the behaviours we expect of one another at work: challenge positively, commit together, and act decisively.

These are designed to drive results and increase our impact, by guiding our employees in how they work together, deliver our strategy and realise our purpose. How we work and interact with one another shapes our culture, and these behaviours provide a clear framework so we can hold ourselves to account.

Our goals

We remain committed to our goals for improving representation of people from minority or under-represented groups in our organisation. Importantly, this applies at all levels of the Company.

Goal	Target date	2024	2023	2022
50% of workforce to be female	31 Dec 2025	48.8%	46.5%	45%
17% of workforce to be from ethnic minorities	31 Dec 2027	17.7%	16.9%	16%
40% of senior roles held by women	31 Dec 2025	38.5%	37.2%	38%
17% of senior roles held by people from ethnic minorities	31 Dec 2027	18.3%	17.3%	17%
40% of Board roles held by women	31 Dec 2025	46%	42%	42%
17% of Board roles held by people from ethnic minorities	31 Dec 2027	23%	25%	25%

Diversity and inclusion (D&I)

Our vision and strategy

We believe that a more diverse workforce and a more inclusive workplace can drive better business outcomes through improved decision making, a greater willingness to embrace innovation, a better understanding of a broad customer base, and improved employee engagement and wellbeing.

Our D&I vision is, therefore, to build a workplace where we can all perform at our best, no matter who we are. Our D&I strategy, which has been in place for three years, is designed to realise this vision.

Our focus

Our D&I strategy commits us to two outcomes: a more diverse workforce and a more inclusive culture.

We have three strategic priorities:

- recruit and retain diverse talent
- invest in line manager capability
- create opportunities for everyone at L&G.

We measure our success by tracking data about the representation of minority or under-represented groups at various levels of seniority in our business. We also use data from our listening programmes, such as our Voice survey, to inform our understanding.

We have set certain representation goals which we publish externally. We believe that the actions taken to increase the diversity of our workforce will, in time, have the effect of progressively narrowing pay gaps because they are aimed at improving representation.

For more on our strategy, objectives and performance, please see chapter six of our 2024 Social impact report.

Our performance: pay gap data (UK employees)

In 2024, we saw a further widening of our gender pay gap, from 23.6% to 28.0%. We remain committed to a progressive narrowing of the gap as a consequence of our ambition to increase representation of women in senior roles.

We are publishing our ethnicity pay gap data for the second time. There was a slight narrowing of our negative median gap to -28.2%, meaning that the median pay for individuals from an ethnic minority background remains, in aggregate, higher than that of our white employees.

For more information on our pay gaps, including causes, commentary and our full statutory gender pay gap disclosure, please see chapter six of our Social impact report.

	2024 Mean	2024 Median	2023 Mean	2023 Median
Gender pay gap				
Hourly pay	23.3%	28.0%	21.3%	23.6%
Bonus	45.6%	33.4%	45.4%	41.2%

	2024 Mean	2024 Median	2023 Mean	2023 Median
Ethnicity pay gap				
Hourly pay	-8.8%	-28.2%	-9.8%	-32.1%
Bonus	3.4%	-25.0%	9.4%	-15.7%

“

I hope that one day we'll live in a world where there will just be health, with no distinction between mental and physical. There'll also be no stigma in admitting to mental health 'problems', or variance in the quality of care. That day is not here yet, but we are making continued, concerted progress. At L&G, our goal is to create a culture where everyone has access to support and someone to talk to when they need it. We challenge positively, building on a foundation of trust and psychological safety, to help people feel able to be open and honest about their health – mental or physical.

”

António Simões
Group CEO

Engaging and developing our people

Engagement

The steps we take to build a strong culture are based on thoroughly understanding our people and involving them in shaping L&G. We do this in several ways, with the insights we gain informing the actions we take.

In 2024, we used our Voice survey to collect feedback from our permanent employees and fixed-term contractors across the globe. Voice's question set was evolved in 2024 to align with our new strategy, introducing questions on themes such as performance management, wellbeing and reward. Employee satisfaction was 80%, up one point year-on-year, based on an 83% response rate.

From 2024, we have also begun to measure and report employee engagement, a composite metric assessing employees' pride, satisfaction, advocacy and intent to stay at L&G.

2024 was a year of change with a new CEO, new leadership and new strategy. We asked our employees their thoughts on our strategic direction and 69% of them reported feeling confident about the strategic direction of the Company, eight points above the industry benchmark.

Please see page 35 of our Social impact report for more information on how we engage our people, including information on collective bargaining arrangements, and more detail on the findings of our Voice surveys and other engagement mechanisms used in 2024.

Please see pages 68 and 69 of this report for a report from our Designated Workforce Director, Nilufer Kheraj, on employee engagement.

Development

Ensuring that our employees continue to learn, regardless of their career stage, role or position, is important to us because it enhances skills, keeps us abreast of the changing needs of customers and society, and fosters personal growth.

Our overall approach to learning and development has focused on enhancing the accessibility of our learning, including increasing the availability of 'in-the-moment-of-need' resources; investing in our senior leaders and management with tailored development programmes; and building change readiness.



In 2024, our people development focused on four key areas, with £4.5 million invested in in-house and external training:

- **Purpose:** aligning our focus for learning and development with our people and organisational priorities
- **People:** developing our leaders, managers and employees to lead and perform with the critical skills needed for business-as-usual delivery and in the context of change
- **Potential:** a new leadership assessment model and tools for building high-performing teams
- **Platforms:** reviewing our learning platforms to deliver against our learning strategy.

We continue to train our employees on mandatory and technical subjects, including data privacy, financial crime, health and safety, whistleblowing, conduct rules, and other matters.

Please see page 36 of our Social impact report for more information on our approach to learning and development.

Employee wellbeing

The health, safety and wellbeing of our people is important to us. Creating a healthy and safe organisation that brings together healthy people and healthy work fosters a productive, positive and sustainable work culture, improves morale and benefits both our people and our Company.

As wellbeing can be influenced by both personal and professional issues, we encourage our people to take control of their wellbeing where possible, but as their employer we strive to understand the collective health of our organisation so we can make better decisions about how best to support our people. We use insights from sources including employee surveys and data on sickness to inform our strategies and policies on health, safety and wellbeing.

We recognise wellbeing as spanning four core dimensions, underpinned by resilience:

- mental health
- physical health
- financial health
- social connections.

Jeff Davies, Group Chief Financial Officer, was named as our executive sponsor for wellbeing and mental health during 2021, with accountability for our strategy in this area, a role he retained through 2024. The Health & Safety Committee has governance oversight of health, safety and wellbeing.

We continue to offer services and benefits to support our employees' mental, physical, social and financial wellbeing. A full list of these, as well as more detail on our wellbeing strategy, can be found on pages 37 to 39 of our Social impact report.

Health and safety

During 2023, we created a new strategy for health and safety, with a vision to 'protect people and places and promote safer and healthier lives'. We continued to implement it during 2024, under the supervision of our Group Health & Safety Committee.

The operation of our core offices continues to be managed through a health and safety system aligned with ISO 45001, and our offices are audited by a leading health and safety consultancy. An internal audit completed in July received a 'satisfactory' score, concluding that governance, oversight, monitoring and reporting controls for health and safety across those businesses where our most significant health and safety risks lie, were designed appropriately and were operating effectively. The overall risk and control culture was defined as 'good'.

We have a well-established and documented process for identifying health and safety hazards and risks, and responding to incidents and near misses. We continue to review and update our risk assessments, which are the cornerstone of our risk management system. We also use our assessments to form policy, processes and guidance for our people. These are reviewed regularly to ensure compliance with law and best practice, and all employees are required to complete a health and safety training module.

More detail on our health and safety strategy and the steps we are taking to implement it, along with data relating to health, safety and sickness, can be found on pages 40 and 41 of our Social impact report.

Our stakeholders

How we engage with our stakeholders

The impact of our business is wide-reaching and affects different stakeholder groups. We place great importance on considering the needs of all our stakeholders in our decision making, and actively encourage their participation.

Our stakeholders

In shaping our new strategy, we consider the impact on our stakeholder groups. Below, we provide just a few examples of how stakeholder engagement influences our business and the associated strategic priorities.

Shareholders

Our shareholders are institutional and individual investors, and we provide them with transparent information on our strategy, outlook and business performance. We generate value through share price appreciation and a combination of progressive dividends and share buybacks.

We set out our new strategy at our Capital Markets Event in June 2024 and introduced a disciplined approach to capital allocation, where we invest shareholder capital at required hurdle rates or we look to return more capital to shareholders.

We continue to invest shareholder capital and retirement savings into socially useful investments, including private assets such as affordable housing and specialist real estate. Our Asset Management clients and our DC workplace members can now also benefit from exposure to L&G's differentiated private markets capabilities, enabling our shift towards more fee-related earnings, catalysed by our balance sheet investment.

We have had another year of strong performance in 2024 with core operating profit up 6%, dividend per share up 5% and completion of a £200 million buyback. We enter 2025 with a resilient balance sheet, a large store of future profit and our clear capital allocation framework supports our plan to return over £5 billion over the next three years, through dividends and buybacks.

Customers

Our customers include those saving for retirement, retirement income recipients, insurance policyholders, mortgage holders, residents of our housing and retirement villages, and investors. We aim to support them through every stage of their lifelong financial journeys.

Our segmentation model helps us understand each of life's stage and personalise how we serve people as they pass through them. Our Consumer Duty programme continues to play a key role in shaping our responses to our customers' needs and vulnerabilities. The programme has supported some very effective customer engagement.

We launched our new pension app, giving people on-the-go, 24/7 access to their savings. Our new Guided Retirement Planner offers a tailored experience underpinned by advanced technology. It helps people over 55 assess their pensions, savings, investments and other assets, to create a tailored, sustainable retirement plan – a market first, with higher-than-expected engagement and action even before its full launch.

In 2024, we had about 4.7 million TikTok viewers and 90,469 podcast downloads. Our protection retention project continued to help people stay covered through hard times.

Employees

Our employees are based in the UK, the US, and other countries and jurisdictions in Europe and Asia. We're committed to building a more diverse workforce and fostering an inclusive workplace, where care is taken to protect individuals' wellbeing and resilience.

We conduct an annual Voice survey to measure employee engagement. In 2024, 83% of our employees participated, providing feedback on our strengths and areas for improvement. 73% of employees reported a clear understanding of the most critical tasks and projects for L&G's success.

To our future talent needs, we align hiring, workforce planning and critical future skills. We engage with under-represented groups and offered structured programmes for students, graduates, and apprentices. For the 2024 academic intake, we hired 63% female and 56% minority ethnicity candidates.

In the UK, we continue to enjoy a productive partnership with Unite, the union which represents employees individually and for collective bargaining, and with our in-house Management Consultative Forum. Together we have agreed a range of enhancements to employee benefits.



This section should be read in conjunction with the ensuing pages, and also our Board activities disclosure, including our section 172(1) statement.

Read more on pages 70 to 73

Regulators

As a leading financial services group, we are subject to financial services regulation and approvals in all the markets we operate in.

We maintain a constructive and open relationship with our regulators through a programme of regular meetings between our executive and non-executive directors and principal regulators. Discussions in 2024 included how supervisory priorities and objectives may affect our business, and the evolution of our Group Strategy in advance of and following the 12 June Capital Markets Event, ensuring that our strategic focus meets the needs of all stakeholders.

We actively engage with regulatory consultations and calls for evidence across key areas of regulatory policy and reform. In 2024, this included engagement on Funded Reinsurance, Liquidity Reporting, Solvency II, and the Advice Guidance Boundary Review.

We liaise with our regulators to ensure timely notification of changes to the Group's regulated population¹ and accuracy of the Financial Services Register.

1. In relation to the Senior Managers and Certification Regime to include individuals who hold significant roles within the organisation.

Communities

Our approach to engaging communities stems from our purpose and is defined by our commercial activities and the economic value we create. Our long-term approach to investing informs how we engage with communities, charities, and civil society.

Following the 2022 launch of our social impact toolkit, we continued to put it to use in 2024. Further details on this can be found in our Social impact report. A fundamental feature of the toolkit, which helps us identify local needs and priorities that inform our approach to real estate investment, is that it requires us to engage with communities to identify where we can make positive economic, environmental, and social impacts while meeting return requirements.

We continued our educational partnerships with the charity RedSTART and Birkbeck, University of London and entered new partnerships with Age UK, Trussell, the Royal Botanic Gardens, Kew, and Carbon Community. We committed to funding 71 apprenticeships through our new levy sharing scheme and launched our £3 million Health Equity Fund.

We matched over £499,000 in employee charitable fundraising and volunteering. In total, we donated £5.2 million to UK civil society sector organisations and \$1.1 million to US non-profits.

Suppliers

We work with a broad range of suppliers to procure goods and services across several categories. We strive to work with like-minded businesses who comply with our Code of Conduct and business principles.

In 2024, we enhanced our Code of Conduct to incorporate additional commitments from our suppliers and details of how we measure compliance. The Code includes operating ethically, taking environmental responsibility and treating workers with respect and dignity. We work with supplier partners to deliver value for money for the organisation, to bring efficiency and innovation through best practice and to support continued growth for L&G.

We aim to build diversity and inclusion into our supply chain to create an equal and fair marketplace where opportunities are open to all.

We are committed to protecting the environment, and we appointed a Sustainability Lead role within the Group Procurement team in 2024 to provide increased oversight and focus. Last year we set a target to encourage our suppliers to transition to net zero by ensuring that 80% of our suppliers by spend will set a science-based carbon reduction target by the end of 2026. We are currently tracking at 68% against our target.

Managing risk



“

Our risk management approach supports informed risk taking by our businesses.

”

Chris Knight
Group Chief Risk Officer

Understanding the risks that we are exposed to and deploying strategies to ensure residual exposures remain within acceptable parameters is an integral part of our business.

Our risk management approach supports informed risk taking by our businesses, setting out those rewarded risks that we are prepared to be exposed to, together with risk limits and required standards of internal control to ensure exposures remain within our overall risk appetite.

As well as managing financial and non-financial risks to our businesses, our risk framework considers broader factors safeguarding our customers' and clients' interests and the threats from climate change and the loss of nature. In focusing beyond pure financial measures of risk, we enable our businesses to fulfil their purpose.

We seek to deeply embed the necessary capabilities to assess and price for those risks that we believe offer sustainable returns within each of our operating businesses, as well as ensuring the skill sets to closely manage those risks which could otherwise lead to unintended outcomes.

Our culture and behaviours underpin the operation of our risk framework and support an environment of openness and transparency in how we make decisions and manage risks, balancing performance with principles to do what is right.

Finding what you need online

Detailed information can be found in our risk management supplement:



Discover more online

group.legalandgeneral.com/RiskManagementSupplement2024

Our risk section is organised into the following subsections:

Our risk landscape

The risks that are inherent in our business arising from:

- the products we write
- the investments we hold to meet our obligations
- the business environment in which we operate.

Risk appetite

Our risk appetite sets the ranges and limits of acceptable risk taking. We have risk appetites and tolerances for different types of risks. Our risk landscape comprises of financial, non-financial and strategic risks. Our largest risk exposures, measured by undiversified solvency capital, are to credit and longevity.

Risk governance framework

The risk governance framework, underpinned by our risk appetite, provides structure to informed risk taking and decision making. It ensures risks to which we may be exposed are being appropriately identified and managed, and that the risks of significant financial loss, adverse impacts to our customers and clients, or damage to our reputation, are minimised.

Our risk management approach

Read more on page 47

Financial risks

Asset risks

Market, credit, and counterparty risks arise from holding portfolios of assets, including property, to meet our obligations to our customers and clients and to deliver returns to shareholders. Liquidity risks also arise from holding illiquid assets and from investment market conditions. Interest rates and inflation are also risk factors.

Credit risk largely arises in our portfolio of corporate bonds and within our direct investment portfolio. As an investor for the long term, assessing and managing credit risk is a core competency, and alongside setting a range of tolerances to diversify our portfolios, we seek to continuously track a variety of risk factors that could adversely impact credit markets.

Insurance risks

Longevity, mortality, and other insurance risks are transferred to us by the customers of our PRT, individual annuities and protection businesses. The period that customers continue their policies is also important for profitability, as is our ability to control expenses in line with pricing assumptions.

Longevity risks arise in our PRT and retail annuity businesses. Over the years we have built significant expertise in understanding and pricing for longevity, with a range of disciplines including actuarial, medical, public health, statistical analysis, and modelling. Mortality, morbidity, and policy lapse are inherent risks to our protection businesses, which we assess and price for.

Non-financial risks

Non-financial risks arise in respect of our business processes and IT systems, as well as broader regulatory and legislative risks that can arise in the environments in which we operate. All our businesses have inherent exposure to non-financial risk. We have no appetite for failing to meet our legislative and regulatory responsibilities.

Our risk management and internal control framework seeks to identify areas of potential weakness that could otherwise lead to customer or client detriment, reputational damage or financial loss and ensure that appropriate measures are in place to mitigate adverse outcomes.

Where our businesses directly engage in house building and property development, we are exposed to risks associated with the management of construction projects, including health and safety risks. Alongside construction-related risks, wider safety risks arise in the operation of retirement villages and our affordable homes businesses. The management of health and safety and the broader risks of building safety are an integral part of our wider risk framework, with expertise in risk management embedded across our business operating model.

Strategic risks

Strategic risks relate to inherent factors that affect the delivery of our strategy and are assessed in terms of their financial, customer and client, and reputational impact.

Emerging risks

Emerging enterprise risks that are not fully recognised or understood by organisations have the potential to significantly impact their operations, often in unexpected ways. We maintain an emerging risks dashboard that captures views and inputs from across L&G and helps to monitor the likelihood and impact of emerging risks on the Group's strategy.

Risk appetite

Our risk appetite sets the ranges and limits of acceptable risk taking for the Group as a whole. We express our overall attitude to risk using the statements and measures in the table opposite.

Beneath this, we set further risk tolerances covering our specific exposures to financial and non-financial risks including, where appropriate, limits on concentrations and significant aggregation of risks. Our risk appetite is used to govern the nature and quantity of risks that we are exposed to.

Whether we are making a direct property investment or pricing a PRT deal, we use our risk management framework to assess the risk profile and potential rewards to ensure we continue to operate within the ranges of acceptable risk taking that we have set.

Financial risk appetite

		Monitoring metric
Strategy	External targets We expect to meet or exceed the return expectations communicated to our investors.	Operating return on equity; and core operating earnings per share (EPS) growth over the planning cycle.
	Return on capital We accept risk in the normal course of business and aim to deliver attractive returns on capital deployed.	Return on new capital deployed; and return on own funds over the planning cycle.
	Risk accumulation We have an appetite for risks that are consistent with our strategic objectives that we can measure and hold appropriate capital against.	Capital coverage over the planning cycle.
Capital	We aim to maintain an appropriate buffer of capital resources over the minimum regulatory capital requirements.	Capital coverage ratio.
Liquidity	We expect to be able to meet our payment and collateral obligations under extreme, but plausible, liquidity scenarios.	Coverage of liquidity requirements.
Counterparty	We have an appetite for losses on failure of counterparties up to clearly defined limits that take into account the likelihood of default and do not lead to excessive concentration or contagion risks.	Impact of reinsurer and banking counterparty defaults.
Climate	We manage our businesses to align with the mitigation of climate change and to be resilient to the risk of different climate outcomes. We are currently building out our approach to the risk posed by nature loss.	Investment portfolio decarbonisation and operational footprint decarbonisation.

Non-financial risk appetite

Technology	We have low appetite for poor customer and client outcomes and damage to our reputation as a consequence of disruption to business operations.
Information security	We have low appetite for poor customer and client outcomes, financial losses, and reputational damage resulting from the leakage, theft or corruption of confidential or highly confidential data, or disruption to important business operations.
Business disruption	We have low appetite for business disruption that could result in adverse impacts to customers and clients, financial losses, and reputational damage.
Third parties	We have low appetite for relying on third parties where services could result in poor customer and client outcomes, financial losses, and reputational damage.
Data	We have low appetite for poor customer and client outcomes, financial losses, and reputational damage because of poor data management practices.
Financial crime	We have low appetite for action that is likely to result in poor customer and client outcomes, financial losses, and reputational damage with respect to managing financial crime risk.
Compliance and conduct	We have low appetite for action that is likely to result in poor customer and client outcomes, financial losses, and reputational damage with respect to managing compliance and conduct risk.
People	We have low appetite for poor customer and client outcomes, financial losses, and reputational damage with respect to managing people risk.
Change	We have low appetite for change causing poor customer and client outcomes; not delivering on time and to budget; not delivering expected requirements and benefits; and/or adversely impacting 'business as usual' control environments.
Operational risk	We have low appetite for action that is likely to result in poor customer and client outcomes, financial losses, and reputational damage with respect to managing operational risk.
Reputation	We have low appetite for action that is likely to result in a sustained loss of stakeholder trust or confidence, but accept that the pursuit of our strategic objectives may result in isolated incidents of public criticism.

Risk management framework

Our risk management framework is summarised on the right.

We operate a three lines of defence risk governance model:

- **first**, our operating businesses are responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with risk policies. The skills to assess and price for risk form part of our first-line business management activity
- **second**, our risk oversight function under the direction of our Chief Risk Officer. The team of risk professionals provides our businesses with expert advice and guidance on risk and capital management, alongside ensuring risk taking remains within acceptable parameters
- **third**, our Group Internal Audit function provides independent assurance on the effectiveness of business risk management and the overall operation of our risk management and internal control framework.

Own risk and solvency assessment (ORSA)

Our ORSA process is an ongoing analysis of the Group's risk profile and the sufficiency of capital resources to sustain our business strategy over the plan horizon. The process, which covers the whole Group, considers how the financial and broader business risks to which we are exposed may evolve over the planning cycle. Stress and scenario testing is an essential element of the ORSA process.

Our principal risks and uncertainties

Our principal risks and uncertainties reflect those factors that may threaten the Group's business model, future performance, solvency or liquidity.

Our risk management framework

Risk appetite	The documenting of the Group's overall attitude to risk and the ranges and limits of acceptable risk taking.
Risk taking authorities	The formal cascade of our risk appetite to managers, empowering them to make decisions within clearly defined parameters.
Risk policies	Defines required approaches to managing specific risks so that residual exposures are within appetite.
Risk identification and assessment	Tools and resources to help managers identify and evaluate the risks to which we may be exposed.
Risk management information	How we report and review ongoing and emerging risks and assess actual risk positions relative to the risk targets and limits that we set.
Risk oversight	Oversight of risk management by L&G's risk teams.
Risk committees	Group-level Committees oversee the management of risks and challenges how the risk framework is working. The role of the Group Risk Committee is set out on page 61.
Culture and reward	Performance measures that focus on the delivery of effective risk management, business and customer and client strategy, and culture.

It is used to show us how key risk exposures respond to different risk factors, together with the sensitivity and the resilience of capital and liquidity to a range of extreme but plausible events. The stress testing component of our framework assesses the effect of a move in one or more risk factors at a point in time. The scenario element considers group-wide multi-year projections of capital and liquidity across a range of downside conditions in financial markets, demographics, and the broader economy. The ORSA process is integrated into our business risk and capital management activities and aligned with the strategic planning process to inform forward-looking decision making. As such, it is a key business management tool.

Capital management

Our risk-based capital model seeks to provide a quantitative assessment of the Group's risk exposures. It forms part of the suite of tools we use to evaluate our strategic plans, set risk appetite, allocate capital, and evaluate product pricing. Our model is also used to assess significant transactions, including large PRT deals, new asset classes, M&A and disposal activity and so on.

Our risk landscape	Principal risks and uncertainties
Asset risks	Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital.
	In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss.
	We fail to respond to the emerging threats from climate change for our investment portfolios and wider businesses.
Insurance risks	Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our reserves.
	Changes in capital requirements, including Insurance Capital Standards (ICS), could impact our reported solvency position and our dividend and capital return policy.
Non-financial and strategic risks	Failure to effectively implement financial services regulatory or legislative change in a timely manner could lead to regulatory censure, reputational damage and deteriorating customer and client outcomes.
	New entrants and/or new technology may disrupt the markets in which we operate.
	A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage.
	The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities.

Group Board viability statement

Group Board viability statement

The Group's strategy is developed, and economic decisions are made, around meeting the long-term protection and savings needs of its customers, and around creating long-term value for customers, clients and shareholders over a period of many years. This reflects the Group's business and investment models which combine managing credit, longevity and market risks over long-term relationships.

The Group's long-term prospects

The Group's prospects are primarily assessed through our strategic and planning processes. Performance against our annual strategic planning process is continuously monitored, and it underpins our business planning model. We consider the sustainability and resilience of our business model over the long term, including our new strategic priorities detailed on page 15, and longer-term trends in areas such as technology and climate change, as our investment and insurance products and customer and client relationships are long-standing ones.

The Group is also subject to regulation and supervision, which requires us to manage and monitor solvency, liquidity and longer-term risks, to ensure that we can continue to meet our policyholder obligations.

This long-term prospect assessment is over a longer period than that over which the Board has assessed the Group's viability.

Period of viability assessment

While the Board has considered adopting a longer period, it believes that five years is the most appropriate time frame over which it should assess the long-term viability of the Group, as required within provision 31 of the UK Corporate Governance Code. The following factors have been taken into account in making this decision:

- we have reasonable clarity over a five-year period, allowing an appropriate assessment of our principal risks to be made
- the assessment is underpinned by our business planning process, and so aligns to the period over which major strategic actions are typically delivered, and takes account of the economic environment and evolving political and regulatory landscape during the relevant period.

Our business planning process is an annual process and culminates in the production and review of the Group's business plan. Our plan is built up from divisional submissions, and considers the profitability, liquidity, cash generation and capital position of the Group. This projection process involves setting a number of key assumptions, which are inherently volatile over a much longer reporting period, such as foreign exchange rates, interest rates, economic growth rates, the continued optimisation of capital strategies for Solvency II, and the impact on the business environment of changes in regulation or similar events.

The Board carries out a detailed review of the draft plan during the Group Board's annual strategy assessment, and amendments are made accordingly. Part of the Board's role is to consider the appropriateness of any key assumptions made. The latest annual plan was approved in December 2024, resulting in our current five-year business plan.

How we assessed our viability

In making its assessment of viability, the Board has considered a number of factors, including but not limited to:

- a robust and detailed assessment of the Group's risk profile and both principal and emerging risks (see below for further detail), in particular those risks which could have a material impact on the Group's future operations, financial condition or regulatory expectations
- the impact of various stress scenarios on both the Group's viability (see further detail below) and operational resilience
- the stability of major markets in which the Group operates and material known regulatory changes
- the sustainability of any future capital distributions
- the impact of the Group's net zero ambitions, and the Group's ability to adapt its operations and business strategy to address the financial risks arising from both the physical risk of climate change and the transition to a low-carbon economy.

The Board regularly considers the potential financial and reputational impact of the Group's principal risks (as set out on pages 49 to 53) on our ability to deliver the business plan, and we regularly review and refresh our principal risks to reflect current market conditions and changes in our risk profile. In its assessment of viability, the Board has taken into consideration all of the Group's principal risks, as any significant change in the risk profile or outlook of those principal risks, or inadequate mitigation, could have a significant impact on the Group's viability over the assessment time frame.

Quantitative stress and scenario testing is undertaken to enable the Board to consider the Group's ability to respond to a number of plausible individual and combined shocks, both financial and non-financial, which could adversely impact the profits, capital and liquidity projections in the Group plan. During 2024, the Board continued to consider the impacts of a severe market event, which was set with reference to the Bank of England's latest 'Annual Cyclical Scenario', modified to reflect the Group's underlying risk profile. The scenario is broadly based on the Global Financial Crisis of 2008 for market risks exposures, and 2002 experience for rating transitions (downgrades and spreads).

The scenarios tested showed that the Group would continue to have sufficient headroom to maintain viability over the five-year planning period, after taking into account mitigating actions to manage the impacts on capital and liquidity. The Group maintains buffers and a suite of management actions to maintain resilience to adverse scenarios and preserve the Group's viability. It is clearly possible that shocks could be more severe, occur sooner and/or last longer than we have currently considered plausible.

Additionally, reverse stress testing and contingency planning gives the Board a solid understanding of the Group's resilience to extremely severe scenarios which could threaten the Group's business model and viability. This analysis assists in identifying any mitigating actions that could be taken now, or triggers to put in place for future actions. Potential scenarios that were explored included severe capital market stresses, adverse regulatory changes, reputational and internal or external events causing falls in business volumes, and severely adverse claims experience. The results confirmed that the Group remains resilient to extreme stresses as a result of the risk management system in place and the diverse range of mitigating actions available, including raising of capital or reduction in the level of dividends and other capital returns.

Our conclusion on viability

Following this assessment, taking into account the Group's current position and principal risks, the Board can confirm that it has a reasonable expectation that the Group will continue in operation and meet its liabilities, as they fall due, over a viability horizon of five years. The Board's five-year viability and longer-term prospects assessment is based upon information known today.

Principal risks and uncertainties


The directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks are set out below including details of how they have been managed or mitigated. Further details of the Group's inherent risk exposures are set out at Notes 8 and 16 to 18 of the financial statements.


Risks and uncertainties	Risk management
<p>Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital.</p> <p>The performance and liquidity of financial and property markets, interest rate movements and inflation impact the value of investments we hold in both shareholders' funds and to meet the obligations from insurance business; the movement in certain investments directly impacts profitability. Interest rate movements and inflation can also change the value of our obligations and, although we seek to match assets and liabilities, losses can still arise.</p> <p>Falls in the risk-free yield curve can also create a greater degree of inherent volatility to be managed in the solvency balance sheet, potentially impacting capital requirements and surplus capital. Rises in risk-free rates can lead to reduced liquidity buffers. Falls in investment values can reduce our investment management fee income.</p>	<p>We cannot completely eliminate the downside impacts on our earnings, profitability, liquidity, or surplus capital from investment market volatility and adverse economic conditions, although we seek to position our investment portfolios and wider business plans for a range of plausible economic scenarios and investment market conditions to ensure their resilience across a range of outcomes. This includes setting risk limits on exposures to different asset classes, and where hedging instruments exist, we seek to use them to limit our exposures to risks which are not adequately rewarded. We maintain a range of actions to retain liquidity flexibility.</p> <p>Our ORSA process is integral to our risk management approach, and includes an assessment of the financial impacts of risks associated with investment market volatility and adverse economic scenarios for our solvency balance sheet, capital sufficiency, and liquidity requirements.</p> <p>Outlook</p> <p>The global economic outlook remains uncertain with the potential for external shocks to knock economies and markets off course.</p> <p>Our businesses are primarily exposed to economic conditions in the UK and US. Central bank interest rates were cut during 2024 in the UK and US, however there remains uncertainty around the pace and timing of any further cuts and there is no guarantee of a 'soft landing' for either economy.</p> <p>Geopolitical risk factors remain elevated – this includes ongoing conflicts in Ukraine and the Middle East, and the impact of a resurgence of populist and nationalist politics on domestic and international policy.</p> <p>Asset values, including commercial and residential property prices, remain susceptible to reappraisal should the current economic outlook deteriorate, as well as from a range of geopolitical factors. During 2024, we have seen signs of commercial property markets stabilising, although transaction volumes remain low and the office sector continues to show pressure. Within our construction businesses, supply chain pressure and cost inflation appear to be moderating, although we remain vigilant over cost inflation being absorbed by the supply chain. Labour shortages also continue to present risk.</p>
<p>In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss.</p> <p>Systemic corporate sector failures, or a major sovereign debt event, could, in extreme scenarios, trigger defaults impacting the value of our bond portfolios. Under Solvency II, a widespread widening of credit spreads and downgrades can also result in a reduction in our balance sheet surplus, despite already having set aside significant capital for credit risk.</p> <p>We are also exposed to default risks in dealing with banking, money market and reinsurance counterparties, as well as settlement, custody, and other bespoke business services. Default risk also arises where we undertake property lending, with exposure to loss if an accrued debt exceeds the value of security taken.</p>	<p>We manage our exposure to downgrade and default risks within our bond portfolios, through setting selection criteria and exposure limits, and using Asset Management's global credit team's capabilities to ensure risks are effectively controlled and where appropriate trading out to improve credit quality. In our property lending businesses, our loan criteria take account of borrower creditworthiness and the potential for movements in the value of security.</p> <p>We manage our reinsurer exposures tightly, with the vast majority of our reinsurers having a minimum A- rating, setting rating-based exposure limits, and where appropriate taking collateral. Similarly, we seek to limit aggregate exposure to banking, money market and service providers. While we manage risks to our balance sheet, we can never eliminate downgrade or default risks, although we seek to hold a strong balance sheet that we believe to be prudent for a range of adverse scenarios.</p> <p>Outlook</p> <p>The risk of credit default increases in periods of low economic growth, and we continue to closely monitor the factors that may lead to a widening of credit spreads including the outlook for the real economy and fiscal and monetary policy.</p> <p>Although real incomes in the UK have risen in 2024, any reversal of this would particularly impact economic activity in sectors reliant on discretionary spending. The recent UK budget announced tax and spending measures that have dampened consumer and business sentiment.</p> <p>Growth forecasts are modest and employers are cautious on the impact of increased labour costs.</p> <p>Economic growth in the US continues to be strong, and there is broad optimism that the new administration will support domestic manufacturing. However, we believe uncertainty over new policies, in particular around tariffs and immigration, poses downside risks.</p> <p>We remain vigilant, closely monitoring all the names/assets in our portfolio in the short term, as well as forming views on the medium- to long-term outlook. Our credit portfolio remains overwhelmingly (98%+) investment grade.</p>


Principal risk and uncertainties continued

Risks and uncertainties	Risk management
<p>We fail to respond to the emerging threats from climate change for our investment portfolios and wider businesses.</p> <p>As a significant investor in financial markets, commercial real estate and housing, we are exposed to climate-related transition risks. Abrupt shifts in the political and technological landscape could impact the value of those investment assets associated with higher levels of GHG emissions.</p> <p>Physical risks, stemming from extreme outcomes, could impact the valuation of at-risk assets; for example, floods could impact the value of our property assets; and could also potentially have longer-term effects on mortality rates.</p> <p>We are also exposed to reputation and climate-related litigation risks should our responses to the threats from climate change be judged not to align with the expectations of advocacy groups. Our risk management approach is also reliant upon the availability of verifiable consistent and comparable emissions data.</p>	<p>We recognise that our scale brings a responsibility to act decisively in positioning our balance sheet in the context of the threats from climate change. We continue to embed the assessment of climate risks in our investment process, including in the management of real assets. We measure the carbon intensity of our investment portfolios. Along with specific investment exclusions for carbon intensive sectors, we have set overall reduction targets aligned with the 1.5°C 'Paris' objective. This includes science-based targets to support our emission reduction goals in line with our transition plan.</p> <p>We are evolving our approach to the inclusion of nature and biodiversity alongside our climate risk work.</p> <p>Alongside managing physical and transition exposures, we closely monitor the political and regulatory landscape, and as part of our climate strategy, we engage with regulators and investee companies in support of climate action. As we change how we invest, the products and services we offer, and how we operate, we are also mindful of the need to ensure that we have the right skills for the future.</p> <p>Outlook</p> <p>Over the next decade, the change necessary to meet global carbon reduction targets will require societal adjustments on an unprecedented scale.</p> <p>Recent events, particularly the increasing frequency of record-breaking heat and extreme weather, have demonstrated the impacts of increased climate volatility can be significant and may emerge rapidly.</p> <p>A failure by governments to ensure an orderly transition to low-carbon economies increases the risk for sudden late policy action and large, unanticipated shifts in the asset values of impacted industries. While our transition plans seek to minimise our overall exposure to this risk, their execution is dependent on the delivery of the policy actions and the climate reduction targets of the firms we invest in. The actions governments take will also, to a significant extent, impact on our ability to deliver upon the climate-related targets we have set ourselves, and as the science of climate change evolves, we may need to adapt our approach. Anti-ESG sentiment, particularly within countries with a high dependency on fossil fuel-related industries, may also constrain global ambition in addressing climate change as well as limiting investment opportunities.</p> <p>Although a broad set of actions to limit global warming are underway, we are moving to a situation where the path to achieving a near-1.5°C temperature increase is becoming narrower. While we retain our current ambition, this could also have an impact on our ability to meet the climate-related targets we have set ourselves.</p> <p>We expect a continuing and increased focus on nature and biodiversity risks going forward.</p>



Our journey to net zero



 Discover more online

Climate transition plan

Risks and uncertainties

Risk management

Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our pricing and reserving bases.

Changes in capital requirements, including UK and ICS, could impact our reported solvency position and our dividend and capital return policy.

The pricing of long-term business requires the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. Actual experience may require recalibration of these assumptions, changing the level of liability provisions and impacting reported profitability.

Regulation defines the overall framework for the design, marketing, taxation and distribution of our products, and the prudential provisions and capital that we hold. Significant changes in legislation or regulation may increase our cost base, reduce our future revenues, impact profitability or require us to hold more capital.

The prominence of this risk increases where change is implemented without prior engagement with the sector. The nature of long-term business can also result in some changes or re-interpretation of regulation over time, having a retrospective effect on in-force books of business, impacting future cash generation.

Changes in these areas can affect our reported solvency position and our dividend and capital return policy.

We undertake significant analysis of the variables associated with writing long-term insurance business to ensure that a suitable premium is charged for the risks we take on, and that provisions continue to remain appropriate for factors including mortality, lapse rates, expenses, and credit defaults in the assets backing our insurance liabilities.

We seek to have a comprehensive understanding of longevity, mortality, and morbidity risks, and we continue to evaluate wider trends in life expectancy. However, we cannot remove the risk that adjustments to reserves may be required, although the selective use of reinsurance acts to reduce the impact to us of significant variations in life expectancy and mortality.

We actively engage with government and regulatory bodies to assist in the evaluation of regulatory and tax change to promote outcomes that meet the needs of all stakeholders. To influence policy, our interactions with the government and policy teams at regulators include face-to-face and virtual meetings, written responses to discussion papers and consultations, ad hoc communications and attendance at roundtables with industry peers. With our experience in various sectors, we can explain how proposed policy translates into practice and identify potential issues or unintended consequences that might arise.

When such regulatory changes move to the implementation stage, we undertake detailed gap analysis work and, depending on the scale of the remediation required, establish project management arrangements with first- and second-line teams working together. This is to ensure we deliver regulatory change effectively and efficiently, minimising disruption to our operations and to our customers and clients.

Outlook

At times, we have seen elevated levels of mortality in both the UK and the US since the Covid-19 pandemic, and there is continued uncertainty in the outlook, albeit this has somewhat reduced with the passage of time. The causes are unclear but may reflect indirect impacts of Covid-19-related illness, and the deferral of diagnostics and medical treatments for other conditions.

Cost of living pressures and government spending decisions, particularly relating to health and care, also have the potential to affect mortality outcomes.

Along with the emergence of new diseases and changes in immunology impacting mortality and morbidity assumptions, other risk factors that may impact future reserving requirements include significant advances in medical science leading to more effective treatments, beyond that anticipated, requiring adjustment to our longevity assumptions.

While at present we do not believe climate change to be a material driver for mortality and longevity risk in the medium term, we continue to keep this under review.

The UK has experienced elevated levels of inflation in recent years, but this has returned closer to the Bank of England's inflation target. Inflationary pressure impacts the level of our expense base, and there is an additional risk that complying with new regulatory requirements increases costs. We have carefully evaluated the impact of expected price and salary inflation in our pricing and reserving assumptions and will continue to proactively monitor this on an ongoing basis.

Changes in capital standards, both in the UK and elsewhere, could impact our reported solvency position and our dividend and capital return policy.

Post-Brexit, the UK is reforming its capital regime to move from Solvency II to Solvency UK. The key changes are designed to enable annuity product providers to invest more broadly to diversify risk and support investment in the UK economy. We have developed our risk framework to meet or exceed regulatory expectations on subjects such as funded reinsurance, Matching Adjustment and liquidity risk management and reporting.

The Bermuda Monetary Authority (BMA) revised its capital regime for life insurers during 2023, with changes effective from March 2024 and reflected in our results.

The ICS, a global minimum standard capital for Internationally Active Insurance Groups (IAIGs), was adopted by the International Association of Insurance Supervisor (IAIS) in December 2024. L&G Group, designated an IAIG by the PRA, has actively participated in consultations on the standard. If Solvency UK is considered as strong as the ICS, it may be used for ICS compliance and therefore would result in little impact on the L&G Group. We will continue to engage with both the PRA and the IAIS during this period.

New UK rules implementing both a global minimum tax regime and a UK domestic minimum tax regime at 15% applied from 1 January 2024 to all of the Group's businesses globally with work underway to ensure compliance and to engage with regulators as implementation and guidance on the new regimes develops.

Bermuda has introduced a corporate income tax regime from 1 January 2025, and there is ongoing consultation on the implementation of the new regime.

Principal risk and uncertainties continued

Risks and uncertainties

Failure to effectively implement regulatory or legislative change applying to the financial services sector in a timely manner could lead to regulatory censure, reputational damage, and deteriorating customer and client outcomes.

We are exposed to several risks where effective identification and implementation of regulatory changes are particularly important. These include changes relating to our management of operational risk, conduct risk, climate risk and health and safety risk. The magnitude or scope of some regulatory changes can have a bearing on our ability to deliver our overall strategy.

Regulatory or legislative changes can have a significant impact on our business. Such changes could limit our ability to operate in certain markets or sectors, potentially leading to a reduction in our customer and client base and revenue.

There is a risk that regulatory policies could develop in a manner that is detrimental to our business and/or customers and clients. Alternatively, it could develop in a way that presents opportunities, but we fail to revise our strategy and adapt quickly enough to benefit.

Non-compliance with new regulations or legislation could potentially damage our reputation. This could lead to a loss of customer and client trust and result in regulatory sanctions including potentially significant monetary penalties.

Risk management

We identify, track and review the impact of regulatory and legislative change through our internal control processes, with material updates being considered at the Executive and Group Risk Committees and the Group Board. Our processes are designed to ensure compliance with all new and developing regulations.

We actively engage with regulatory bodies to ensure we maintain high standards of business and deliver for our customers and clients.

In 2023, we successfully implemented the Consumer Duty for open products, and our work on legacy products is also now complete. We have also made strong progress on our implementation of the UK's Operational Resilience rules which are due to come into force in March 2025.

We seek to influence the direction of travel on various regulatory policy themes at the government and regulator level for the benefit of our customers, clients and other stakeholders.

Outlook

The volume and burden of regulatory change remains high across the sectors we operate in. We analyse, interpret and implement all relevant financial services legislation and regulation impacting our business units ensuring appropriate levels of governance and assurance.

Key forthcoming developments in our risk areas include:

Operational risk: work is underway to comply with the UK's new operational resilience rules by 31 March 2025 and similar rules in other jurisdictions.

Conduct risk: the FCA has committed to consulting on rules to better support consumers in retail investments and pensions in H1 2025. The FCA and Government have also committed to developing a new UK retail disclosure regime, the Consumer Composite Investment regime. In early 2025, the FCA will launch a Market Study into the distribution of pure protection products. New rules on diversity and inclusion in financial services are expected, likely leading to increased data collection, disclosure and reporting requirements. We maintain a focus on minimising the risks of financial crime for our customers and clients and on our financial results.

Climate risk: there continues to be a variety of moving pieces in the development of climate regulation at the UK, the US and EU level. We anticipate more focus on scenario testing and scrutiny on sustainability claims following the FCA's new anti-greenwashing rule and Sustainability Disclosure Regulations effective from 31 May 2024. We continue to await the outcome of developments on the UK Green Taxonomy and are preparing for the implementation of International Sustainability Standards Board (ISSB) disclosure standards from 2026. Requirements relating to nature continue to evolve rapidly.

Health and safety: we have enhanced our governance processes and developed a three-year strategy focusing on culture, quality, consistency, technology, and keeping pace with change. Initial registration requirements for the UK's new Buildings Safety Act were met and we are working to ensure we meet all the Act's requirements. Our overall health and safety risk exposure is expected to decrease materially following the sale of CALA Group (Cala).

Strategic risk: we continue to follow and engage closely with the new UK Government on the reforms being proposed as part of the Pensions Investment Review and related initiatives. We were the first major pension provider to successfully pass integration testing with the Pension Dashboard Programme ahead of connections starting in April 2025.

Risks and uncertainties

Risk management

New entrants and/or new technology may disrupt the markets in which we operate.

There is already strong competition in our markets, and although we have had considerable past success at building scale to offer low-cost products, we recognise that markets remain attractive to new entrants.

We are also cognisant of competitors who may have lower return on capital requirements or be unconstrained by Solvency II and/or Solvency UK.

The continued evolution of AI has the potential to be a significant disrupting force across our businesses, for example, by enabling new entrants to compete with potentially lower costs, and more efficient processes. The technology itself could have an impact on asset valuations, and on our liabilities including through its impact on life sciences and health care systems effectiveness.

We continuously monitor the factors that may impact the markets in which we operate.

We have responded to the rapid advancement and accessibility of generative AI (GenAI) capabilities from third parties by launching a central AI Accelerator programme. This initiative brings together colleagues across the Group to shape and incubate our generative AI approaches, raise awareness and educate our business, and deliver a secure environment for internal test and learn use cases.

Our regulatory developments team keeps a close watch on the AI landscape across all our jurisdictions. We have been actively engaged in numerous consultations in relation to AI and GenAI.

Outlook

We observe a continued acceleration of a number of trends, including greater consumer engagement in digital business models and online servicing tools. In the current operating environment, businesses like ours have transformed working practices, and we anticipate further investment in automation, using robotics and machine learning to enhance business efficiency. We are deepening our understanding of the impacts of generative and traditional AI on our businesses and in the wider sector.

Our businesses are also well positioned for changes in the competitive landscape that may arise from pensions-related changes. We welcome innovation in the market, such as the proposed rollout of defined benefit 'superfund' consolidation schemes, as long as the security of members' benefits is prioritised. We may see alternative de-risking offerings coming to the market targeting a similar segment to superfunds, for instance, for DB schemes with funding levels of around 90%.

The pension dashboards initiative will also be a positive development. We are well positioned for connecting, having passed integration testing.

On the 'collective' defined contribution reform, while we have seen limited demand for this to date, it may hold the potential to disrupt both the workplace and retirement income market.

A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage.

We have constructed our framework of internal control to minimise the risk of unanticipated financial loss or damage to our reputation. However, no system of internal control can completely eliminate the risk of error, financial loss, fraudulent actions, or reputational damage. We are also inherently exposed to cyber threats including the risks of data theft and fraud, and more generally it is imperative that we maintain the privacy of our customers' and clients' personal data. There is also strong stakeholder expectation that our core business services are resilient to operational disruption.

Our risk governance model seeks to ensure that business management is actively engaged in maintaining an appropriate control environment, supported by risk functions led by the Chief Risk Officer, with independent assurance from Group Internal Audit.

We continue to evolve our risk management approach for change, IT, security, operational resilience and data access and privacy.

While we seek to maintain a control environment commensurate with our risk profile, we recognise that residual risk will always remain across the spectrum of our business operations, and we aim to develop response plans so that when adverse events occur, appropriate actions are deployed.

Outlook

We continue to remain alert to evolving operational risks and invest in our system capabilities, including those for the management of cyber risks, to ensure that our important business processes are resilient. We also remain cognisant of the risks as we implement a new global operating model and IT platform for Asset Management and have structured the migration in phases to minimise change risks.

The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities.

The Group aims to recruit, develop and retain high quality individuals. We are inherently exposed to the risk that key personnel or teams and their associated expertise may leave the Group, with an adverse effect on the Group's businesses. As we increasingly focus on the digitalisation of our businesses, we are also competing for technology and digital skill sets with other business sectors as well as our peers.

We seek to ensure that key personnel dependencies do not arise, through employee training and development programmes, remuneration strategies and succession planning.

Our processes include the active identification and development of talent within our workforce, and by highlighting our values and social purpose, promoting L&G as a great place to work. As well as investing in our people, we are also transforming how we engage and develop capabilities, with new technologies and tools to support globalisation, increase productivity and provide an exceptional employee experience.

Outlook

Competition for talent remains strong with skills in areas such as investment management and data particularly sought after across many business sectors, including those in which we operate. We also recognise the risks posed by the outlook for inflation in salary expectations across the wider employment market, and internally we have taken steps to help our employees through direct financial support and by providing advice and resources to help them manage their financial well being. The recent increase in employer National Insurance contributions and the reduction in contribution threshold may impact operational costs. We remain committed to attracting and retaining top talent by continuously adapting our strategies to the evolving market conditions.

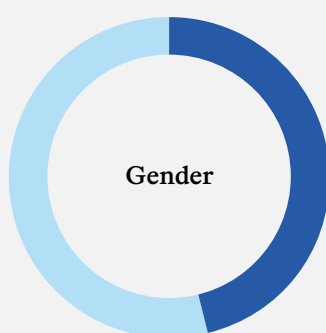
Governance at a glance



Inside this section

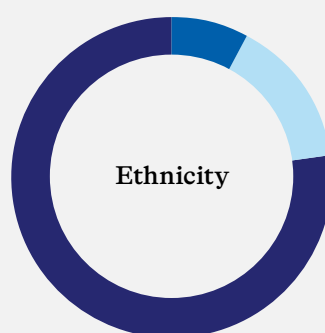
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Board composition



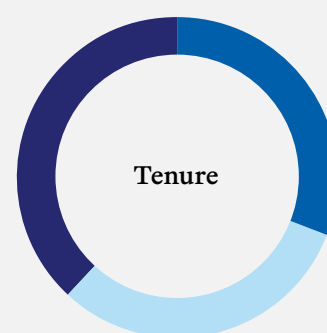
As at 31 December 2024, the Board comprised:

- 46% Women
- 54% Men



As at 31 December 2024, the Board comprised individuals from the following ethnic groups:

- 8% Black
- 15% South Asian
- 77% White



As at 31 December 2024, the length of tenure of the Board varied:

- 31% Over 6 years
- 31% Between 3 and 6 years
- 38% Between 0 and 3 years

Reporting against the 2018 UK Corporate Governance Code (the 'Code')

Details of how we have applied the principles, and complied with the provisions, of the Code are set out within this Annual report and accounts. For more information on our compliance, please visit the relevant sections as outlined in the table to the right. Our compliance statement can be found on page 61 of this report.

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Letter from the Chair



Our established governance framework is central to decision making and has continued to enable robust oversight and sharp focus from the Board during a period of strategic transformation.



Sir John Kingman
Chair



Dear shareholders,

The Board's primary objective is to promote the long-term success of the Company for the benefit of its stakeholders. Throughout the year, the Board has been focused on overseeing the development and effective execution of the Group's new strategy and financial targets. This new strategy sets out how we will deliver L&G's next phase of sustainable growth and enhanced returns, through focused capital allocation and rigour in execution. By seizing the opportunity in Institutional Retirement, while investing to scale and deepening our capabilities in Asset Management and Retail, we will evolve our business to address society's changing investment needs, while investing for the long term. The Group is making good progress in delivering this strategy and is well positioned to capitalise on future market opportunities, despite ongoing macroeconomic and geopolitical uncertainty.

Annual General Meeting (AGM)

The 2025 AGM will be held on Thursday 22 May 2025 at the British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, once again in a hybrid format, with facilities for shareholders to join and vote electronically.

Full details of the business to be considered at the meeting will be included in the Notice of Annual General Meeting that will be sent to shareholders by their chosen communication method and published on our website:



Discover more online

group.legalandgeneral.com/AGM

Enhanced returns

As part of the new strategy, the Board has also overseen the development of the new capital allocation policy which prioritises:

- a strong and sustainable balance sheet, supported by strong capital generation from our divisions
- investment for growth, with disciplined investment in organic growth and potential bolt-on acquisitions
- shareholder returns, with surplus capital to be returned to shareholders in the form of dividends or buybacks.

Since June 2024, a revised capital allocation policy has been embedded across the Group, aligning investment to rigorous assessment of performance and strategic fit. We maintain discipline in our capital allocation by reviewing our investment criteria to reflect changing macroeconomic conditions. Within a wider framework of controls, these practices have contributed to the delivery of our financial objectives and achievement of significant milestones in the year. The Board has confirmed its intention to return more to shareholders over 2024 – 2027, through a combination of dividends and buybacks, with 5% dividend per share (DPS) growth to FY24 and the completion of a £200 million share buyback programme. In February 2025, we announced the sale of our US insurance entity to Meiji Yasuda, and the creation of a long-term strategic partnership, for a sale price of \$2.3 billion. In line with our capital allocation framework and following completion of the transaction, it is the Group's current intention to return £1 billion to shareholders, representing more than half of the proceeds.

All future capital returns will be subject to the market environment, our views on solvency buffers, and opportunities for investment in the business, as well as regulatory approval. In line with this approach, the Board has recommended a final dividend of 15.36 pence, up 5% from the prior year (14.63 pence). More information on our intention to enhance returns for shareholders can be found on page 13.

Leadership appointments

Throughout the year, we have further strengthened the Board and leadership team as the Company pursues its ambitious growth strategy as a simpler and better-connected business. L&G continues to benefit from an excellent Board with a diverse range and depth of expertise and skills. Each year, the Nominations and Corporate Governance Committee considers the Board's skills and experience to support discussions around non-executive succession planning.

Looking ahead to two long-standing non-executive directors coming to the end of their tenures in 2025, this year we implemented phased succession plans for both Philip Broadley and Lesley Knox, along with other key Board roles. This included the search and appointment of our new Non-Executive Director, Clare Bousfield, who was appointed to the Board in December 2024, and the upcoming appointment of Mark Jordy, Chair of our principal operating subsidiary in the Asset Management division, L&G – Asset Management Limited, in July 2025.

In addition, Henrietta Baldock will succeed Lesley as Senior Independent Director in May 2025, and Carolyn Johnson will replace Nilufer Kheraj as the Board's Designated Workforce Director in April 2025, following conclusion of Nilufer's three-year term in the role.

Philip and Lesley have supported the Company through a period of significant evolution, and I would like to thank them on behalf of the Board for their immense contributions to the Company throughout each of their tenures.

As part of the new strategy, the Group began a global search for a CEO to lead the growth of the new Asset Management division, taking over from Michelle Scrimgeour. Following a rigorous search process, the Board was pleased to approve the appointment of Eric Adler as CEO of Asset Management. Eric brings to the Company broad investment expertise, deep international experience, and a strong client focus. In addition, the Board was also pleased to appoint Laura Mason as CEO, Retail, taking over from Bernie Hickman, who stood down after 26 years of service with L&G. Laura brings group-wide experience and an in-depth knowledge of L&G, having been part of the founding team of the alternative assets business, and also having previously led the Institutional Retirement division. In October 2024, we also announced the appointment of Katie Worgan to the newly created role of Group Chief Operating Officer. Katie combines a global, customer-centric mindset and technical expertise with proven experience leading large and complex businesses through transformation. On behalf of the Board, I would like to thank Michelle and Bernie for their significant contributions to L&G and we wish them well for the future. We welcome Eric, Laura and Katie to their new roles and look forward to working with them.

I am confident these appointments will enhance the existing expertise and skills of the Board and the Group Management Committee, and will support the Company in achieving its strategic ambitions. More details on the executive and non-executive appointments during the year can be found in the Nominations and Corporate Governance Committee Report on pages 80 to 85.

Purpose

In December, the Board approved L&G's refreshed purpose statement, which was subsequently launched in January 2025. Our purpose statement represents the culmination of an extensive stakeholder engagement process, including numerous focus groups with customers, clients and employees from across our business, ensuring that our purpose remains relevant and useful to us for the coming decade of transformation. As a Board, we believe that our refreshed purpose is credible, inspiring and actionable, and will be most valuable to us if it is used to motivate the actions which will deliver our new strategy. Throughout 2025, the Board will monitor the ways in which our purpose has been embedded across the organisation. More information on our refreshed purpose statement can be found on page 10.

Our approach to governance

The Governance section of this report sets out our governance framework and details how the Board and its Committees operated during 2024. As a Board, it is our role to promote the highest levels of corporate governance and ensure these values are embedded within our culture and throughout the organisation. As our business continues to evolve, and as we pursue our strategic transformation programme, our robust governance framework has continued to support the Board in its decision making and oversight of the Company. The implementation of a new executive governance framework in 2024 further optimised executive decision making across the Group and supported the Board in ensuring an appropriate level of centralised oversight and control over material group-level and group-wide matters, while also promoting accountability and autonomy through an appropriate divisional delegation framework.

For the year ended 31 December 2024, we were required to measure ourselves against the 2018 UK Corporate Governance Code. The Board has considered carefully the requirements of the Code and I am pleased to report that we have complied with all provisions of the Code throughout the year. Further details on our compliance with the Code and how we have applied the various principles can be found on page 61. The Board is supportive of the publication of the 2024 UK Corporate Governance Code, following engagement in the consultation process, and the Board will continue to oversee the work required to comply with the new requirements.

Stakeholder engagement

The Board continues to consider the views and interests of our stakeholders in its decision making and, through a combination of direct and indirect engagement, we remain informed of material issues and stakeholder priorities. As a Board, we are aware of the impact that our business and decisions have on our stakeholders, as well as wider society. We are therefore disciplined in our decision making to ensure that we are investing for the long term and achieving our strategic aims. The Board engages directly with colleagues through town halls, talent dinners, annual award ceremonies and visits to our offices in different locations. We were able to conduct a number of face-to-face interactions this year, including a visit to our office in Chicago, and a number of Board members were also able to visit our teams in Cardiff, Hove and Bermuda.

I am always impressed during our visits how our people really live our purpose, and how our values are demonstrated every day ensuring we are doing the right thing for our customers. Through their roles as Designated Workforce Director and Consumer Duty Champion, Non-Executive Directors Nilufer Kheraj and Laura Wade-Gery have also conducted a number of additional meetings and visits. We view this engagement as a valuable way to experience L&G's culture first-hand. Feedback from colleagues is critical to the Board and we continue to monitor our culture through employee engagement surveys. Details on the Board's consideration of stakeholders in its decision making throughout 2024 is outlined in our section 172(1) statement on pages 70 to 72. Examples of how we engage with our different stakeholders can be found on page 73.

Board effectiveness

Central to maintaining high standards of corporate governance and setting the right tone from the top is the review of the Board's own performance. During 2024, we conducted an internal effectiveness review of our Board and its Committees, which was externally facilitated by Clare Chalmers Limited. I am pleased to report that the tone of the feedback was positive overall, and indicated that the Board, and each of its Committees, continued to operate effectively. Further details of the process and outcome of this evaluation can be found on pages 84 to 85.

Looking forward

For the second year in a row, L&G was awarded Britain's Most Admired Company, ranking top among FTSE-listed companies in the UK spanning 28 different sectors. This is a unique achievement for a financial services organisation and is a strong endorsement of the way we work with our customers, clients, partners and communities, as well as the results we achieve. I would like to take this opportunity to thank everyone at L&G for their hard work and commitment to the business and our customers and clients. My fellow Board members and I feel confident and optimistic about the future of L&G as we execute our new strategy and continue to build on our strong performance track record to drive growth and deliver long-term shareholder value.

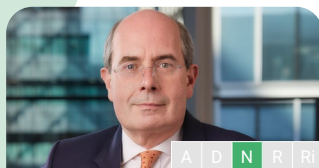


Sir John Kingman
Chair

Board of directors

Committee membership key

A	Audit
D	Data and Technology
N	Nominations and Corporate Governance
R	Remuneration
Ri	Risk
	Committee Chair



Sir John Kingman KCB FRS
Chair

Appointed October 2016

Contribution to the Board:
Financial sector, government and regulatory experience.

Experience:
John previously served as Second Permanent Secretary to HM Treasury, where he was closely involved in the UK response to the 2007 – 2008 financial crisis. He was the first Chief Executive of UK Financial Investments Ltd; and from 2010 to 2012, John was Global Co-Head of the Financial Institutions Group at Rothschild. From 2016 to 2021, he was the first Chair of UK Research & Innovation, which oversees government science funding of around £8 billion a year. In 2018, John undertook a highly critical independent review for the UK Government of the Financial Reporting Council.

Other appointments:

- National Gallery (Deputy Chair and Trustee)
- Barclays Bank UK PLC (Chair)
- Barclays PLC (Non-Executive Director)



António Simões
Group Chief Executive Officer

Appointed January 2024

Contribution to the Board:
Financial services, customer, international and technology experience.

Experience:
António has extensive financial services experience spanning over 25 years. Prior to his appointment, António was CEO of Banco Santander Spain and Regional Head of Europe. Before joining Santander, António spent 13 years at HSBC in various executive positions in London and Hong Kong, starting with strategy and M&A before leading different businesses as UK and European CEO and, finally, global CEO of private banking. Prior to that, he was a partner at McKinsey & Company. António studied in Lisbon (Nova School of Business and Economics), Milan (Bocconi) and New York (MBA from Columbia University). In 2009, he was appointed a Young Global Leader of the World Economic Forum. António was previously a member, and Chair, of the Practitioner Panel of the FCA. He was also a member of the Practitioner Panel of the PRA.

Other appointments:

- King's Trust International (Trustee)



Jeff Davies
Group Chief Financial Officer

Appointed March 2017

Contribution to the Board:
Financial, actuarial, insurance and technology experience.

Experience:
Prior to his appointment, Jeff served as a senior partner of Ernst & Young LLP (EY) and led its European risk and actuarial insurance services. Prior to joining EY in 2004, he held a number of senior actuarial roles at Swiss Re Life & Health. Jeff is a Fellow of the Institute of Actuaries.

Other appointments:

- Ethniki Hellenic General Insurance Company S.A. (Non-Executive Director)



Henrietta Baldock
Independent Non-Executive Director

Appointed October 2018

Contribution to the Board:
Financial services, insurance and investment banking experience.

Experience:
Henrietta has extensive knowledge of the financial services and insurance sector through her 25 years' experience in investment banking, most recently as Chair of European Financial Institutions at Bank of America Merrill Lynch.

Other appointments:

- Legal and General Assurance Society Limited (Chair)
- Investec plc and Investec Limited (Senior Independent Director)
- Investec Bank Plc (Non-Executive Director)
- Hydro Industries Limited (Non-Executive Director)
- Rathbones Group plc (Non-Executive Director)



Clare Bousfield
Independent Non-Executive Director

Appointed December 2024

Contribution to the Board:
Financial services, insurance, customer and digital experience.

Experience:
Clare's previous executive roles include positions at M&G Plc, where she served as both Group CFO and latterly CEO, Retail & Savings, and as CEO, Insurance for Prudential UK & Europe. She started her career at PwC and has previously served as a Non-Executive Director and Audit Committee Chair of RSA Insurance Group plc. Clare has also previously held senior roles at Aegon and Swiss Re Group.

Other appointments:

- Bupa (Non-Executive Director)
- IVC Evidensia (Non-Executive Director)
- Nucleus (Non-Executive Director)
- Recipharm (Non-Executive Director)



Philip Broadley
Independent Non-Executive Director

Appointed July 2016

Contribution to the Board:
International, financial, life insurance and asset management experience.

Experience:
Philip has over 30 years of experience in the insurance industry. He spent six years as Group Finance Director of Old Mutual plc and, prior to that, eight years in the same role at Prudential plc. He is a former Chair of the 100 Group of Finance Directors and a founding trustee of the CFO Forum of European Insurers. Philip graduated from St Edmund Hall, Oxford, where he is now a St Edmund Fellow. Philip is a Fellow of the Institute of Chartered Accountants in England and Wales.

Other appointments:

- AstraZeneca PLC (Senior Independent Director)
- Lancashire Holdings Limited (Chair)



Carolyn Johnson
Independent Non-Executive Director

Appointed June 2022

Contribution to the Board:
Insurance, financial services and US experience.

Experience:
Following a 30-year executive career in the US, Carolyn has deep experience in the life insurance market and is an accomplished business leader and experienced board member. She has previously held senior roles at AIG, Voya Financial and Protective Life Corporation.

Other appointments:

- Legal & General America, Inc. (Chair)
- Kuvare Holdings (Director)
- Beazley Plc (Non-Executive Director)
- Beazley Holdings Inc. (Chair)



Nilufer Kheraj OBE
Independent Non-Executive Director

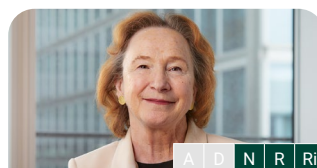
Appointed May 2021

Contribution to the Board:
Financial services, legal and regulatory and digital experience.

Experience:
Nilufer has considerable experience across a range of industries and sectors, including financial services, real estate, green infrastructure and fintech. She was previously the Head of the Financial Institutions Group and the Equity Capital Markets practice at Slaughter and May and has spent a large part of her 34-year career working with major international financial institutions. Nilufer is the Designated Workforce Director and Non-Executive Director for Climate.

Other appointments:

- IntoUniversity (Trustee)
- Oxford University Law Faculty (Visiting Professor)



Lesley Knox OBE
Senior Independent Director
Appointed June 2016; Senior Independent Director from September 2023

Contribution to the Board:
International, strategic and financial services experience.

Experience:
Lesley has spent over 18 years in senior roles in financial services, including with Kleinwort Benson, the Bank of Scotland and British Linen Advisors. Lesley previously served as Chair of Alliance Trust Plc and as Senior Independent Director at Hays Plc.

Other appointments:

- L&G – Asset Management Limited (Non-Executive Director)
- 3i Group Plc (Senior Independent Director)
- Genus Plc (Senior Independent Director)
- Dovecot Studios Limited (Non-Executive Director)
- Grosvenor Group Limited Pension Fund (Trustee)



George Lewis
Independent Non-Executive Director

Appointed November 2018

Contribution to the Board:
Financial services, asset management and international experience.

Experience:
George joined the Royal Bank of Canada (RBC) in 1986, serving in various financial and wealth management roles across Canada, Asia, US and the UK. He was a member of RBC's Group Executive Board from 2007 – 2015, with responsibility for RBC's wealth, asset management and insurance segments.

Other appointments:

- Legal and General Assurance (Pensions Management) Limited (Chair)
- Ontario Teachers' Pension Plan (Non-Executive Director)
- AOG Group (Non-Executive Director)
- South Bow Corporation (Non-Executive Director)
- James Richardson & Sons, Limited (Director)



Ric Lewis
Independent Non-Executive Director

Appointed June 2020

Contribution to the Board:
Asset management, real estate and US experience.

Experience:
Ric has more than 25 years of experience in the real estate sector, including as the Founder and Executive Chair of Tristan Capital Partners, an investment manager specialising in real estate investment strategies across the UK and continental Europe.

Other appointments:

- Tristan Equity Pool Partners (GP) Limited and Tristan Equity Partners (GP) Limited (Director)
- Dartmouth College (Trustee)
- Royal National Children's SpringBoard Foundation (Director)
- Black Heart Foundation (UK) Limited (Trustee, Chair and Founder)
- Black Equity Organisation (BEO) (Trustee)
- Imperial College London (Council Trustee)



Tushar Morzaria
Independent Non-Executive Director

Appointed May 2022

Contribution to the Board:
Financial services, investment banking and accounting experience.

Experience:
Tushar has extensive experience in strategic financial management and risk management, as well as experience in the US. He is a Chartered Accountant and was previously Group Finance Director at Barclays PLC and, prior to that, he was the Chief Financial Officer of Global Investment Banking at JP Morgan Chase & Co.

Other appointments:

- BP Plc (Non-Executive Director)
- BT Group Plc (Non-Executive Director)



Laura Wade-Gery
Independent Non-Executive Director

Appointed January 2022

Contribution to the Board:
Digital, strategic transformation and customer experience.

Experience:
Laura's previous executive roles include her position as Director of Multi-Channel, a main board member at Marks and Spencer Group Plc and as Chief Executive Officer of Tesco.com. Laura served as Chair of NHS Digital and Moorfields Foundation and has served as a Non-Executive Director of NHS England. She was previously a Non-Executive Director of the John Lewis Partnership and British Land Company Plc. Laura is the Board's Consumer Duty Champion.

Other appointments:

- Britten Pears Arts (Trustee and Chair of Trading Subsidiary)



Geoffrey Timms
Group General Counsel and Company Secretary
Geoffrey has been the Group General Counsel since 1999 and, in addition, the Group Company Secretary since 2008.

Group Management Committee

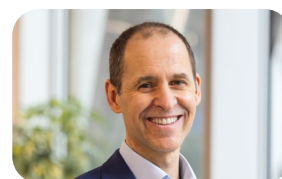
Our Group Management Committee has the appropriate balance of skills, knowledge and experience to successfully lead the execution of the Group's strategy.



António Simões
Group Chief Executive Officer



Jeff Davies
Group Chief Financial Officer



Eric Adler
Chief Executive Officer,
Asset Management



Emma Hardaker-Jones
Chief Transformation and
People Officer



Andrew Kail
Chief Executive Officer,
Institutional Retirement



Chris Knight
Group Chief Risk Officer



Laura Mason
Chief Executive Officer, Retail



Geoffrey Timms
Group General Counsel and
Company Secretary



Katie Worgan
Group Chief Operating Officer
Appointment effective March 2025

Group Management Committee changes throughout the year

A number of changes were made to the Group Management Committee this year to ensure our leadership team, operating model and structure continue to be set up for success to deliver our strategic vision of a simpler and better-connected L&G:

Eric Adler joined as the CEO of Asset Management, following the Group's announcement that it would bring together its public and private markets businesses as a unified global asset manager at its Capital Markets Event in June 2024. Michelle Scrimgeour stood down as CEO of the former Investment Management business, effective December 2024, following a handover period.

Katie Worgan will join as our Group Chief Operating Officer in March 2025. This newly created role will ensure we have joined-up, sharply focused business operations that enable us to work together with ease and deliver for our customers and clients.

Laura Mason, previously CEO of our Private Markets business, was appointed as CEO, Retail in December 2024, replacing Bernie Hickman.

Emma Hardaker-Jones, previously HR Director, was appointed as Chief Transformation and People Officer in March 2024, combining her people experience and the Group's transformation agenda.

Our executive governance framework

Towards the end of 2023, a group-wide project was initiated to explore how we could best optimise executive decision making across the Group and enhance collaboration across executive management, while simultaneously promoting appropriate divisional and functional accountability and autonomy. Following this, a new executive governance framework was implemented from January 2024.

Group Chief Executive Officer (Group CEO)

Group Management Committee (GMC)

The GMC is a formal committee of the Group CEO. Its purpose is to support the Group CEO in the discharge of those things within his authority as delegated to him by the Group Board, in particular in relation to group-wide strategic and material matters, and to identify matters required for escalation to the Board.

Investment Committee
Provides oversight and, where appropriate, approval of Group transactions.

Executive Risk Committee
Provides oversight of the management of key risks, sets risk appetites and mandates, and identifies matters which require escalation to the Group Risk Committee.

Disclosure Committee
Oversees the management of inside information, and manages the content and requirements of material announcements to the market.

Executive Data and Technology Committee
Oversees technology and data management and provides strategic guidance to ensure alignment with business goals.

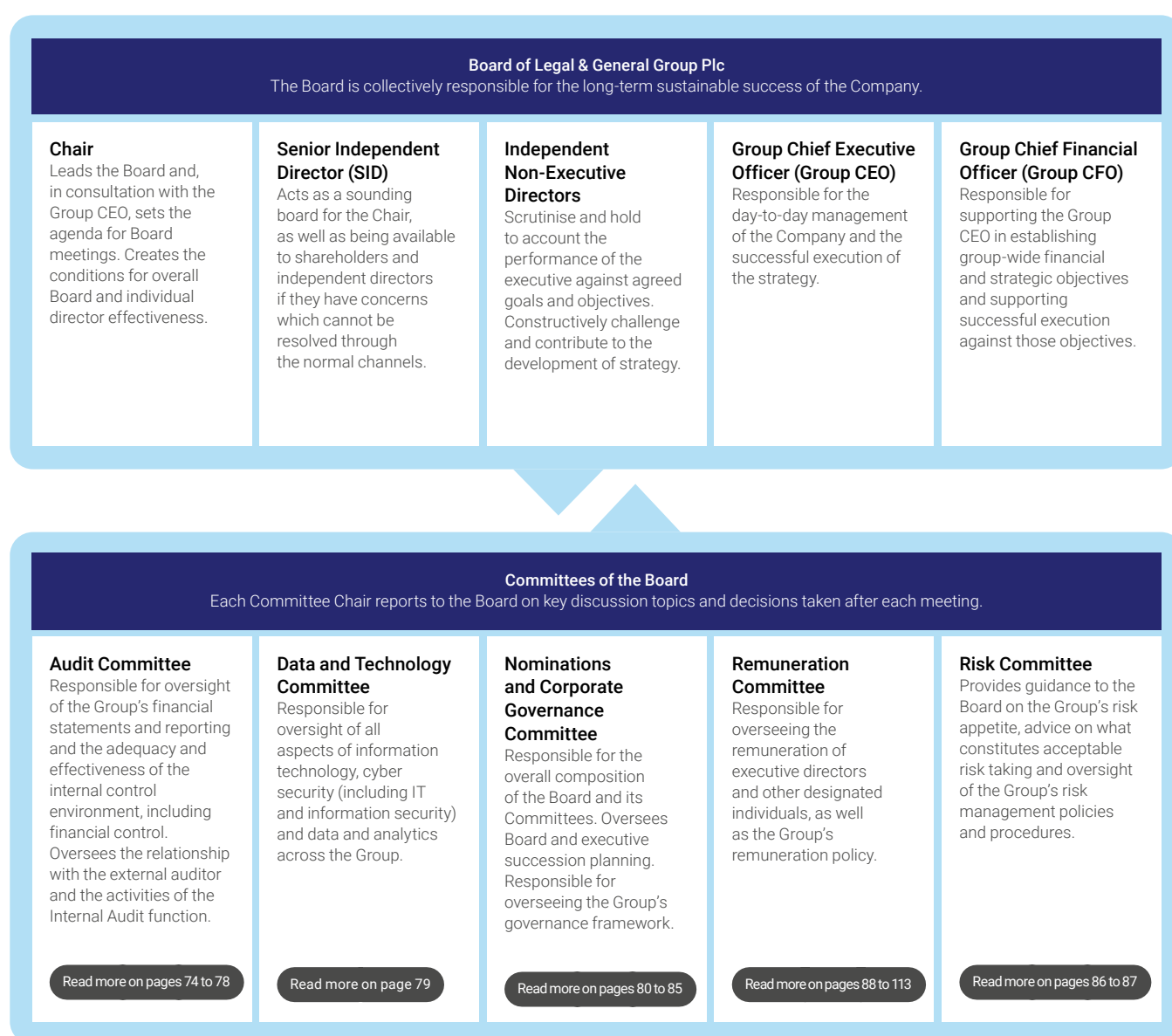
Governance report

The 2018 UK Corporate Governance Code (the ‘Code’) – 2024 Compliance Statement

The Code emphasises the role of good corporate governance in achieving long-term sustainable success. The principles of the Code are the standards against which we are required to measure ourselves. Each year, the Board reviews the Group’s governance framework and compliance with the Code. We are pleased to report that we have applied the principles and complied with each of the provisions of the Code for the year ended 31 December 2024. A Code compliance reference table can be found on page 55. Following the publication of the revised UK Corporate Governance Code in January 2024, which will primarily apply to financial years beginning on or after 1 January 2025, the Board has reviewed the results of a gap analysis exercise conducted against the new requirements and will continue to oversee the work required to comply with the new requirements from the relevant effective dates.

Our governance framework

Our governance framework supports robust decision making by providing a clear framework of delegations and responsibilities within which decisions can be made to deliver our strategy. Our framework also ensures that decisions remain within the risk appetite set by the Board and are undertaken with appropriate Board oversight.



UK Corporate Governance Code (2018)
A full version of the Code can be found on the Financial Reporting Council’s website:



Discover more online frc.org.uk

To read more on the roles and responsibilities of our Chair, SID and Group CEO.

[Read more on page 63](#)

Role and leadership

The Board is responsible for the overall leadership of the Group; it is charged with setting the Group's values and standards. The role of the Board is to promote the long-term sustainable success of the Company, while simultaneously generating value for shareholders and contributing to wider society. Our section 172(1) statement on pages 70 to 73 sets out in detail how the Board has achieved this throughout 2024. The Board is committed to maintaining the highest standards of corporate governance across the Group to support the delivery of our strategy, the fostering of positive stakeholder relationships and the creation of long-term sustainable value for shareholders.

The specific parameters of the Board's role and responsibilities are set out in the Matters Reserved for the Board and are separated into eight broad categories: strategy and management; structure and capital; financial reporting and dividends and capital returns; risk and internal control; corporate governance; key personnel and remuneration; product distribution and pricing; and brand.

The Matters Reserved for the Board outline the decision making powers reserved for the Board which underpin the governance framework across the Group. It is reviewed and approved as part of an annual corporate governance review, and otherwise as required, to ensure the role and responsibilities of the Board remain appropriate and up to date.

The Board is supported by the Group General Counsel and Company Secretary and the Group Company Secretariat team to ensure that accurate and timely information is disseminated to the Board. All directors have access to the advice of the Group General Counsel and Company Secretary as well as independent professional advice at the expense of the Company.

The Board, as well as the boards of the Group's principal operating subsidiaries, operate within a clearly defined, and fully embedded, delegated authority framework. The delegated authority framework ensures that there is an appropriate level of Board oversight of, and contribution to, key decisions and that the day-to-day business is managed effectively. It also enables an appropriate level of debate, challenge and support in the decision making process.

Those matters which are not reserved for the Board's consideration are delegated by the Board to group level Committees and the Group CEO. The Board has delegated the day-to-day management of the Company, and the responsibility of the successful execution of the strategy, to the Group CEO. Upon his appointment as Group CEO in January 2024, António Simões implemented a new executive governance framework, designed to optimise decision making and enhance collaboration at an executive level, while simultaneously promoting appropriate divisional and functional accountability and autonomy. The Group Management Committee will continue to keep the executive governance framework under review to ensure that it remains fit for purpose and continues to provide the right level of centralised oversight and control over material group-wide matters. The Group Management Committee supports the Group CEO in discharging those things within his authority as delegated to him by the Board, in particular in relation to group-wide strategic and transformation matters. The Group CEO delegates further decision making onwards to the executive decision making forums of the Investment, Executive Risk, Executive Data and Technology, and Disclosure Committees, as well as to his direct reports.

Although the Board delegates the day-to-day management of the Company, it is accountable for the long-term sustainable success of the Company and therefore continues to oversee the Group's strategic objectives and monitor performance against those objectives. The Board meets formally on a regular basis and at each meeting considers business performance, strategic proposals and execution, material transactions and critical projects in the context of the Group's strategy, risk appetite, the interests of the Group's stakeholders and wider social purpose.

The Board is supported in its work by its Committees, each of which is governed by its own terms of reference, which clearly outline its remit and decision making powers. The Committees of the Board, and their core responsibilities, are set out in the governance framework which can be found on page 61, and each of the respective Committee reports on pages 74 to 113.

Composition, independence, and effectiveness

As at the date of this report, the Board is comprised of the independent non-executive Chair, two executive directors and ten independent non-executive directors. At least half of the Board, excluding the Chair, are independent non-executive directors, in accordance with provision 10 of the Code. Upon appointment, the Chair was identified by the directors as being independent in accordance with provisions 9 and 10 of the Code.

When considering the appointment of new directors, the Board is mindful of the contribution and skillset that each new appointee will bring to the Board. The Board has an established skills matrix which supports Board succession planning and, each year, the Board reviews its own composition to ensure it maintains a well-balanced and diversified Board, with the right mix of individuals who can apply their wider business knowledge and experiences to the setting and oversight of delivery of the Group's strategy.

Following an extensive search and selection process, Clare Bousfield was appointed to the Board in December 2024 as an independent Non-Executive Director. Clare brings to the Board deep experience in insurance and broader financial services following a 20-year career in the industry.

A Board effectiveness review is conducted on an annual basis. In line with the requirements of the Code and our review cycle, this year's review was conducted internally, with external facilitation provided by Clare Chalmers Limited. As part of this review, the Board and its Committees are assessed on, among other things, composition and expertise, culture, dynamics and decision making, agendas and Board support. Given this was the first year with a new Group CEO, and a new strategy, the Board effectiveness review also covered in detail how the new Group CEO was embedding into the Company, and the Board's contribution to and oversight of the strategy.

Further information relating to the composition of the Board, including the Board's Diversity and Inclusion Policy, the non-executive director appointment process and the Board effectiveness review can be found in the Nominations and Corporate Governance Committee report on pages 80 to 85.

Committee terms of reference
All Committee terms of reference
can be found on our website:



Discover more online

group.legalandgeneral.com/groupboardcommittees

Diversity and inclusion (D&I)

At L&G, we are building an inclusive culture that celebrates diversity and creates fair opportunities for everyone. Diversity is highly important to the Board, and the Group as a whole, because it generates a wider pool of talent by reflecting the broadest range of human attributes, experience and backgrounds, while simultaneously supporting good decision making and reducing the risk of groupthink. It is important for our Board to have a broad range of insights and perspectives to help us make better decisions as a business and create an inclusive culture for our people. D&I continues to be an area of focus for both the Board and the Nominations and Corporate Governance Committee. More information on the Board's commitments to D&I can be found in our Nominations and Corporate Governance Committee report on pages 80 to 85.

Division of responsibilities

In line with the provisions of the Code, there is a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business, as illustrated in the table to the right. The role and responsibility statements for each of the Chair, Group CEO and Senior Independent Director are reviewed annually to ensure they remain relevant and accurately reflect the requirements of the prevailing Code, other law and regulation, and industry best practice.

You can read more about the skills and experience of the Board in their biographies:

Read more on pages 58 to 59

The Role and Responsibilities document can be viewed on our website:

Discover more online

group.legalandgeneral.com/en/about-us/corporate-governance

Role on the Board

Chair



Sir John Kingman

Responsibilities

As Chair, Sir John Kingman is responsible for:

- establishing a close relationship of trust with the Group CEO and providing support and advice
- upholding the highest standards of integrity and probity and setting clear expectations concerning the style and tone of Board discussions
- ensuring the Board has effective decision making processes and applying sufficient challenge to major proposals
- with the support of the Group Company Secretary, ensuring the Board receives accurate, timely, high-quality and clear information
- ensuring effective communication with shareholders and stakeholders, as well as ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders
- promoting a culture of openness and debate
- promoting effective relationships and open communications between directors
- promoting the highest standards of corporate governance and ensuring that all directors are aware of their responsibilities
- ensuring a clear structure for the effective running of the Board's Committees.

Group CEO



António Simões

Responsibilities

As Group CEO, António Simões is responsible for:

- proposing the Group strategy and delivering the strategy as endorsed by the Board
- upholding the highest standards of integrity and probity and thereby setting the style and tone for the Group Management Committee and the rest of the Company
- embodying the Group's behaviours and promoting an inclusive culture across the Group
- promoting the highest standards of corporate governance and managing a clear legal and operating structure that reports to the Group Board and its Committees
- ensuring that the Group maintains high standards of adherence to, and alignment with, regulatory requirements and standards
- developing and retaining the confidence of the Board, the executive and all other stakeholders.

Senior Independent Director



Lesley Knox

Responsibilities

As Senior Independent Director, Lesley Knox is responsible for:

- providing support to the Chair in the delivery of his objectives and being a trusted channel of communication to the Chair for the other directors
- being available to shareholders and other non-executive directors for any concerns which cannot be resolved through the normal channels
- attending meetings with major shareholders to listen to their views and develop a balanced understanding of issues and concerns and ensure that they are being considered by the Chair
- leading the annual evaluation of the performance of the Chair.

Conflicts of interest and time commitment

The identification and management of Board members' conflicts of interest is defined and governed by the Company's Articles of Association, law and regulation, best practice and a number of internal policies which are reviewed and approved annually by the Board. The Company maintains a record of each Board member's disclosed directorships and appointments to facilitate identification and management of potential conflicts of interest. In line with our directors' conflict of interest policy, any actual or potential conflict of interest must be declared by the relevant director, considered by the Board and, if authorised, maintained in a formal record. Each Board member is required on an annual basis to formally approve and sign their conflicts of interest register, confirming that all directorships and appointments contained within are accurate and up to date.

All non-executive directors' letters of appointment outline the time commitment expected of them throughout their tenure on the Board, and non-executive directors' time commitments are considered annually by the Nominations and Corporate Governance Committee as part of its ongoing assessment of the Board's composition. Directors' time commitments are also assessed in detail ahead of the Nominations and Corporate Governance Committee approving any external director appointments. In 2024, the Committee was satisfied on all external appointments for its directors that they did not give rise to a conflict of interest and would not impact the directors' time commitment to the Company. Upon making new appointments to the Board, the Committee considered whether prospective candidates are able to devote sufficient time to fulfil their responsibilities and duties to the Company, and the Committee was comfortable that Clare Bousfield and Mark Jordy were able to do so. The significant commitments of each director are detailed in their biographies on pages 58 to 59.

The Board, on the recommendation of the Nominations and Corporate Governance Committee, is satisfied that each non-executive director serving at the end of the year remains independent, effective and continues to have sufficient time to discharge their responsibilities to the Company.

Purpose and culture

Following the implementation of our new group-wide strategy in June 2024, a review of the Group's purpose was conducted to ensure it remained appropriate and was suitably aligned to the new strategy. In developing our purpose, we considered its value and identified what could be enhanced to ensure the purpose remained relevant for the coming decade of transformation. Our refreshed purpose represents the culmination of an extensive stakeholder engagement process in which we tested various versions of our refreshed purpose statement with employees across the Group and with customers and clients across our three businesses. Our refreshed purpose, 'Investing for the long term. Our futures depend on it', is our new way of describing our ongoing commitment to putting capital to work for good, alongside generating a financial return.

In addition, we refreshed our three core 'behaviours'. The Company's revised behaviours are Challenge positively, Commit together and Act decisively. Collectively, these behaviours are designed to guide how we work together, creating a culture of accountability, effectiveness, and pace to deliver our strategy and stay true to our purpose. Looking ahead, the Board will monitor how our refreshed purpose and behaviours are embedded across the organisation.

Our behaviours are the foundations of our long-term sustainable success and define how we do what we do. Over the last few years, we have taken steps to enhance our culture. In 2023, we assessed our performance culture and reinforced a balance between the 'what' in terms of our achievements, and the 'how' in terms of demonstrating our core behaviours while achieving our goals. In 2024, we made several improvements to our employee benefits, designed with the different needs of a diverse workforce in mind, demonstrating our continued commitment to supporting our employees' health and wellbeing and fostering

an inclusive culture. In addition, a culture review is conducted on an annual basis to assess the impact made by executive management in positively evolving L&G's culture across a number of areas, including shared vision and leadership, ownership and accountability, and execution capability.

The Board receives updates on the Voice survey which provides insights into employee sentiment. The survey includes questions on purpose, culture and wellbeing to enable the Board to understand whether these areas are aligned to the three key pillars of culture: engagement, culture and productivity, and enablement. The results from this year's Voice survey indicate that the vast majority of our employees feel proud to work at L&G and would recommend the Company as a great place to work. Against a backdrop of organisational transformation, the 2024 Voice survey has highlighted a number of focus areas for the Group Management Committee and the Board to act on for the year ahead, including support to deliver against the strategy, and the development of our behaviours and corporate purpose. More information on the Company's culture and refreshed purpose can be found on pages 10 to 13.

Our whistleblowing policy is available to all employees on our intranet, which details the process for employees to confidentially raise matters of concern. Further information on whistleblowing and other employee policies can be found in our Social impact report.

Throughout the year, Board members attended various offices which enabled our directors to meet with employees and gain insights into our culture and behaviours in action. In addition, Nilufer Kheraj, in her role as Designated Workforce Director, as well as other Board members, meet regularly with smaller groups of employees to speak directly with them, both with and without senior management present, and hold events to answer questions from employees. The executive management team also held numerous town hall events at various locations throughout the year to update the workforce on topical issues. Employees are offered the chance to ask the management team questions throughout these sessions. These events are run as hybrid events to maximise engagement. Over 5,000 employees virtually attended our full year results town hall in March 2024, and our Capital Markets Event town hall in June 2024.

For more information:

On our workforce, please refer to our Social impact report:

 [Discover more online](#)

group.legalandgeneral.com/SocialImpactReport2024



Induction, training and development

The Board places great value on training and development, and all new executive and non-executive directors are invited to participate in a comprehensive, formal and tailored induction programme upon joining the Board. Induction programmes provide new directors with the knowledge and understanding of the Company and its business to enable them to provide effective contribution to Board discussions, effectively challenge the executive and properly fulfil their statutory duties. Both António Simões and Clare Bousfield received comprehensive and tailored inductions upon their appointment.

All Board members receive regular training throughout the year; the Board believes that continual director training and development is important to maximise the effectiveness of the Board and ensures the Board can effectively challenge the executive. The training programme is generated on an annual basis, based on the needs of the Board, and internal and/or external circumstances, including any recommendations from the annual evaluation of the Board and its Committees. It is the responsibility of the Chair to help ensure that directors continually update their skills, knowledge and familiarity with the Group, and the Chair does so with input from the Board and the Group Company Secretary. In 2024, the Board received specific training and/or deep-dive sessions on various topics, including investment stewardship, longevity assumptions and crisis management.

In addition, Board and Committee meetings are used to update the Board on developments in the areas in which the Group operates. As part of their ongoing training and development, Board members are invited to attend visits to the Group's various offices, developments and investments, with the aim of widening Board members' knowledge of the business, gaining first-hand insights and providing Board members with the opportunity to meet personally with our employees and experience the culture across the Group first-hand. This year, Board members visited the Chicago office of our Asset Management division, and members of the Board also visited our offices in Cardiff, Hove, Barnsley, Solihull, Bermuda, Frederick, Stamford, Tokyo, Hong Kong and Singapore.

Subsidiary boards

At L&G we have benefited from a strong governance framework operating at subsidiary level for many years now. Henrietta Baldock and Lesley Knox continue in their roles on the boards of two of our principal operating subsidiaries: Henrietta as Chair of Legal and General Assurance Society Limited (LGAS) and Lesley as Non-Executive Director of L&G – Asset Management Limited. George Lewis also continues in his role as Chair of Legal and General Assurance (Pensions Management) Limited and Carolyn Johnson was appointed as Chair of Legal & General America Inc. (LGA) in March 2025, having been a Non-Executive Director since September 2023. In addition, as announced in December 2024, Mark Jordy, Chair of the L&G – Asset Management Limited board, will join the Group Board in July 2025. This crossover of directors on our Group Board, principal operating subsidiaries and other key subsidiary boards allows greater interactions, information flows and promotes enhanced collaboration throughout the Group.



Employee engagement

Following his appointment as Group CEO in January 2024, António Simões hosted a number of group-wide and divisional hybrid town hall events to provide employees with the opportunity to hear directly from the new Group CEO and ask questions, fostering open communication and engagement across the Company. In addition, António launched a group-wide CEO series of the employee Voice survey to collect employee feedback and insights.

See pages 68 to 73

for further examples of Board engagement with employees.

Investor engagement

In December 2024, investors were invited to attend an Institutional Retirement deep dive with António Simões, Group CEO, Jeff Davies, Group CFO, and Andrew Kail, CEO, Institutional Retirement. Employees were also invited to join the event virtually. This was the first in a series of investor and analyst events to explore each of our three divisions in depth. In 2025, further deep-dive events will take place, providing investors with the opportunity to attend sessions focused on our Retail and Asset Management divisions.

See page 70 to 73

for further examples of Board engagement in our section 172(1) statement.



Institutional Retirement Deep Dive



How the Board spent its time in 2024

The Board meets regularly to oversee the delivery of the Group's strategic objectives to ensure it continues to promote the long-term sustainable success of the Company. Throughout 2024, the Board held 12 Board meetings, including one strategy event, and one office visit. Board sub-Committees were also constituted on a number of occasions in order to deal with particular matters arising outside of the formal schedule of meetings. This was particularly pertinent during 2024, as the Board oversaw the development and implementation of the new Group strategy. The non-executive directors have private meetings without the executives present before and after each Board meeting, and otherwise as required.

Board members meet informally with the executive directors and Group Management Committee on a regular basis outside of the formal meeting schedule. Members of the Group Management Committee and, as appropriate, individuals from the relevant business areas are also invited to attend Board meetings in relation to key items, allowing the Board the opportunity to debate and challenge initiatives directly with the senior management team.

The Board informs itself of the views of shareholders on a regular basis through updates at each Board meeting from the Group CEO and Group CFO, periodic updates from the Investor Relations team, and an annual update from the Chair following his annual schedule of investor meetings.

The Board has established the Company's purpose, values and strategy, and has satisfied itself that these and its culture are aligned. The regular Board agendas are set by the Chair, with input from the Board and Group CEO, and consist of regular reports on the following:

- business performance and shareholders, people and culture, customers, clients and brand, and other key stakeholders from the Group CEO
- detailed business performance from the Group CFO
- material matters from each business division, including business performance and progress against strategy, key business initiatives, customers, clients, employee and regulatory engagement, the control environment and culture
- group-wide strategic ambitions, material transactions and other material initiatives
- Consumer Duty and, more broadly, customer outcomes, including updates from the Consumer Duty Board Champion on discussions from the Customer Outcomes Forum

- updates from the Chief Transformation and People Officer on group-wide transformation projects
- risk and compliance matters, including a report from the Chair of the Risk Committee
- audit matters, including a report from the Chair of the Audit Committee
- business of the Remuneration and Data and Technology Committees from the Committee Chairs
- legal and governance matters from the Group General Counsel and Group Company Secretary
- people, culture, and employee engagement matters, including updates from the Designated Workforce Director and updates on the results of the employee Voice survey
- the Group's relationship with various stakeholder groups.

For more information on the Board's stakeholder engagement throughout the year, see pages 70 to 73.

Board meeting attendance during 2024

Director	Scheduled	Ad hoc
Non-executive directors		
Henrietta Baldock ¹	8/8	2/3
Philip Broadley ¹	8/8	3/4
Clare Bousfield ²	1/1	
Carolyn Johnson ³	8/8	3/4
Nilufer Kheraj OBE	8/8	4/4
Lesley Knox	8/8	4/4
George Lewis ³	8/8	3/4
Ric Lewis ¹	8/8	3/4
Tushar Morzaria ¹	7/8	4/4
Laura Wade-Gery ¹	8/8	3/4
Chair and executive directors		
Sir John Kingman	8/8	4/4
Jeff Davies	8/8	4/4
António Simões	8/8	4/4

1. Unable to attend Board meeting due to prior commitment.
2. Appointed to the Board with effect from 1 December 2024.
3. Unable to attend Board meeting due to pre-agreed travel arrangements.

Link to strategic priorities

Sustainable
GrowthShaper
FocusEnhanced
Returns

Jan

Appointed António Simões as Group Chief Executive Officer

Discussed the Group CEO's first impressions of the Company and initial thoughts on future strategic direction



Feb

Received a deep-dive session on investment stewardship



Mar

Approved the full year financial results, Annual report and accounts and final dividend recommendation



Endorsed the establishment of a Transformation Office to facilitate the delivery of the future Group strategy



Jun

Approved and announced the Group's new strategy and financial targets



Commenced a £200 million share buyback programme



May

Hosted the Group's Annual General Meeting

Hosted the first 'talent dinner' of 2024 with colleagues who have demonstrated potential to progress into senior roles within the business

Apr

Held an off-site strategy event with the Group Management Committee to discuss the future Group strategy



Jul

Announced the launch of the L&G Private Markets Access Fund



Approved a £1.1 billion full buy-in with the Deutsche Bank (UK) Pension Scheme, securing the benefits of approximately 4,000 members



Aug

Approved the half year financial results and interim dividend



Received a presentation from the PRA on the 2024 Periodic Summary Meeting Letter

Approved the Company's first Consumer Duty Annual Board report, in compliance with the new Consumer Duty Regulation

Approved the appointment of Clare Bousfield as a Non-Executive Director of the Board

Sept

Approved and announced the sale of CALA Group



Approved the appointment of Eric Adler as CEO of Asset Management



Approved the appointment of Katie Worgan as the Group Chief Operating Officer



Announced the new L&G headquarters in London



“

The sale of CALA Group demonstrates continued momentum in executing our strategy, simplifying our portfolio to enable a sharper focus on our core, synergistic businesses. The sale will provide capital to deliver our strategic goals of sustainable growth alongside enhanced returns for shareholders.

”

António Simões
Group CEO

Dec

Approved the Group Financial Plan for years 2025 – 2029



Approved the Company's refreshed corporate purpose



Approved the appointment of Mark Jordy as a Non-Executive Director of the Board

Approved the appointment of Henrietta Baldock as Senior Independent Director designate

Approved the appointment of Carolyn Johnson as the Designated Workforce Director designate

Nov

Completed the £200 million share buyback programme



Held an offsite event in our Asset Management office in Chicago

Hosted a town hall event for Asset Management colleagues in Chicago, with Board members

Hosted the third 'talent dinner' of 2024 in Chicago

Oct

Received a deep-dive session on longevity assumptions

Hosted the second 'talent dinner' of 2024 as part of ongoing executive succession planning

In February 2025, the Company announced the sale of its US protection business to Meiji Yasuda, and the creation of a long-term strategic partnership for a sale price of \$2.3 billion.



See page 70

for more information

Employee engagement



“
I have thoroughly enjoyed my time as Workforce Director and recognise that our success is driven by our people.

” **Nilufer Kheraj**
Designated Workforce Director

The wellbeing of our employees remains a key priority for the Board and we recognise that our success is driven by our people. My role as Designated Workforce Director is to gain insights into, and understand the culture and concerns of, the business through regular engagement activities, encouraging meaningful two-way dialogue.

I support our people by sharing those insights and ideas with senior management and the Board, encouraging employee perspectives to be incorporated into discussions of strategic issues.

At the end of 2023, with input from employees across divisions, Human Resources leadership and the Board, we established my 2024 programme for engagement with our people based around three pillars:

- diversity, inclusion and wellbeing
- collaboration
- performance and capability.

A new focus on performance and capability has provided an opportunity to explore our performance culture and impacts on employee engagement. All three pillars were relevant to our business and aligned with the priorities established by wider management and the Board. Engagement with employees during 2024 was structured around these pillars and we tracked the impact and outcomes of my engagement.

Key responsibilities

In consultation with Human Resources, my key responsibilities include:

- active participation in a programme of workforce engagement to enhance meaningful two-way dialogue
- regular review of the methods and outcomes of workforce engagement activities to assess their effectiveness
- review of insights from activities and other data sources that monitor the Group's culture
- reporting to the Board on workforce engagement activities, including any key insights or observations gained, and any areas of workforce concern.

Some of my 2024 activities

Through meeting people at our business locations in Cardiff, Chicago and London, I have been able to focus on issues specific to business areas and location, building on all three pillars of my programme.

I have participated in various events across the business. These have included hosting a talent discussion panel at the Institutional Retirement Grade 5 careers event, providing an opportunity for employees typically at a middle-management level to understand the diversity of career paths based on the individual panellist experiences. In addition, I have attended several events, including one focused on Black Women in Asset Management, and divisional leadership team meetings, to understand the ambition, successes and challenges our employees are facing.

I received regular updates on diversity, inclusion and wellbeing and employee listening activities, including the Voice survey results, and actions being taken following such results. I met with the Human Resources directors to understand the divisional context of these topics and to share key updates from the Board, driving the two-way dialogue.

My relationships with Unite and the Management Consultative Forum (MCF) are critical. During 2024, I met with representatives from both organisations every quarter. These meetings provide an opportunity to gather the views and concerns of a range of employees at a variety of grades across the Group, which I then share with wider management and the Board, with the aim, where relevant, of seeking suitable solutions or outcomes.

“
Nilufer embodies our collaborative approach to positive employee relations, embracing Unite and our unique and authentic partnership. This leads to genuine, positive impacts on our colleagues.

” **Pam Edwards**
Head of Unite

Nilufer's engagement during 2024:

Collaboration:

- quarterly engagements with Unite and the MFC
- bi-annual meetings with the Employee Listening team
- bi-annual engagements with Human Resources directors across the L&G Group
- presented at the first group-wide town hall event alongside António Simões following his appointment as Group CEO in January 2024.

Diversity, inclusion and wellbeing:

- quarterly engagements with Group Head of Diversity, Inclusion and Wellbeing
- attendance at the Black Women in Asset Management event.

Performance and capability:

- attended and presented at an Institutional Retirement Grade 5 careers event
- attended Retail Leadership Team event
- discussed new assessment measures with Unite, MCF and wider management.

Strengthening the employee voice

At each Board meeting, I report on my activities as Designated Workforce Director since the last meeting and provide relevant feedback and updates against my programme for engagement, including any issues raised and potential responses or changes.

Not all issues require discussion with the Board and so I decide in each case whether it is more appropriate to raise issues with the relevant member of the executive team and then report to the Board on any action taken.

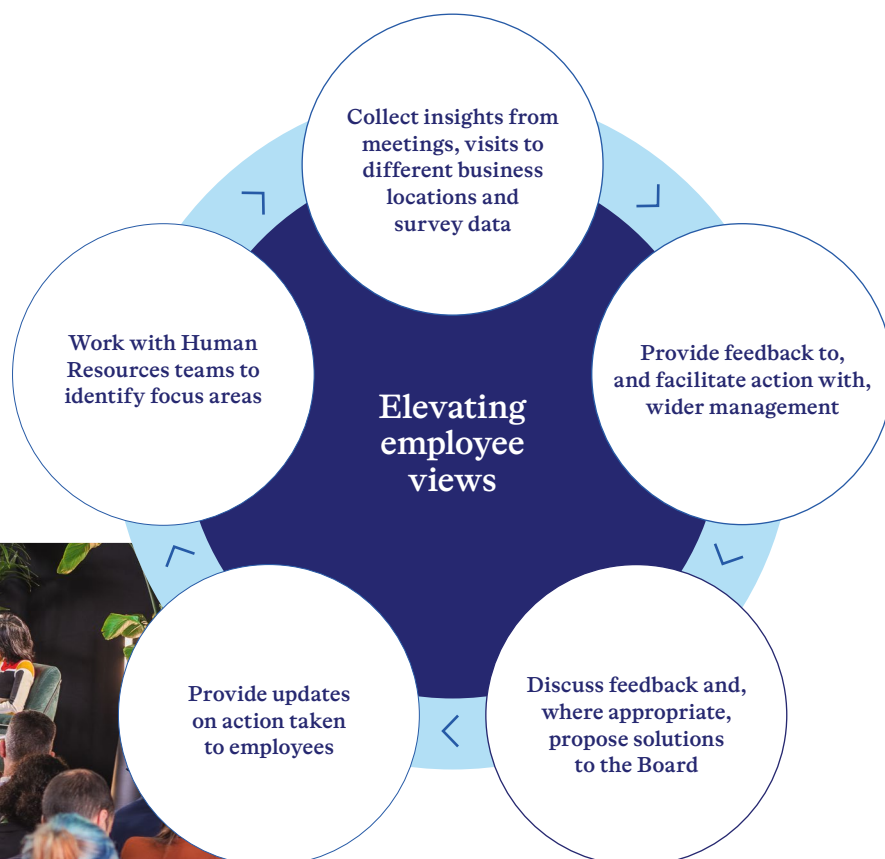
The key focus is always to ensure that what matters most to our people is communicated and, where appropriate, addressed, while providing our people with transparency of relevant Board activities.

Voice

I interrogate the Voice survey data to understand how our people feel, and this is discussed by Board members at the Nominations and Corporate Governance Committee, together with any appropriate actions to take in response. In September 2024, we reported an Employee Engagement Index of 80%. Work is underway to improve this in 2025, through our revised Employee Listening Strategy.

2025

2024 was the final full year of my role as the Designated Workforce Director, and I will hand over to Carolyn Johnson in April 2025. I would like to thank all the employees with whom I have spent time over the last three years. Their openness in talking about working at L&G and their suggestions have helped make it a better place for everyone to work.



António Simões and Nilufer Kheraj at a hybrid town hall event in January 2024.

Section 172(1) statement and stakeholder engagement

Statement on Section 172(1) of the Companies Act 2006 (the 'Act')

Section 172(1) of the Act requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard to a non-exhaustive list of factors to ensure that the broader implications and interests of stakeholders are considered in their decision making.

The Board recognises the importance of nurturing its positive relationships with its key stakeholders and is committed to maintaining strong engagement with them. The Board believes that this engagement provides meaningful insights into the views, priorities and issues facing its key stakeholders which can then be considered as part of the Board's strategic decision making and planning.

The Board has reflected on its engagement mechanisms throughout 2024 and concluded that they remain effective and have provided the Board with a comprehensive understanding of the interests of its key stakeholders.

A summary of the Board's major decisions and activities during 2024 can be found below. This, combined with our key engagement activities on page 73, makes up our section 172(1) statement. Further information on our key stakeholders and their importance is set out on pages 42 and 43.

Major activities and decisions during 2024

The following examples of major activities and decisions during the year illustrate how the Board considers different stakeholders' interests in its decision making and how the outcomes of these decisions support the implementation of the Group's long-term strategy and its strategic priorities (as set out on pages 10 to 13).

We believe that major decisions are those that are both material to the Group and to its key stakeholders. While not all decisions affect every stakeholder group, the Board and its delegated decision-making forums endeavour to balance the sometimes conflicting needs of our stakeholders to ensure that all are treated consistently and fairly.

Major decisions

Approval of the sale of our US protection business to Meiji Yasuda, and the creation of a long-term strategic partnership, for a sale price of \$2.3 billion

In February 2025, the Board approved the sale of the Company's US insurance entity, comprising its US protection and US PRT businesses, to Meiji Yasuda Life Insurance Company, a Japanese mutual life insurance company, for a sale price of \$2.3 billion (£1.8 billion). The approval also marks the formation of a long-term strategic partnership with Meiji Yasuda to support L&G's growth ambitions in US PRT, as well as growing our Asset Management business through the outsourcing of the investment management of the US PRT and protection assets to L&G.

The sale demonstrates our continued momentum in executing the Group's new strategy, by sharpening our focus on core businesses, leveraging the synergies between them, and driving sustainable growth to enhance shareholder returns.



Sustainable Growth



Sharper Focus



Enhanced Returns

Key stakeholder considerations

Shareholders: Throughout the year, the Board considered the sale with a view to addressing the best outcome for shareholders. In line with the Group's capital allocation framework, it is the Board's current intention, subject to market conditions and regulatory approval and following completion of the sale, to return £1 billion to shareholders, representing more than half of the sale proceeds. When approving the sale, a key consideration for the Board was that the sale would drive sustainable growth, to enhance future shareholder returns.

Regulators: In line with our continuous strong and positive regulatory engagement, we were in regular dialogue with the Prudential Regulation Authority (PRA) on the sale (and the proposed share buyback) throughout the duration of the negotiations. Regulators in the US, Bermuda and Japan were also engaged at the appropriate points, as was the FCA. We will continue to engage with the relevant regulators throughout 2025.

Employees: The Board spent considerable time considering the impact of the sale on employees in both the US protection and PRT businesses, as well as across the wider L&G workforce. This included ensuring that colleagues were appropriately aligned to make certain that the long-term strategic partnership was set up for success. The Board reviewed and input into the detailed and bespoke communications plans for each of the employee groups affected.

Clients and intermediaries: The Board also considered the impact of the sale on the clients and intermediaries of the US protection and PRT businesses, and were supportive of the proactive and detailed communication plans for these stakeholder groups.

Major decisions continued

Approval of L&G's share buyback programme



As part of its vision for a growing, simpler and better-connected business, this year the Board approved and completed a share buyback programme as the first step of its plan to increase returns to shareholders over the long term.

As announced at the Capital Market Events in June 2024, the Board intends to return more to shareholders over 2024 – 2027, through a combination of dividends and buybacks, with 5% DPS growth to FY24 and a £200 million share buyback in 2024, followed by 2% DPS growth per annum out to FY27 and further similar buybacks.

Key stakeholder considerations

Shareholders: The decision to commence a share buyback programme marks the Board's intention to increase returns to our shareholders over the longer term through a combination of dividends and buybacks.

Regulators: Our regulators were engaged in advance on our plans to update our capital allocation policy and to commence a share buyback programme. Our regulators were also kept up to date on the progress of the share buyback programme up until its completion in November 2024.

Approval of a £1.1 billion buy-in with the Deutsche Bank Pension Scheme and approval of gilts-based investment strategy



Sustainable
Growth



Sharper
Focus



Enhanced
Returns

The Board approved a £1.1 billion full buy-in with the Deutsche Bank (UK) Pension Scheme (sponsored by a subsidiary of Deutsche Bank AG) (the 'DB Scheme') in the amount of £1.1 billion, securing the benefits of around 4,000 members.

The DB Scheme is a long-standing client of our Asset Management division and this transaction was the DB Scheme's third buy-in with L&G. The DB Scheme transacted under an umbrella agreement with L&G which ensured a smooth agreement of commercial terms. The transaction also included a facility to accommodate new benefits for the 250 active employee members as they accrue additional service.

As part of its approval of this PRT transaction (as well as others), the Board carefully considered and approved the use of a gilts-based investment strategy. This pivot in investment strategy in 2024 has provided L&G with additional flexibility to meet the needs of our clients (and also their members).

For more information on our Institutional Retirement business, please visit pages 24 to 25.

Key stakeholder considerations

Customers: This transaction secured the benefits of around 4,000 members and has also cemented our partnership with the DB Scheme on a long-term basis. As populations live longer, their pensions last longer too. By delivering on a carefully considered and well-established plan, we helped maximise the outcomes of the DB Scheme's members for the long term.

Shareholders: The global PRT market is growing, and the Group is well positioned to continue to seize the opportunity. In 2024, Institutional Retirement wrote global PRT volumes of £10.7 billion contributing towards the division's target operating profit CAGR of 5 – 7% (FY23 – FY28).

Regulators: We continue to maintain strong and positive regulatory engagement with the PRA who are regularly updated on our pipeline of PRT transactions.

Major activities

Relocation of headquarters



Throughout the year, the Board was updated on the progress of securing a 15-year lease to occupy 10 Coleman Street, our new London headquarters, from 2027. Our aim was to offer a modern and enhanced workplace, helping to further our ambition for a better-connected L&G, with increased collaboration and employee wellbeing offerings, as well as a strong focus on sustainability.

L&G's decision to move to 10 Coleman Street is a reflection of the building's impressive facilities, but also its desirable location and sustainability credentials. In addition, the refurbished building provides the room to meet the emerging needs for flexible connection and collaboration space, and will provide a significant amount of reimagined and sustainable workspace, as well as space for food and beverage operators, and extensive ground-floor public realm on Basinghall Street and Coleman Street.

Key stakeholder considerations

Employees: Our workforce is vital to our success. To support our inclusive company culture, and to help us understand the views of our employees, London-based employees were invited to answer questions and provide their views and preferences on their future working environment. Engagement with employees will continue to be conducted throughout the planning and fit-out stages to ensure that we make the most of the new workspace.

Communities and environment: 10 Coleman Street has been designed for sustainability, wellbeing and inclusivity. The new office has been developed using a climate-focused approach and supports the delivery of our sustainable growth agenda. The building is set to be net zero in construction and is on track to achieve a Building Research Establishment Environmental Assessment Methodology (BREEAM) 'Outstanding' rating and a 4.5 star National Australian Built Environment Rating System (NABERS) rating. These strong sustainability credentials align with L&G's target to become net zero in its operational carbon footprint by 2030. The landscaped outdoor spaces will also provide urban greening, biodiversity and first-class public realm for both the occupiers and the local community.

Launch of the L&G Private Markets Access Fund



The Board oversaw the launch of the L&G Private Markets Access Fund (the 'Fund') in July, offering our 5.2 million defined contribution (DC) members the opportunity to access the benefits of diversified private markets exposure.

The launch of the Fund marked a significant milestone for UK pensions, providing DC investors with access to the long-term growth potential of private markets and greater diversification through exposure to investments that are not typically accessible through public markets. The Fund offers DC investors a single point of access to a diversified portfolio of private market assets across L&G's own private markets capabilities, as well as those available through individual securities and third-party strategies, providing exposure to investment themes such as clean energy, affordable homes, university spin-outs and critical infrastructure.

The Fund demonstrates our synergistic model as a competitive advantage, by bringing together our public and private markets capabilities in a single Asset Management division, while also targeting growth in our workplace DC pensions business.

For more information on the Fund, see page 12.

Key stakeholder considerations

Customers: L&G anticipates the Fund will drive greater engagement amongst DC members with their pension. The Fund offers DC scheme savers access to high-growth investment opportunities, supporting people to build the savings they need for retirement.

When developing the Fund, we spent a lot of time talking to customers about what is important to them, ensuring that the assets available align to our members' long-term investment horizons, while delivering value for money.

Communities and environment: Not only do we think access to private markets will help to grow our retirement savers' pension pots, but we believe they could unlock opportunities to support local communities and the environment too. For example, by investing in the L&G NTR Clean Power Europe Strategy, the Fund enables a pension scheme to directly fund the development of a wind or solar farm, contributing to the green energy transition. Similarly, through the Fund's allocation to L&G's Affordable Housing initiatives, which aim to significantly improve the supply, sustainability and quality of affordable homes, a scheme could make a positive contribution to local communities.

Regulators: We continued to maintain strong and positive regulatory engagement with the FCA throughout the regulatory application process for the Fund.

Key stakeholder engagement during the year

Stakeholder

Key engagement activities throughout the year

Shareholders

- The Chair, Group CEO and Group CFO attend numerous investor roadshows throughout the year with our key institutional investors to understand their views on areas such as our strategy, financial performance, AGM voting and the macroeconomic environment.
- Following the release of our full and half year financial results, the Group CEO, Group CFO and divisional CEOs meet with investors and analysts. In addition, a webcast of each results presentation is made publicly available on the corporate website to enable accessibility for our shareholders.
- The Group CEO, Group CFO and divisional CEOs also met with investors and presented the Group's strategy in June 2024 at the Capital Markets Event. A live presentation webcast was also made available.
- The AGM continues to provide an important opportunity to engage with all shareholders, particularly our retail shareholders.
- In December 2024, we held the first in a series of deep dives for investors to find out more about our Institutional Retirement business.
- As at February 2025, L&G's shareholder tracing programme had reunited shareholders with over 1.2 million shares and led to the reissue of over £1 million of dividend payments.

Suppliers

- The Group CFO and members of the senior management team meet with key suppliers during the year to discuss performance and strategy.
- The L&G Resources Limited board, our main contracting entity for suppliers, is responsible for reviewing and monitoring the Group's key supplier relationships and receives an update at each board meeting on our relationships with suppliers and their performance.
- The Executive Risk Committee, Group Risk Committee and Group Data and Technology Committee receive reports relating to suppliers' operational and cyber security resilience.
- The Group Environment Committee also receives updates on suppliers in the context of setting environmental targets aligned with our net zero ambitions. More information on the sustainability of our suppliers can be found in the Social impact report and the Climate and nature report.

Regulators

- Board members engage with our regulators on a regular basis in an open and transparent manner, including discussion on supervisory priorities.
- Regular meetings continue to take place between senior management and our regulators, the outcomes of which are reported to the Board and relevant Board Committees.
- Periodic meetings continue to take place between management, trustees of our master trust pension scheme and The Pensions Regulator, the outcomes of which are reported to relevant subsidiary boards, as appropriate.

Communities and environment

- Through organised site visits, Board members are able to see first-hand how the Group's direct investments in infrastructure positively impact local communities by delivering socially and environmentally positive housing and workplaces at scale.
- Our Group Sustainability function is responsible for developing areas of focus for sustainability activity, as well as forming charitable partnerships and enabling our employees' fundraising and volunteering endeavours.
- Our Group Environment Committee is responsible for overseeing and monitoring progress of the Group's environmental commitments.
- For information on the Group's climate commitments, see the Climate and nature report.

Customers

- Laura Wade-Gery, in her role as Consumer Duty Champion, continues to lead on providing Board oversight of the implementation of the Consumer Duty regulation across the Group to ensure that we continue to deliver good outcomes for retail customers. Laura chairs the Customer Outcomes Forum, which was established to oversee the implementation and subsequent embedding of the Duty across the Group.
- The Board receives detailed customer management information at each meeting to ensure that customer outcomes are robustly monitored.
- We hold annual member forums for thousands of members of our pension schemes which allow members to ask questions in a live Q&A environment.
- We launched the L&G app, providing our workplace members with easy access to pension, savings, and retirement tools in one user-friendly platform.

Employees

- Nilufer Kheraj continues to engage with our workforce through her position as our Designated Workforce Director. Further details of Nilufer's engagement can be found on pages 68 and 69.
- Members of the Board host numerous employee town halls throughout the year at our various office locations, including following the announcement of full year and half year results, which provide an opportunity for the Board to increase employee awareness of the factors affecting the performance of the Company, as well as supporting direct engagement through live Q&A sessions.

Other considerations in the Act

Likely consequences of decisions in the long term

When setting the Group's strategy, the Board aims to drive the ongoing and sustained success of the Group's businesses, while also considering the long-term impacts of its decisions and actions on its stakeholders.

For more information on our strategic priorities:

[Read more on pages 10 to 13](#)

Maintenance of a reputation for high standards of business conduct

The Board is cognisant of maintaining the Company's reputation and maintaining high standards of business conduct throughout the Group.

For more information on the sustainability of our business and our risk management framework:

[Read more on pages 30 to 39 and 44 to 53](#)

Audit Committee report



Committee overview

Committee meetings and membership

The Committee met six times during the year. The Committee comprises only independent non-executive directors and fulfils the experience and expertise criteria required by the UK Corporate Governance Code and the FCA's Disclosure and Transparency Rules.

Meeting attendance

Member	Scheduled	Ad hoc
Tushar Morzaria (Chair)	5/5	1/1
Philip Broadley	5/5	1/1
Carolyn Johnson	5/5	1/1
Nilufer Kheraj OBE	5/5	1/1
George Lewis	5/5	1/1

The role of the Committee


The Committee monitors the integrity of the Group's financial reporting (including climate and other ESG-related disclosures) and provides oversight of the control environment. In addition, the Committee monitors the adequacy and effectiveness of the Group's system of risk management and internal control as well as the Group's internal and external audit processes.

Key responsibilities

- Consider the integrity of the Group's financial and non-financial reporting, formal announcements and regulatory information in relation to the Group's financial performance.
- Assess the going concern assumption and the longer-term viability statement.
- Advise the Board on whether the Annual report and accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Review the Group's accounting policies, including any proposed changes, and review the appropriateness of significant accounting policies and judgements.
- Review and make a recommendation to the Board on the adequacy and effectiveness of the Group's system of internal control over financial reporting.
- Oversee the appointment, reappointment, remuneration, independence and effectiveness of the external auditor.
- Oversee the work of Group Internal Audit (GIA) including the independence and effectiveness of the function.
- Oversee the audit committees of the Company's principal operating subsidiaries.

Committee's terms of reference

The Committee's terms of reference can be viewed on our website:

 [Discover more online](https://group.legalandgeneral.com/groupboardcommittees)

group.legalandgeneral.com/groupboardcommittees

I am pleased to present my report as Chair of the Audit Committee for the year ended 31 December 2024. The Committee has continued to assist the Board in fulfilling its core responsibilities this year, including monitoring the integrity of the Group's financial reporting, the adequacy and effectiveness of the internal control environment and the performance and objectivity of both the internal and external audit functions.

During a year of change for the Company, the Committee has continued to oversee, scrutinise and challenge key issues and management judgements as part of its monitoring and assessment of the integrity of the Group's financial and non-financial reporting. This was particularly pertinent as we oversaw the accounting implications of the Group's new strategy and subsequent divisional restructure, as well as a number of material transactions that occurred during and after the year end. The Committee has also focused on the internal control environment and receives regular updates from management on the effectiveness of the controls in place for financial reporting, while also examining the progress of remediation for any deficiencies identified throughout the year. In particular, following the implementation of IFRS 17 and IFRS 9 in 2023, the Committee has continued to oversee the embedding of these complex new accounting standards into financial reporting processes and controls, and has been pleased to see the speed and quality of progress made in this regard. The Committee has also received regular updates on the changing legislative and regulatory environment and the implications of this in respect of reporting, including the new requirements of the 2024 UK Corporate Governance Code.

Committee membership and skills

The Board considers that the Committee, as a whole, has a balance of skills and experience to deliver its responsibilities and has competence relevant to the sector and broader financial services industry. In addition, the Board considers that I, as Chair of the Committee, have recent and relevant financial experience and am competent in accounting and auditing.

All members of the Committee are also members of the Risk Committee, which ensures that there is appropriate identification and management of any issues that are relevant to both committees. The full biographies of all Committee members can be found on pages 58 and 59. Between meetings, I meet regularly with senior management across the Group's Finance, Tax and Internal Audit functions, as well as with the lead external audit partner.

Financial and non-financial disclosures

The Committee reviewed the half year and annual financial statements, which focused on the integrity, accuracy and clarity of disclosure, application of accounting policies and judgements and compliance with legal and relevant reporting standards. As part of its review, the Committee received regular updates from management and the external auditor and was able to place reliance on the updates provided by management throughout the year on internal controls in relation to financial and non-financial reporting. For more information relating to the application of accounting policies, please refer to Note 1 of the financial statements.

As part of its review of financial disclosures, the Committee also considered whether the annual report was fair, balanced and understandable (FBU) and whether it provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy, as well as the risks facing the business including in relation to increasingly important ESG and climate considerations. The Committee reviewed the FBU assessment taking into consideration the impact of market volatility and the changing interest rate and inflationary environment and giving due attention to the use of Alternative Performance Measures (APMs) in increasing the level of information available to investors on the Company's underlying performance and the effects of one-off financial events. As a result of the launch of the Group's new strategy in June 2024, a number of new APMs have been introduced, and the Committee has considered the appropriateness of their incorporation into the Group's suite of external reporting documents from an FBU perspective, as well as their alignment with the guidelines of the European Securities and Markets Authority (ESMA) in relation to APMs. In conjunction with verification processes, management assurance and a report from the external auditor, the Committee recommended to the Board that the Annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Audit Committee, together with the Risk Committee, reviewed the key assumptions and methodologies of the risk-based capital model, Solvency II disclosures and disclosures made in relation to internal control and risk management, as well as the principal risks and uncertainties the Group faces. The Committee can confirm that the key judgements and significant issues considered in relation to the 2024 financial statements are consistent with the disclosures of key estimation uncertainties and critical judgements as detailed in Note 1 on page 134. The statement is underpinned by the Committee's belief that all important information has been disclosed and that the descriptions and reviews of the Group's business and performance as set out in the Strategic report are consistent with the financial reporting in the Group's financial statements.

Internal control

The Committee has the primary responsibility for the oversight of the Group's system of internal controls including controls over financial reporting and the work of the Internal Audit function. The Committee, in collaboration with the Risk Committee, seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risks to be identified, assessed and managed. The Committee has received regular updates on the Group's overall control environment throughout the year as well as further in-depth updates focused on the Group's divisions and where areas for improvement in the control environment have been identified.

Policies and manuals in relation to International Financial Reporting Standards (IFRS) and Solvency II reporting requirements and a Financial Control Framework (FCF) are in place across the Group. FCF is a first line framework that supports the Committee in enabling it to understand and assess the design and effectiveness of controls over financial reporting (covering IFRS, APMs, and Solvency II) and climate and other non-financial reporting. FCF is a risk-based approach with management identification, documentation, testing, remediation (as required), reporting and certification over key reporting-related controls.

The Committee, together with the Risk Committee, monitored the effectiveness of the systems of internal control over financial and non-financial reporting that support the integrity of the Group's financial and non-financial disclosures, in accordance with the requirements of the guidance on risk management, internal control and related financial and business reporting published by the FRC. During this review, the Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken, and progress is monitored by the Committee.

In January 2024, the FRC announced the publication of the 2024 Code. The Committee, together with the Risk Committee, will oversee and make recommendations to the Board in relation to the changes to Provision 29 of the Code, which will come into force from 1 January 2026. The changes bring a greater level of transparency as to how the Board is fulfilling its broader requirements in relation to audit, risk and internal control, and will require the Board to make a specific declaration on the effectiveness of material controls at the balance sheet date. The Committee is overseeing any work that is required to enable the Board to make such a declaration, which will be in the Annual report and accounts for the year ended 31 December 2026.

Audit quality

It remains an important aspect of the Committee's work to keep under review the independence and effectiveness of the internal and external audit process.

Internal audit

The Committee continued to oversee and support the work of the GIA during the year. The Group Chief Internal Auditor presents a report at each scheduled Committee meeting, to update the Committee on the results of audits since the previous meeting. The report includes: GIA's assessment of the overall control environment for each of the Group's divisions; details of any significant audit reports issued; and an update on the status of open and overdue issues to address audit findings and key themes and trends.

Key areas of GIA's work reported to the Committee during the year included: processes and controls supporting financial reporting under IFRS 17; processes and controls supporting solvency capital requirements; management of liquidity and market risk; data, cyber and physical security; technology resilience; third party risk management; implementation and embedding of the FCA's Consumer Duty; processes and controls to prevent and detect financial crime; governance and processes supporting the Group's strategic change programme; and various audits of key operational processes.

GIA continues to evaluate the risk and control culture across the Group and includes specific reporting to the Committee on the results of this work. The Committee approved GIA's risk-based audit plan for the year and monitored the delivery of the plan throughout the year as well as the associated key performance metrics. GIA retained EY as a strategic co-source partner and Deloitte for the provision of independent quality assurance (QA) over a sample of audits completed during the year. The results of the independent QA activity were reported to the Committee.

The Committee continued to meet with the Group Chief Internal Auditor in private throughout the year. In accordance with the Chartered Institute of Internal Auditors' Financial Services Code of Practice, the Committee conducted its annual review of the independence and objectivity of the Group Chief Internal Auditor and concluded that independence and objectivity had been maintained throughout the year. The Committee undertook its annual review of, and approved, the GIA Charter, which includes GIA's mandate and its role in the organisation, which was to help the Board and senior management to protect the assets, reputation and sustainability of the organisation through the provision of independent, risk-based and objective assurance, advice and insight. The Committee also undertook a regular review of key performance indicators, including: audit plan delivery progress; resourcing and skill levels; and progress by GIA in completion of its strategic development actions.

Based on regular internal audit reporting, private sessions with the Group Chief Internal Auditor, and taking into consideration the independent QA activities over GIA's audits, the Committee is satisfied with the effectiveness of the GIA function, the independence of the Group Chief Internal Auditor, its positive impact upon the effectiveness of governance, risk management and controls across the organisation; and the appropriateness of its resources.

External audit

The Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations for their appointment, reappointment, removal and approval of remuneration. The Committee reviews and approves the terms of engagement of the external auditor and monitors its compliance with the independence criteria in the UK Corporate Governance Code.

The Committee meets regularly and privately with the external auditor. These meetings allow for regular and open dialogue of any issues relevant to the Committee's work. Audit Committee members also meet regularly with management outside of formal Committee meetings to discuss the relationship with the external auditor and the efficiency of the audit process. Throughout the year, the Committee has received updates on the quality of the external audit process and has continued to work with, and challenge, management and KPMG on efficiency gains and ensuring that audit fees are fair and proportionate to the audit work required for the Group.

Appointment

The Company confirms that it has complied with requirements governing the appointment of an external auditor, notably the requirements of the Competition & Markets Authority contained in the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, including requirements for mandatory audit firm rotation. Following a competitive tender carried out in 2016, KPMG was appointed as the Group's external auditor with effect from the financial year ended 31 December 2018. In May 2024, KPMG was reappointed as the Group's external auditor for the financial year ended 31 December 2024, which is their seventh year as the Group's external auditor.

The Committee considers the quality and effectiveness of the external audit and recommends to the Board, on an annual basis, whether to recommend the reappointment of the external auditor for shareholder approval. On the basis that KPMG continue to maintain their independence and objectivity, and the Committee continues to remain satisfied with their performance, there are no plans as at the date of this report to conduct a tender exercise for external audit services in relation to reporting periods before the end of the current required period of 10 years. The Committee believes it would not be appropriate to tender before the end of this period as it recognises that, while it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of a large and complex organisation, such as L&G, to ensure a high quality audit.

Assessment of independence and effectiveness

The Committee is responsible for assessing the effectiveness, objectivity and independence of the external auditor. This assessment is ongoing throughout the year and concludes with a formal, internal, effectiveness review, which was conducted in December 2024. The 2024 audit effectiveness review was undertaken to assist the Committee in assessing the quality of external auditor services provided to the Group through completion of a questionnaire by the Committee, senior management, and members of the Group's finance teams. As part of the ongoing assessment and effectiveness review, the Committee assesses the external auditor against a number of criteria, including but not limited to: delivery of an efficient and effective audit; the quality of judgements and audit findings; the ability to meet objectives within agreed time frames; provision of timely and accurate industry-specific and technical knowledge; and maintaining a professional and open dialogue with the Audit Committee Chair and members at all times. The Committee holds regular private meetings with the external auditor to discuss the audit process and relationship with management.

The Committee and management have a regular and open dialogue with KPMG and the audit partner regularly attends Committee meetings. The Committee also receives reports from the external auditor on the progress of its audit activities and updates on its risk assessment. The Committee reviews the content of these reports and the level of professional scepticism and challenge of management assumptions demonstrated by the external auditor and, where appropriate, requests that management respond to that challenge and tracks management responses to ensure a satisfactory outcome to the challenges raised.

The Committee was provided with the findings of the FRC's Audit Quality Review (AQR) inspection of KPMG and other large firms which largely covered the years ending between June 2022 and May 2023, and discussed these with KPMG. No specific actions were required as a result of the AQR. The AQR provided further external evidence to the Committee of the robustness and quality of the external audit process.

Overall, the assessment of KPMG remains positive and, where opportunities for improvement have been identified through the effectiveness review, KPMG were asked to consider that feedback in future audit cycles. Taking into account the result of the formal evaluation and the ongoing assessment throughout the year, the Committee concluded that KPMG maintained its independence and objectivity and that the audit process was effective. Upon the Committee's recommendation, the Board has recommended that KPMG be reappointed as the Company's auditor, by shareholders, at the 2025 AGM.

Non-audit services

In order to safeguard the auditor's independence and objectivity, the Group has in place a policy setting out the circumstances in which the external auditor may be engaged to provide services other than those covered by the audit. The policy applies to all L&G subsidiaries and other material entities over which the Group has significant influence. The core principle of the policy is that non-audit services (other than those legally required to be carried out by the Group's auditor) should be performed by the auditor only in certain controlled circumstances. The policy sets out those types of services that are permitted (permitted services) and those types of services which are not permitted. The policy pre-approves a number of the permitted services, provided the fee is below a certain threshold; all other permitted services must be specifically approved in advance by the Committee.

The policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines. The policy is aligned with the FRC's requirements and includes the requirement to consider the self-review test under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics, applicable for periods beginning on or after 15 December 2022, before a proposed engagement is assigned. It is also aligned with KPMG's own internal policy on non-audit services for FTSE 350 companies, which broadly restricts non-audit work to services that are 'closely related' to the audit. Any changes to the policy are required to be approved by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK – such as Legal and General Assurance Society Limited (LGAS) – can rely on the approval of non-audit services by the ultimate parent board's Audit Committee.

Audit fees

The Committee assesses the external auditor's fee structure, resources and terms of engagement annually. Total fees paid to the auditor for the year were £19.8 million (2023: £23.1 million), of which £2.3 million (2023: £1.9 million), was spent on other audit-related and non-audit other assurance services. £1.8 million (2023: £1.6 million) was spent on audit-related services required by legislation, which is excluded from any calculation of the ratio of non-audit to audit fees in accordance with the UK FRC Revised Ethical Standard for Auditors (2019). Further details can be found in Note 31 to the consolidated financial statements. The non-audit fee represents 6% of the total audit fee for 2024. The Committee continues to work with KPMG to ensure costs remain appropriate and proportionate to the services provided.

	2024 £m	2023 £m	2022 £m
Audit	15.7	19.6	14.2
Audit-related required by legislation	1.8	1.6	1.6
Other audit-related	1.2	1.0	0.9
Non-audit other assurance	1.1	0.9	0.8
Total	19.8	23.1	17.5



Tushar Morzaria
Chair of the Audit Committee

Key accounting and reporting judgements

Throughout the year, the Committee was briefed at each meeting on the Group's key accounting and reporting judgements by management and KPMG. The Committee's response to each issue can be found below, and the Committee is satisfied that the financial statements appropriately address the key accounting judgements and estimates in respect of both the amounts reported and disclosures made.

Issue	Committee's response
<p>Valuation of insurance contract liabilities – retirement:</p> <p>The insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.</p>	<p>The Committee evaluated the significant judgements that have an impact on the valuation of insurance liabilities for retirement products. This included considering:</p> <p>Longevity assumptions – which estimate how long policyholders receiving annuity payments will live. The challenge around the setting of longevity assumptions was a particularly significant area for review as the judgements made could be expected to have a material impact on the Group's results. The Committee considered the effectiveness of the controls over the accuracy and completeness of the data used in determining the longevity assumption and the validity of independent industry data supporting those assumptions. The Committee also reviewed available data illustrating recent trends in mortality experience in the UK population and the mortality experience on different blocks of our business, taking account of the uncertainty in more recent data as a result of Covid-19.</p> <p>Valuation interest rates – which are used to discount the liabilities. These are sensitive to judgements made, for example, on credit default of the backing assets, as well as the investment data used to calculate the internal rate of return. The Committee focused on management's proposed changes to reserving assumptions, other modelling changes, and the determination of the credit default assumption. This included analysis of internal historical data and external market experience.</p> <p>Directly attributable expense assumptions – which determine the specific future expenses that are incorporated in the calculation of the IFRS insurance liabilities. The Committee considered the allocation between servicing new and existing business and the consistency of approach applied.</p> <p>The Committee concluded that the retirement insurance contract liabilities are appropriate for including in the financial statements, reflecting the asset risks and the available data on policyholder longevity.</p>
<p>Valuation of complex investments:</p> <p>Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes.</p> <p>Mark to model valuations inherently include assumptions that lead to the existence of a range of plausible valuations for financial instruments (known as valuation uncertainty). Certain assets are subject to a higher degree of valuation uncertainty, particularly where valuations are modelled using no market inputs or the valuations are affected by other factors such as the illiquidity of the asset.</p>	<p>The Group balance sheet carries exposure to complex investments (typically classified as Level 3 in the fair value hierarchy), in line with the Group's strategy and risk appetite. The valuation of these investments, including property assets, lifetime mortgages and private credit, requires the use of complex models and management judgement. The Committee seeks to ensure that the valuation process for these investments is robust.</p> <p>These harder to value assets remain a key area of focus, partially heightened in 2024 as a result of macro-economic volatility and geopolitical events. The valuation of a number of asset classes is sensitive to varying interest rates and inflation, and these have therefore been areas of enhanced challenge and review by the Committee.</p> <p>The Committee has continued to review the processes and controls over investment valuations, and in particular the valuation uncertainty policies and governance which include management's assessment of valuation uncertainty by asset type. While we do not currently see any material impact on the valuation of our asset portfolio arising from climate change, this continues to be an area of increased consideration along with other ESG factors in both internal and third-party valuations.</p> <p>The Committee concluded that there are appropriate controls surrounding the valuation of complex assets and that they are valued appropriately for inclusion in the financial statements.</p>
<p>Valuation of insurance liabilities – protection:</p> <p>The insurance liabilities for protection contracts are an important driver of the profitability for this line of business and require judgements to be made regarding the assumed rates of mortality and persistency. The Company makes extensive use of reinsurance to reduce mortality risk.</p>	<p>The Committee has reviewed the methodology for calculating reserves including the allowance made for payments to and from reinsurance counterparties. The assumptions for the rate of future mortality and morbidity (how many customers will die or become ill during the policy term) and persistency (how many customers will discontinue cover) are based on the Company's internal experience and use judgement about how experience may vary in the future. During 2024, the Committee has spent time reviewing the findings and judgements in respect of the continuing elevated levels of mortality experienced in the UK and the US, reflecting indirect impacts of Covid-19 related illness, and potentially reflecting the deferral of diagnostics and medical treatments for other conditions.</p> <p>The Committee reviewed the judgements underlying the directly attributable expenses included in the insurance liabilities and considered the effectiveness of controls in place over valuation models.</p> <p>The Committee concluded that the insurance liabilities of the Group's insurance businesses are appropriate for inclusion in the financial statements.</p>
<p>Alternative performance measures (APMs):</p> <p>APMs offer investors and stakeholders additional information on the Company's performance and the financial effect of 'one-off' events, and the Group uses a range of these metrics to enhance understanding of the Group's performance.</p>	<p>As part of its consideration of whether the Annual report and accounts is fair, balanced and understandable, the Committee has paid particular attention to the use of APMs in reporting the Group's performance.</p> <p>The Committee has reviewed the addition of new APMs following the launch of the Group's new strategy in June 2024, namely Core operating profit, Core operating earnings per share and Operating return on equity. Specifically, the Committee has considered the incorporation of these APMs into the Group's suite of external reporting documents to ensure that they are aligned to both the Group's disclosed policies on these APMs and the underlying principles of fair and consistent reporting. Where appropriate the Committee has reviewed additional disclosures provided to enhance transparency in respect of the Group's APMs.</p> <p>The Committee concluded that the use and disclosure of APMs, including the clarity of labelling the prominence of APMs versus statutory measures, are appropriate for inclusion in the Annual report and accounts.</p>

Data and Technology Committee report



Committee overview

Committee meetings and membership

The Committee met five times during the year. The Committee is comprised entirely of independent non-executive directors. As well as the Committee members, the Group CEO, the Group CFO, the Group CRO and the Group Chief Technology Officer are expected to attend each meeting. The Committee is advised by independent Cyber Security and Information Technology advisors, who also attend each meeting.

Meeting attendance

Member	Scheduled	Ad hoc
Laura Wade-Gery (Chair)	4/4	1/1
Clare Bousfield ¹	1/1	
Philip Broadley	4/4	1/1
Carolyn Johnson ²	1/1	1/1
Nilufer Kheraj OBE	4/4	1/1

1. Appointed to the Committee with effect from 1 December 2024.
2. Appointed to the Committee with effect from 1 September 2024.

The role of the Committee

The role of the Committee is to provide assurance to the Board on the management of data and technology and associated change programmes, and to ensure that the Group is operating within its targeted information security and cyber risk appetite.

Key responsibilities

- Provide oversight of, and guidance to, the Board with regards to all aspects of information technology, data and analytics and cyber security (including IT and information security) across the Group.
- Review and endorse the Group information technology and digital strategy, Group data strategy and Group cyber security strategy, and their respective implementation plans.
- Oversee technology and data aspects of major change programmes and understand their strategic contribution and risks.
- Review and endorse the operating model in place for information technology, data and analytics and cyber and information security, and subsequently consider its ongoing suitability.
- Review and approve any proposed technology projects and contracts within its remit of responsibility.
- Consider current capabilities relating to technology, data, cyber and digital skills and plans to address any gaps.
- Consider the adequacy, resilience and performance of suppliers and supply chains for IT and cyber.

Committee's terms of reference
The Committee's terms of reference can be viewed on our website:

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I am pleased to present my report as the Chair of the Data and Technology Committee. The Committee's membership has been further strengthened this year through the appointments of Carolyn Johnson and Clare Bousfield, both of whom have previous experience in technology and organisational transformation.

The Committee's focus during the year has been on overseeing the development, design and implementation of the group-wide technology strategy. At this year's Board strategy event, the Board identified technology as a major opportunity to support growth, simplify complexities and costs, improve capabilities and enhance the Group's overall operating model. Alongside the Group Management Committee, the Committee has therefore overseen the implementation of the technology strategy to realise the benefits identified, which has included changes to IT functional leadership and accountability across the Group, as well the design of a technology operating model. We have benefited from the continued support of our external advisors throughout this process, who have worked closely with the executive to ensure that the strategy is centred on the right capabilities to drive future business growth and efficiency. The wider data analytics strategy continues to be a consideration for the executive as the Group's transformation develops.

During the year, the Committee has received updates from each of the Group's divisions on their respective transformational and major change portfolios. This has provided a rich insight into the maturity of the divisions' innovation and use of data and technology to drive strategic growth and improve efficiencies. The Committee continues to work with the divisions to ensure that they thoroughly consider the full potential of the Group's technological capabilities. In addition, throughout the year the Committee approved various technology-related business case spends within its remit of Board-delegated responsibility, received regular updates on technology service performance, data and cyber from the Executive Data and Technology Committee, and oversaw improvements to the management of technology risks across the Group through the implementation of an improved IT control framework. The Committee also continued to provide oversight of technology-related major change programmes throughout the year.

Significant progress has been made on the use of GenAI across the Group, and throughout the year there has been positive collaboration between divisions on the use cases being developed. Further work is required to ensure that AI and data continue to be built into the Group's strategic and transformation plans, which the Committee will continue to oversee.

Laura Wade-Gery
Chair of the Data and Technology Committee

Nominations and Corporate Governance Committee report



Committee overview

Committee meetings and membership

The Committee met five 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.

Meeting attendance

Member	Scheduled	Ad hoc
Sir John Kingman (Chair)	4/4	1/1
Henrietta Baldock	4/4	1/1
Philip Broadley ¹	3/4	1/1
Clare Bousfield ²	1/1	
Carolyn Johnson	4/4	1/1
Nilufer Kheraj OBE	4/4	1/1
Lesley Knox ³	3/4	1/1
George Lewis	4/4	1/1
Ric Lewis	4/4	1/1
Tushar Morzaria	4/4	1/1
Laura Wade-Gery	4/4	1/1

1. Unable to attend for medical reasons.

2. Appointed to the Committee with effect from 1 December 2024.

3. Unable to attend for personal reasons.

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.

Committee's terms of reference

The Committee's terms of reference can be viewed on our website:

 [Discover more online](#)

group.legalandgeneral.com/groupboardcommittees

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, at both an executive and non-executive level. On the executive side, we welcomed the appointments of Eric Adler, our new CEO, Asset Management, and Katie Worgan, our new Group Chief Operating Officer, both of whom joined the Group Management Committee on appointment. We also appointed Clare Bousfield as a Non-Executive Director to the Board, following a rigorous search process.

In addition, the Committee has continued its engagement with the Group's principal operating subsidiaries throughout the year, overseeing a number of changes to the composition of key subsidiary boards.

Sir John Kingman
Chair

Key activities during 2024

- Looking ahead to two long-standing directors coming to the end of their tenures in 2025, implemented succession plans for a number of key Board roles. This included:
 - leading the process for the search and appointment of our new Non-Executive Director, Clare Bousfield
 - appointing Mark Jordy, Chair of our principal operating subsidiary in the Asset Management division, L&G – Asset Management Limited, to the Group Board
 - appointing Henrietta Baldock as Senior Independent Director (SID) designate
 - appointing Carolyn Johnson as Designated Workforce Director designate.
- Oversaw the development of a diverse pipeline of talent for succession to the Group Management Committee across near- to long-term time horizons, including the appointments of the CEO, Asset Management, and the Group Chief Operating Officer.
- Considered director reappointments, external appointments and changes to the composition of the boards of our principal operating subsidiaries.
- Oversaw the development of, and progress against, the Group's diversity and inclusion workforce ambitions, including the annual review and approval of the Board's Diversity and Inclusion Policy.
- Considered the results of the employee Voice survey.

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 UK Corporate Governance Code (2018) throughout the year. Further details of the Group's corporate governance framework, including compliance with the Code, can be found on page 61.

Board composition, succession and other changes throughout the year

Key Board changes and succession

Looking ahead to two of our long-standing directors, Philip Broadley and Lesley Knox, coming to the end of their tenures in 2025, the Committee was focused throughout the year on implementing succession plans for both of these directors.

Cognisant of the timing of the end of Philip's and Lesley's tenures, around the same time, the Committee had discussed a phased approach to replacing them both on the Board. Philip brings deep life insurance expertise and Lesley extensive experience in asset management; Lesley is also a Non-Executive Director (and was previously Chair) of L&G – Asset Management Limited.

The first phase of the succession planning was a search process to replace Philip Broadley, which began in October 2023. Spencer Stuart was engaged as the external advisor to facilitate the search due to its depth of experience in insurance and financial services more generally, along with its track record of focusing on diversity. Spencer Stuart has no other connection with the Company or its directors and is a signatory to the Voluntary Code of Conduct for Executive Search Firms. The role specification had focused on the need for deep life insurance expertise, given the rationale behind the search was to replace Philip's knowledge and experience on the Board, and given the nature of the Group's business and balance sheet. A shortlist of preferred candidates was produced, each of whom were assessed against the role specification and on merit before meeting with the Chair, Group CEO, SID, Chief Transformation and People Officer and three of our non-executive directors for interview.

Following this, Clare Bousfield was unanimously the preferred candidate. Clare has extensive and deep life insurance experience, asset management experience (including in private markets, which is a growth area for the Company), and strong digital and customer experience. Further detail on Clare's skills and experience can be found in the director biographies on page 58. In addition, the Committee deemed Clare an excellent cultural fit and was satisfied that Clare would be independent on appointment and had sufficient time to meet the responsibilities of the Board. The Board approved Clare's appointment in August 2024, following the Committee's formal recommendation. Clare joined in December 2024 to allow for a sufficient period of overlap and handover before the end of Philip's term.

The second phase of the succession planning was for the Committee to consider who should replace Lesley Knox on the Group Board and who could step up to the role of Senior Independent Director.

On the first, the Committee considered that, in order to preserve the overlapping of knowledge and expertise on the Group and L&G – Asset Management Limited boards, and to ensure continued oversight by the Group Board of L&G – Asset Management Limited's business (and the Asset Management division more broadly), Mark Jordy would be a good fit to succeed Lesley as a Non-Executive Director. Given Mark's current role as Chair of the L&G – Asset Management Limited board and his extensive experience and deep expertise in asset management, he was considered an excellent candidate who would add great value and experience to the Group Board. Given the rationale for the appointment was to ensure appropriate overlap and oversight of L&G – Asset Management Limited business and the Asset Management division, an external search process was not initiated as the Committee considered that Mark was best-placed to take on the role, with the relevant expertise and experience required for this particular non-executive appointment. The Board approved Mark's appointment in December 2024, following the Committee's formal recommendation, and Mark will join the Board in July 2025, following a thorough handover and induction period. The Committee was satisfied that Mark would be independent on appointment and had sufficient time to meet the responsibilities of the Board.

On the second, the Committee ran an internal process to decide who would be best-placed to take on the role of Senior Independent Director once Lesley steps down from the Board. Following Committee and Group Board approval in December 2024, Henrietta Baldock will replace Lesley as SID with effect from 21 May 2025. Henrietta was considered an excellent candidate for the SID role due to her experience and expertise.

Having both joined the Board in 2016, Lesley and Philip have supported the Company through a period of significant evolution, and I would like to thank them for the significant contributions they have made to the Company during each of their tenures.

In 2024, the Committee considered succession planning for one additional key Board role, that of Designated Workforce Director, given that Nilufer Kheraj's three-year term in the role is scheduled to come to an end in April 2025. Following a Committee process, and as announced in December, Carolyn Johnson will succeed Nilufer as Designated Workforce Director from 1 April 2025. Carolyn was considered an excellent successor due to her depth and breadth of experience as an executive in leading large teams of people, in particular through times of company transformation. The Committee was satisfied that Carolyn has sufficient time to fulfil the additional duties and commitments of the Designated Workforce Director.

Nominations and Corporate Governance Committee report continued

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 and is reviewed by the Committee on an annual basis to support discussions on composition and succession. This year, the list of skills included in the skills matrix was reviewed and refreshed to ensure the matrix remained fit for purpose in light of the Group's new strategy. 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 2024 discussion on composition was that, overall, the Board was of an appropriate size and composition with relevant and deep skills and experience in the sectors in which the Company operates, and would continue to be so once all of the succession plans outlined on page 81 had been implemented.

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.

Subsidiary composition and 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 operating 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 principal operating subsidiaries and to ensure orderly succession plans are in place.

Appointments to the Group's principal operating subsidiaries are made on the recommendation of the Committee. This year, the Committee recommended the reappointment of existing non-executive directors to the boards of two of our principal operating subsidiaries, LGAS and L&G – Asset Management Limited. The Committee also recommended the appointment of new non-executive directors to the boards of LGAS and L&G – Asset Management Limited during the year, following thorough consideration of the candidates' respective skills and experience.

Carolyn Johnson succeeded Sir Charles Roxburgh as Chair of the board of LGA in March 2025. The Committee endorsed the appointment, recognising the collaborative benefits of having cross-directorships between the Group Board and its key subsidiaries.

In addition, as part of the Committee's continued oversight of principal operating subsidiary succession, this year the chairs of the LGAS and L&G – Asset Management Limited boards attended a Committee meeting to provide a deep dive on the composition of their respective subsidiary boards. This included a review of their respective skills matrices. Following these updates, the Committee concluded that the boards of both subsidiaries continued to have appropriate and relevant skills, experience and capabilities.

The Chair of the Group Board also meets regularly with the non-executive directors of our principal operating subsidiary boards, without the presence of executive management, to gain direct feedback.

Executive succession and talent management

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

In September 2024, the Board approved the appointment of Eric Adler as the new CEO of the Asset Management division, who joined the Company in December 2024. Eric was appointed due to his credible executive career and extensive experience in private markets across real estate, private credit and private equity, previous track record of successfully growing businesses, outstanding leadership capabilities and alignment to the Group's values.

In addition, the Board approved the appointment of Katie Worgan as the Group Chief Operating Officer, a new role for L&G, who joined the Group in March 2025. Katie was appointed due to her broad commercial background, large-scale operational leadership experience, success in delivering transformation programmes, and focus on customer experience.

Both executive appointments were made in support of the execution of our group-wide strategic vision for a growing, simpler and better-connected L&G. Eric will lead our Asset Management division, which brings together our public and private markets businesses to form a unified global asset manager with international growth ambitions. Katie will provide operational leadership and oversight for core service functions across the Group to ensure we have a joined-up, sharply focused approach that enables us to work together with ease and deliver for our customers and clients.

Throughout the year, the Committee was also consulted on various additional senior leadership changes, including the appointment of Laura Mason as CEO, Retail.

Social impact report

More information on the diversity of our workforce can be found in our Social impact report:

 [Discover more online](#)

group.legalandgeneral.com/SocialImpactReport2024

Board Diversity and Inclusion Policy

The Board Diversity and Inclusion Policy is available here:

 [Discover more online](#)

group.legalandgeneral.com/en/about-us/corporate-governance

Diversity and inclusion (D&I)

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 more inclusive culture which more readily embraces innovation and creates fair opportunities for everyone. For more information on our group-wide D&I activity during 2024, including our progress on achieving our objectives, please see page 40 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.

We are proud to have a Board which is diverse, both in terms of gender and ethnicity. As at 31 December 2024, the Board comprised 46% women, and 23% 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 targets in the Listing Rules and discloses its compliance in the prescribed format below. In addition, we have taken steps this year to introduce new processes to track broader socio-economic elements of the Board's diversity, to measure the Board's diversity in thought and background.

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. As a Committee, we continue to review progress against our diversity objectives and goals, backed up by analysis of our workforce demographic, and review remediation plans for any shortfalls in performance.

During 2024, we made good progress towards our workforce ethnic representation goals of 17% of our senior roles and 17% of 'all grades' employees, being people from minority ethnicity backgrounds, by 2027. As at 31 December 2024, we have achieved this representation goal for all grades across our workforce, including at senior level, where 18.3% of this constituency is now from a minority ethnicity (2023: 17.3%). Our immediate focus ahead of the 2027 deadline will be to maintain our performance.

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. The pace of change to meet our gender diversity goals remains slow, although we remain committed to them. We recognise that leaders are critical in achieving our goals due to their impact and influence across the Group, therefore we continue to support the work of the Group Management Committee and the D&I Council to challenge our leaders to take accountability for improving retention and embedding D&I into all areas of decision making, including hiring, talent sponsorship and talent development. As at 31 December 2024, our Group Management Committee comprised 33% women*, with 33% of our businesses led by a female CEO, and representation at the senior level was 38.5% women (2023: 37.2%). Our new Group Chief Operating Officer, Katie Worgan, joined in March 2025, and the Group Management Committee now comprises 43% women*.

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 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.

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	54%	3	4	67%
Women	6	46%	1	2	33%
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)	10	77%	4	6	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
South Asian	2	15%	–	–	–
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 Management Committee as at 31 December 2024.

Assessing Board and Committee effectiveness

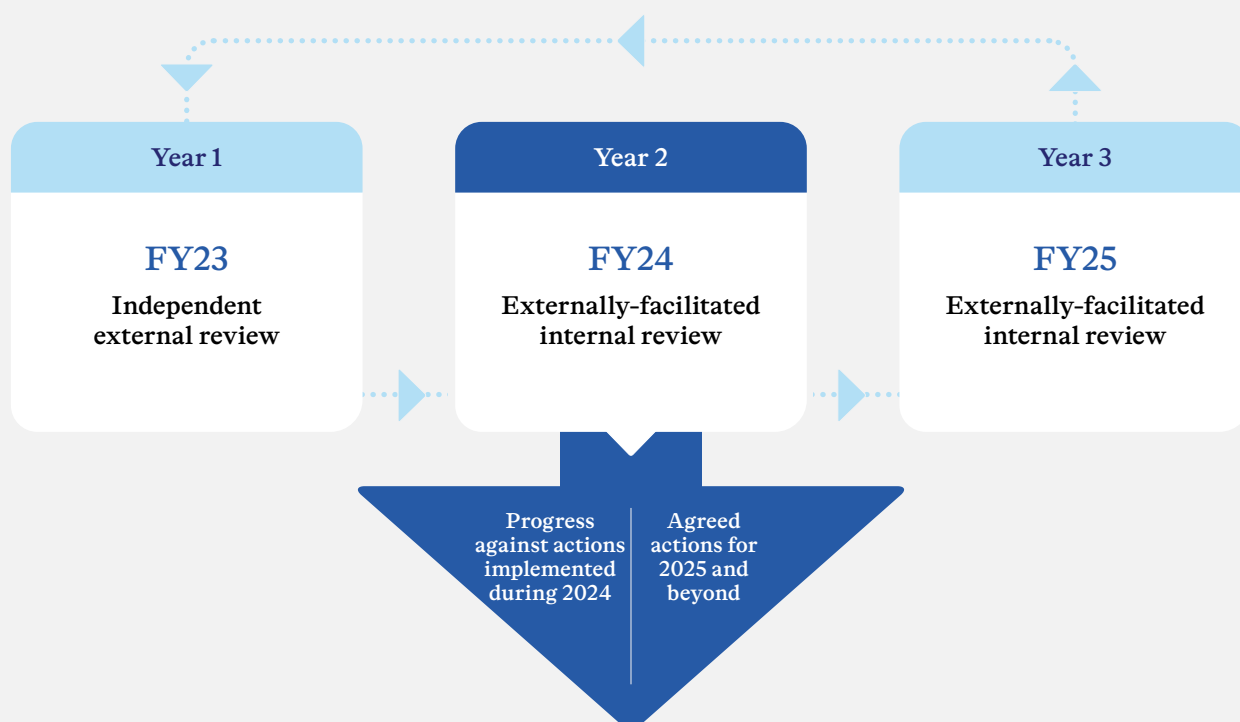
Another role of the Committee is to oversee the annual Board and Committees' effectiveness review. In line with best practice, a formal and rigorous review of the effectiveness of the Board and its Committees is conducted each year. The Board and its Committees undergo a full, independent external evaluation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

This year was our externally-facilitated internal review. Clare Chalmers Limited was again chosen by the Board as the independent external reviewer to facilitate the 2024 evaluation. Clare was chosen due to her specialism in financial services firms. Clare Chalmers Limited has no other connection with the Company or individual director and is accredited as a member of The International Register of Board Reviewers.

Clare met with the Group Company Secretary to agree the scope and aim of the 2024 effectiveness review, which was to assess the effectiveness of the Board, both as a collective unitary Board and at Committee level. Clare met with each of the Board members and the Group Company Secretary to complete a questionnaire covering the performance of the Board and its Committees. The questions were developed by Clare in consultation with the Chair and Group Company Secretary and were designed to provide an overarching view of the effectiveness of the Board and its Committees, as well as build upon the themes identified in the prior year's review. The review focused on, amongst other things, the Board's composition and expertise, board dynamics, strategy, risk and culture.

Following these meetings, Clare produced a draft report on her independent review findings, which she discussed with the Chair and Group Company Secretary in the first instance. The Chair was identified as Clare's escalation point. The final written report was shared with the Board for discussion. No views were attributed to any individual in the final report.

Three-year board evaluation cycle



The tone of the feedback from the review was positive overall, and indicated that the Board, and each of its Committees, continued to operate effectively. The Board particularly welcomed the open and proactive engagement style of the new Group CEO, which was felt to have enhanced the potential for the Board to add value, as well as the dedication from the Board and senior management to developing the Group's new strategy. There was also positive feedback on the effectiveness of each of the Board's Committees, the Board's oversight of, and connection with, its principal subsidiaries and other key stakeholders, and the implementation of the Consumer Duty. The review highlighted that effort should continue to be made to ensure that succession planning processes remain robust and transparent and the importance of continuing to seek "lessons learnt" exercises from management.

The Board discussed the findings of the 2024 effectiveness review and subsequently agreed an action plan for the coming year. The key actions included (i) continue with the Board's current momentum of strategic discussions with strategic teach-ins and reporting on competitors, (ii) continue to enhance the Board's oversight of the Company's culture, and (iii) enhancing and streamlining reporting to the Board and its Committees. 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.

Clare had the opportunity to comment on these disclosures.

Chair and individual directors 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.

Update on previous Board evaluations

An overview of the recommendations from the 2023 review and progress against them is provided below.

Recommendations from 2023 review	Progress against recommendations
Continuing to support the new Group CEO as he transitions into the role	The Group CEO has one-to-one sessions with each of the non-executive directors ahead of each Board meeting. In addition, the non-executives continue to informally offer support in their specific areas of expertise.
Continuing to develop relationships with, and appropriate governance of, the Group's principal operating subsidiaries	<p>The Chairs of the Group's principal operating subsidiaries, LGAS and L&G – Asset Management Limited, attended the Nominations and Corporate Governance Committee in December 2024 to present a deep dive into the composition of their respective boards, which included a consideration of their respective skills matrices. The Chairs of LGAS and L&G – Asset Management Limited have also attended various Nominations and Corporate Governance Committee meetings throughout the year to provide updates on succession planning.</p> <p>The Chair of L&G – Asset Management Limited continues to attend each Board meeting for the routine discussion on the Asset Management business, and the chairs of the principal operating subsidiaries were invited to attend relevant updates at the Board's strategy event in April, as well as the Board's off-site event in Chicago in November 2024.</p> <p>Carolyn Johnson was appointed Chair of the LGA Board in March 2025. In addition, Mark Jordy, the Chair of the L&G – Asset Management Limited board, will join the Group Board in July 2025.</p>
Continuing to oversee how the Consumer Duty is embedded into the organisation and how reporting on consumers could be more strategic	The Board received updates on Consumer Duty at each Board meeting in 2024, and signed off the Annual Board Report at its meeting in July 2024. The Board now receives regular management information (MI) on Consumer Duty at each Board meeting; following feedback from Board members, this MI is continuing to evolve to ensure it provides the Board with sufficient oversight on how the Consumer Duty is embedded into the organisation. The Board hosted a session with the second line in December 2024 to discuss specifically how the Consumer Duty is being embedded into the organisation. Laura Wade-Gery, the Board's Consumer Duty Champion, provides updates to the Board at each meeting from discussions at the Consumer Outcomes Forum. Laura has a particular focus on how reporting on consumers could be more strategic, and the MI and deep-dive Board reporting is evolving to meet this challenge.

Risk Committee report



Committee overview

Committee meetings and membership

The Committee met five times during the year. The composition of the Committee remains in compliance with the requirements set out in its terms of reference and comprises only independent non-executive directors.

Meeting attendance

Member	Scheduled
George Lewis (Chair)	5/5
Henrietta Baldock	5/5
Clare Bousfield ¹	1/1
Philip Broadley	5/5
Carolyn Johnson	5/5
Nilufer Kheraj OBE	5/5
Lesley Knox	5/5
Tushar Morzaria	5/5
Laura Wade-Gery	5/5

1. Appointed to the Committee with effect from 1 December 2024.


The role of the Committee

The Committee assists the Board in its oversight of risk by assessing the effectiveness of the Group's risk management framework, risk strategy, risk appetite and tolerance for the categories of enterprise, emerging and principal risks to which the Group may be exposed and providing advice on what constitutes acceptable risk taking.

Key responsibilities

- Review the Group's risk profile and appetite for risk and assess the effectiveness of the Group's risk management framework.
- Oversee and advise the Board on the current risk exposures of the Group and oversee the management by the executive of those categories of risk.
- Oversee and advise the Board on the governance, operation and performance of the Group's internal model, and provide advice to the Audit Committee on Internal Model assumptions for regulatory and public disclosures upon request.
- Review and approve the Group's own risk and solvency assessment (ORSA) which is designed to measure, aggregate and monitor risks in accordance with strategy, policy and principles.
- Provide advice to the Remuneration Committee on any risk adjustments to be applied to performance objectives and other issues as requested by the Committee.

Committee's terms of reference
The Committee's terms of reference can be viewed on our website:

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I am pleased to present my report as Chair of the Risk Committee. In a continually uncertain and challenging macroeconomic and geopolitical environment, the Committee has continued to oversee management's approach to risk management, while simultaneously providing robust challenge, and advising the Board on the Group's current and future risk exposures and profile, against the backdrop of a new strategic direction for the Group. The Committee has continued to monitor the ongoing global economic and political uncertainties in the lead up to several important elections, as well as in the context of ongoing geopolitical conflict which continues to heighten. The Committee, in conjunction with the Audit Committee, keeps under review the effectiveness of the Company's risk management and internal control systems, which monitor and review all material controls including financial, operational and compliance controls. In addition, we closely monitor risk appetite and tolerance levels and challenge management to ensure these are regularly stress tested to ensure they are able to withstand wider macroeconomic and other risk events. Throughout 2024, I have continued to engage with my fellow Committee members to understand their views, in particular, on any risk areas which they feel require further oversight and challenge. This has been supported by my active and regular engagement with key colleagues in the business, with particular emphasis on the support received from the Group Chief Risk Officer and his team.

2024 activity

There remains ongoing uncertainty within the macroeconomic and geopolitical environment, and the Committee has spent a significant amount of time during the year hearing directly from the business, alongside risk and compliance colleagues, about how the associated risks are being managed and appropriately mitigated against. The Committee receives an update from the Group Chief Risk Officer at each meeting which covers an in-depth overview of the risk profile, outlook and landscape. There has been particular focus this year on emerging risks as we look to future-proof the new strategy and navigate the external macro environment. This has included the overhaul of our formal emerging risk framework which aids the Committee's discussion when assessing the impact and likelihood of emerging risks on the Group's strategy. Within this context, the Committee has received a number of in-depth updates and debated at length the UK pensions landscape, as well as the outcomes and potential impacts of UK and US elections.

During the year, the Committee has paid close attention to the risk governance associated with the use of funded reinsurance as part of pension risk transfer (PRT) transactions. The Committee has been kept updated on the consultation, and subsequent publication, of the Prudential and Regulation Authorities (PRA) Supervisory Statement 5/24 – Funded reinsurance, which sets out the PRA's expectations of insurers entering into or holding funded reinsurance arrangements as cedants. As a Company, we engaged extensively in the consultation, and the Committee approved the new Funded Reinsurance Risk Framework, which amalgamated existing Group policies on reinsurance and outlines how funded reinsurance risk will be managed. In addition, the Committee has also focused on credit risk throughout the year, which has included a number of deep dives given the size of the Group's current PRT business and the important part that future PRT business contributes to the Group's strategy.

In addition to the geopolitical and macroeconomic climate, the Committee has continued to focus on the management of the Group's non-financial risks. The Committee received regular updates, and challenged the progress made by management, on operational resilience, embedding the Consumer Duty, change management, and ensuring appropriate risk mitigations are in place in relation to financial crime.

Alongside the Group Chief Risk Officer's report, the Committee is provided with management information on risk appetite, comparing actual positions relative to the Group's risk appetite statement and quantitative analysis of the Group's exposures to financial and operational risks, including risk-based capital requirements in relation to the core risks implicit in the Group's businesses. The Committee also receives an assessment of the overall profile of conduct risks for the Group; analysis and trends in complaints data; and a suite of customer service metrics designed to enable the Committee to assess the management of the customer journey and ultimately the good outcomes we deliver to our customers.

Annual review of Group risk appetite: financial and non-financial risk

In July and October 2024, the Committee considered the risk profile of the Group's strategic plan and its alignment with the Group's risk appetite. The Committee undertook a detailed review of the Group's strategic risk appetite statements. As part of the review, the appetites were differentiated between financial and non-financial risk, under the umbrella of the strategic risk profile, which enabled a fulsome review of the respective appetite statements, metrics and tolerances used to determine acceptable risk taking.

The focus of the refinements to the financial risk-related metrics had been on ensuring consistency with the statements that were made at the Group's Capital Markets Event in June 2024, and ensuring the metrics continued to reflect the evolving nature of the business.

Similarly, the refinements recommended to the non-financial risk metrics supported the consistent application of the taxonomy across the Group as agreed in 2023. The differentiation of the risk appetite statements ensure a more reliable and accurate measure of the Group's performance against risk appetite.

Risk-based capital model

The Group's risk-based capital model (internal model) is used to determine the capital requirements for the Group and forms the calculation engine for the Solvency II internal model. In July 2024, the Committee reviewed and approved the internal model development plan and validation report. As part of this review, the Committee takes into consideration:

- key assumptions, methodologies and areas of expert judgement used within the model
- activities undertaken to validate the outputs of the model
- development of the model to ensure that it reflects the business lines and risk profile of the Group
- processes to ensure that changes applied in the model are undertaken in a controlled manner, and in line with model development plans.

In addition, the Committee also reviewed and approved the 2024 ORSA policy and scenarios, which are an ongoing assessment of the risks to which the Group is exposed and an assessment of the capital resources available to ensure that the Group is able to sustain its business over the plan horizon.

Climate risk

It is widely recognised that actions taken today can influence the likelihood of different climate outcomes, and impact on future risk exposures. This, alongside climate scenario analysis, informs our risk management framework. During the year, the Committee considered the Group's climate risk management approach, how we will continue to evolve our approach to ensure our risk management remains reflective of the underlying risks, and how we are approaching our management of broader nature-related risks.

Working collaboratively

The Committee continued to work closely throughout the year with the Audit Committee on risk and control matters as well as the Remuneration Committee so that risk management and risk culture are properly considered when setting the remuneration policy and determining remuneration outcomes. In addition, the Committee also works closely with the Data and Technology Committee to consider technology risk. An important element of this will be the emerging risk and opportunities that the use of AI presents the business. The Committee also considered data risk management and governance during the year.

L&G has a strong subsidiary governance framework in place to support the Board in discharging its responsibilities for the Group. The Committee also operates as the Risk Committee for LGAS and directors of the Group's principal operating subsidiaries (LGAS and L&G – Asset Management Limited) are also members of the Risk Committee; this brings valuable insight, oversight and challenge to the Committee's discussions on specific aspects of the Group's operations. An overview of the Company's risk appetite and risk management approach, as well as our principal and emerging risks, can be found on pages 44 to 53.

2025 priorities

The Committee has an important role in supporting the Board in the oversight and management of the risk framework. During 2025, the Committee will continue to focus on:

- the continued implementation of the new Group strategy and Plan as approved by the Board during 2024
- impacts and associated risks arising from the macroeconomic and geopolitical environment, and regulatory landscape including global climate change, with continued consideration of emerging risks
- management of capital and liquidity risks
- oversight of the current and emerging non-financial and conduct risk exposures of the Group, including operational resilience, change management and the Consumer Duty regulation.



George Lewis
Chair of the Risk Committee

Directors' report on remuneration



Committee overview

Committee meetings and membership

The Committee met eight times during the year. The Committee comprises only independent non-executive directors, fulfilling the requirements of the UK Corporate Governance Code. The Board is satisfied that the members of the Remuneration Committee have the relevant expertise and experience to deliver its responsibilities. The majority of members of the Committee are also members of the Risk Committee, ensuring appropriate identification and consideration of any issues that are relevant to both committees.

Meeting attendance

Member	Scheduled	Ad hoc
Laura Wade-Gery (Chair)	6/6	2/2
Henrietta Baldock	6/6	2/2
Philip Broadley	6/6	2/2
Lesley Knox ¹	6/6	1/2
George Lewis	6/6	2/2
Ric Lewis ¹	6/6	1/2
Tushar Morzaria	6/6	2/2


1. Unable to attend due to prior commitment.

Key responsibilities

- Determine and make a recommendation to the Board on the Group's remuneration policy.
- Determine the contractual terms and remuneration of the Chair, executive directors and designated senior managers, including base salary, policy and scope for pension arrangements, share and other incentive plans, bonus arrangements and shareholding requirements.
- Determine the framework for the remuneration policy for all other employees of the Group.
- Design of, or amendment to, any share- or cash-based performance-related pay plans operated by the Company.
- Exercise the powers of the employer in relation to the operation of the Group ShareSave Plan, Employee Share Plan and share incentive plans.
- Review the ongoing appropriateness and relevance of the Group's various remuneration policies and compliance with all regulatory requirements.

Committee's terms of reference

The Committee's terms of reference can be viewed on our website:

 [Discover more online](#)

group.legalandgeneral.com/groupboardcommittees

I am pleased to present the Remuneration Committee's report for 2024, having taken over as the Chair of the Committee from Lesley Knox in February 2024. On behalf of the Committee, I would like to thank Lesley for her work as Chair. This report sets out remuneration outcomes for 2024 as well as information on how we intend to implement our remuneration policy in 2025.

Link between pay and performance

2024 was a year of change for L&G. António Simões commenced in role on 1 January and after six months of getting to understand the business in detail, he announced our new strategy to the market on 12 June. The management team have been focused on the delivery of this new strategy.

Annual Variable Pay (AVP)

For executive directors, 70% of the bonus opportunity is determined by Group financial performance, measured against pre-determined targets. This scorecard contains a number of financial metrics which assess both our in year profitability and performance as well as growth metrics, assessing the extent to which new business is written in the year which will generate profits for shareholders in future years. Targets and outcomes are summarised in the 'Quick read' section on page 90.

The overall outcome across all financial measures is 34.9%. There have been a range of outcomes for the various measures, but with the majority scoring between threshold and maximum against targets set. In year performance was strong with our adjusted operating profit outcome exceeding target and operating ROE exceeding maximum. Whilst a number of growth metrics performed well, we did not meet the threshold level of performance for net movement in CSM and Asset Management ANNR.

The outcome in net movement in CSM is heavily impacted by our pivot to a gilts-based investment strategy in how we write our PRT business. Adopting this strategy lowers the level of CSM recorded for the same volume of business. However this strategic pivot is in the interest of shareholders, materially decreasing the level of strain and increasing the level of funds available to return to shareholders. The incentive outcome is materially below threshold, and whilst we are not adjusting this formulaic outcome, the Committee's view is that this understates the strong level of performance in the year.

Similarly, whilst the Asset Management ANNR metric was marginally below threshold, this is a business which has gone through material strategic change during 2024, following the merger of the former Investment Management and Capital divisions.

The Committee are confident that this business is in a strong position to target growth opportunities in 2025 and beyond.

Strategic objectives determine the other 30% of bonus opportunity, including strategy, customer and culture, and risk, with climate measures operating as an underpin. In line with previous years, customer and culture and risk measures are assessed taking into account a very wide range of quantitative and qualitative measures. For 2024, the strategic measure was primarily assessed against the development and initial delivery of our new strategy. This measure scored highly, and initial progress has been very strong. The announcements we made on 7 February 2025, including the sale of our US protection business for \$2.3 billion, and the creation of a long-term strategic partnership with Meiji Yasuda, and an expectation of returning c.40% of our market cap to shareholders over 2025 – 2027 through a combination of dividends and buybacks, are emerging evidence of how this strategy is increasing returns to shareholders.

Overall bonus outcomes are 60.4% and 56.4% of maximum for the CEO and CFO and the Committee are comfortable that these formulaic outcomes are appropriate and consistent with performance.

Performance Share Plan (PSP)

The long-term incentive (PSP) awards granted in 2022 were subject to earnings per share (EPS) growth and total shareholder return (TSR) growth over the three-year period ended 31 December 2024. Both measures were below threshold and therefore no shares have vested from the 2022 PSP awards. The PSP performance targets and outcomes are summarised in the 'Quick read' section on page 93.

Implementation of remuneration policy for 2025

Base pay

Having reviewed pay and conditions across the Group, and considered the broader market and overall business performance, the Committee have determined to increase base pay for António Simões by 3% to £1,210,300, below the increase for the wider UK workforce of 3.6%.

Since António has been in role, one of his immediate areas of focus has been to review the roles, responsibilities, and make-up of his senior team to ensure that L&G is well positioned to target a number of growth opportunities. Jeff Davies, as Group CFO, is a critical member of the team to deliver this growth and ultimately shareholder value. As we announced in June 2024, this has included taking on additional responsibility for Corporate Investments, which relates to the management of all non-strategic assets, with the goal of maximising shareholder value ahead of potential divestment. Jeff also played a significant role in developing our strategic partnership with Meiji Yasuda. In recognition of Jeff's responsibilities and criticality to the Group, the Committee has determined to increase base pay to £800,000.

Before finalising this decision, the Committee consulted with our largest shareholders to explain our intended approach, including consideration of his target total remuneration, ensuring that it is in line with the median for FTSE 100 financial services companies.

The Committee are cognisant of the fact that this is a material increase to base pay but recognise the significant value that Jeff brings to L&G.

Both of these will be effective from 1 March 2025.

AVP

The proportion of the annual bonus measures assessed against financial metrics will remain 70%, with 30% assessed against non-financial objectives. For 2025, we are making two changes to our measures.

Firstly, net movement in CSM is being replaced with New Business CSM. This change is being made to ensure that the incentive measure better reflects the contribution that management make during the year.

Secondly, operating ROE is being replaced by core operating EPS. In recent years, we have seen material changes in investment variance, which is primarily outside of management's control. Investment variance impacts our operating ROE measure, but does not impact core operating EPS. With this in mind, the Committee believes that core operating EPS will provide a better reflection of business performance and our ability to return capital to shareholders. Further details on measures are shown on page 99.

PSP

PSP measures will be unchanged from 2025, with 40% based on EPS growth, 40% based on relative TSR and 20% based on progress against our published climate commitments. The Committee believes this is an appropriate combination of measures in assessing our absolute and relative growth whilst ensuring that growth does not come at the expense of our overarching ESG commitments. Further details on measures and targets are shown on pages 102 and 103.

Consideration of the wider workforce

The Committee has regard for the remuneration of all employees across the Group. The policies and practices applying to executive directors are the same as for the wider workforce in most instances, although quantum and participation by location and grade may vary.

During 2024, L&G undertook a review of the reward strategy for the wider workforce looking at all aspects of reward to ensure that remuneration structures continue to be appropriate and aligned with the longer-term ambitions of the Company. The Committee also approved a further increase to the employer pension contribution of 1% of base salary for UK employees below senior management, effective from 1 April 2025, following on from the 1% increase in 2024, with a view to aligning employer pension contributions with those for senior management.

The average annual base pay increase for UK employees was 4.5% in 2024 with base pay increases stratified so that higher base-salary increases applied to employees in lower-paid roles, reflecting their proportionally greater exposure to price inflation. A similar approach has also been adopted for 2025 with those in more junior roles receiving a base pay increase of 3.8%.

Most employees are eligible to be considered for a bonus payment based on Group, divisional, individual and/or other specific performance metrics, with bonuses for performance during 2024 paid shortly after the year end, at the same time as bonuses for executive directors.

The Committee continues to maintain an oversight of progress on continuing work on diversity and inclusion and achieving a further narrowing of the gender pay gap. Further details on this can be found on page 40 and in our social impact report.

2025 and beyond


At the AGM in 2026, we shall submit a new Directors' remuneration policy for approval by shareholders, when our previous policy, which was approved by over 95% of shareholders in 2023, expires.

The key focus of the Committee in 2025 will therefore be in reviewing this policy to ensure it best aligns with both our evolving strategy and the external market environment. Since the previous policy was introduced, we have appointed a new CEO, who is now established in their role with a clearly communicated strategy to deliver sustainable growth and enhanced returns, and we are in our third year of reporting under IFRS 17 which has driven a material change in how we consider various KPIs. The review of our policy will take into account both of these factors, as we focus on ensuring we have the right incentives in place to incentivise management and measure the successful delivery of our strategy.

As we progress with our review during 2025 we will be engaging with major shareholders and representative bodies. It is very important to me that any proposals we bring forward have the support of our shareholders and that we take on board their views and expertise and I greatly look forward to engaging with them later this year.

Conclusion

In a year of material evolution at L&G, the Committee believes that management have delivered a strong set of results, have developed an aspirational and exciting new strategy and that we are well set to deliver on these growth opportunities. I hope that you will find this report a clear summary of our decision making in the year. I look forward to your support at the AGM in May and engaging with you in 2025.



Laura Wade-Gery
Chair of the Remuneration Committee

Quick read summary

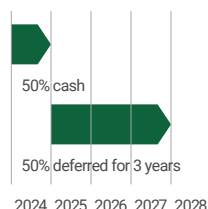
Remuneration policy summary and 2024 implementation

Remuneration element and time horizon	Policy summary	2024 implementation																
<div>Base pay</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div>20242025202620272028</div></div>	<div>Operation</div> <div>Reviewed annually, with any increases effective 1 March.</div> <div>Opportunity</div> <div>No maximum, but any increases will normally be in line with the range for other UK employees. In specific circumstances, the Committee may award increases above this level.</div> <div>Performance</div> <div>Personal performance will be taken into consideration in determining any increase.</div>	<table><thead><tr><th></th><th>Effective 1 March 2024</th><th>Effective 1 March 2025</th><th>% increase</th></tr></thead><tbody><tr><td>António Simões</td><td>£1,175,000</td><td>£1,210,300</td><td>3.0%</td></tr><tr><td>Jeff Davies</td><td>£689,000</td><td>£800,000</td><td>16.1%</td></tr><tr><td>Employees below the Board (average)</td><td></td><td></td><td>3.6%</td></tr></tbody></table>		Effective 1 March 2024	Effective 1 March 2025	% increase	António Simões	£1,175,000	£1,210,300	3.0%	Jeff Davies	£689,000	£800,000	16.1%	Employees below the Board (average)			3.6%
	Effective 1 March 2024	Effective 1 March 2025	% increase															
António Simões	£1,175,000	£1,210,300	3.0%															
Jeff Davies	£689,000	£800,000	16.1%															
Employees below the Board (average)			3.6%															
<div>Pension contributions</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div>20242025202620272028</div></div>	<div>Operation</div> <div>DC pension plan or a cash allowance in lieu. Base pay is the only element of pensionable remuneration.</div> <div>Opportunity</div> <div>For executive directors appointed since 2019, pension contributions are aligned to that available to the majority of the workforce (currently 10% of base pay). Pension contributions for executive directors appointed before 2019 have been aligned with the contributions for other senior managers in the UK, but were changed to align with the majority of the UK workforce at the end of 2022.</div> <div>Performance</div> <div>No performance conditions.</div>	<div>Pension contributions during 2024 (as % of base pay):</div> <table><tbody><tr><td>António Simões</td><td>10%</td></tr><tr><td>Jeff Davies</td><td>10%</td></tr><tr><td>Majority of UK workforce</td><td>11%</td></tr><tr><td>Other senior managers in the UK</td><td>15%</td></tr></tbody></table> <div>Effective from 1 April 2025, employer pension contributions for the wider workforce have increased to 12% of base pay.</div>	António Simões	10%	Jeff Davies	10%	Majority of UK workforce	11%	Other senior managers in the UK	15%								
António Simões	10%																	
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<div>Benefits</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div>20242025202620272028</div></div>	<div>Operation</div> <div>In line with benefits provided to other employees and senior managers in the UK.</div> <div>Opportunity</div> <div>Maximum amount is the cost of providing benefits, subject to the limits of the benefit plans and HMRC rules.</div> <div>Performance</div> <div>No performance conditions.</div>	<div>Benefits during 2024 included:</div> <ul style="list-style-type: none">allowance in lieu of a company carprivate medical insurancelife insuranceincome protectionall-employee (ShareSave and Share Purchase) plans.																

Remuneration policy summary and 2024 implementation

Remuneration element and time horizon

Annual Variable Pay (AVP)



Policy summary

Operation

Performance assessed over a one-year period, with targets and weightings set annually. Awards are determined after the year end, taking into consideration performance against targets, individual performance and overall business performance. 50% of any AVP award is paid in cash, and 50% is deferred into shares for a further three years. Malus and clawback provisions apply.

Opportunity

Up to 200% of base pay for the Group Chief Executive Officer and up to 150% of base pay for the Group Chief Financial Officer. No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.

Performance

Financial performance (at least 70% weighting), plus strategic and personal performance, including ESG measures.

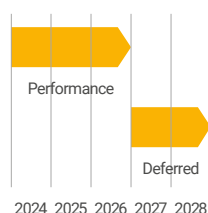
2024 implementation



70% Financial performance
30% Strategic and personal performance

Bonus for 2024 (as % of base pay):	At target	At max.	Actual 2024 (as % of max.)
António Simões	100%	200%	60.4%
Jeff Davies	75%	150%	56.4%

Performance Share Plan (PSP)



Operation

Conditional award of shares, subject to a performance period of no less than three years and a holding period such that no awards are released before five years from grant. Performance targets are set annually by the Committee, aligned with the delivery of shareholder returns over the longer term. The Committee may amend the vesting downwards (but not increase the level of vesting) depending on the overall performance of the Group. PSP awards are subject to malus and clawback.

Opportunity

The maximum award opportunity is 300% of base pay. 15% of the award vests for threshold performance, increasing to 100% of the award vesting for achievement of maximum performance.

Performance

An appropriate mix of earnings performance, shareholder returns and other strategic performance measures (currently this is progress against the Climate transition plan).



40% EPS
20% TSR (vs FTSE 100)
20% TSR (vs comparator group)
20% Progress against the Climate transition plan

PSP grants in 2024 (as % of base pay):	Maximum	2024 grant	Vesting period end 2024 (% of grant)
António Simões	300%	300%	—
Jeff Davies	300%	250%	0%

Shareholding requirements

Executive directors' share ownership



Executive directors are expected to retain any after-tax vested shares until their shareholding requirements are met, and maintain that shareholding requirement (or actual shareholding if lower) for at least two years after leaving employment.

The shareholding requirement is 325% of base pay for all executive directors.

Share ownership at 31 December 2024

	325%
António Simões	182%
Jeff Davies	344%




Alignment with the UK Corporate Governance Code

When determining our directors' remuneration policy, the Committee reviewed our alignment with the provisions of the UK Corporate Governance Code. The table below details how the Committee addressed the principles set out in the UK Corporate Governance Code in respect of the directors' remuneration policy.

Clarity	<ul style="list-style-type: none"> The Committee welcomes open and frequent dialogue with shareholders on our approach to remuneration and seeks to maintain an active and productive dialogue on the remuneration aspects of corporate governance. During 2025, the Committee will continue to closely examine our remuneration principles and policies to ensure they remain appropriate in the context of future business strategy, updated investor guidelines, and evolving best practice and will consult with the Group's largest shareholders on any proposed changes. The remuneration policy for our executive directors has been designed in line with the remuneration philosophy and principles that underpin remuneration across the Group, and the details of our approach to executive remuneration is transparent for all employees.
Simplicity	<ul style="list-style-type: none"> Our remuneration arrangements throughout the Group are simple in nature and well understood by both participants and shareholders. Although quantum and participation will vary, the policies and practices applying to executive directors are the same as for the wider workforce in most instances. The objective of each element of our policy is explained and the amount paid in respect of each element of pay is clearly set out.
Risk	<ul style="list-style-type: none"> In line with regulatory requirements, our approach aims to promote sound and effective risk management whilst supporting our long-term success. The Committee considers that the structure of incentive arrangements do not encourage inappropriate risk-taking. In reviewing award outcomes the Committee is presented with a comprehensive report from the Chief Risk Officer to ascertain that objectives have been fulfilled within the risk appetite of the Group. In addition, the Committee receives feedback from the Group Regulatory Risk and Compliance function on any issues to consider around regulatory breaches or customer outcomes. AVP deferral, the PSP holding period and our shareholding requirement (including the post-cessation shareholding requirement) provide a clear link to the ongoing performance of the business and the experience of our shareholders. Malus and clawback provisions apply to both the AVP and PSP (details are provided on page 96).
Predictability	<ul style="list-style-type: none"> Our policy contains details of threshold, target and maximum opportunity levels under our AVP and PSP, with actual outcomes dependent on performance achieved against predetermined measures and target ranges. This is illustrated by the charts on page 93 and in more detail on pages 99 and 100.
Proportionality	<ul style="list-style-type: none"> The AVP scorecard rewards achievement of our annual operating targets and the PSP scorecard rewards achievement of long-term financial and shareholder value creation targets. The Committee's ability to apply discretion to reduce formulaic outcomes under both plans ensures appropriate outturns in the context of underlying Company and individual performance. Our performance measures and target ranges under the AVP and PSP are aligned to Company strategy. This is illustrated in the section below.
Alignment to culture	<ul style="list-style-type: none"> Under the AVP, the Committee assess performance against a range of objectives, including those related to our customers and culture, strategy and risk, including ESG measures. This ensures that reward is not determined solely on financial performance but also drives behaviours consistent with L&G's culture.

Alignment with strategy and 2024 performance outcomes

Our remuneration approach is designed to support our purpose and strategic priorities and reward the achievement of long-term sustainable performance. Financial and non-financial KPIs are set for AVP and PSP to ensure this alignment:

Strategic priority	Alignment with strategic priorities through setting KPIs that:	2024 AVP & 2025 PSP KPIs
Sustainable growth 	Reward the delivery of sustainable growth across our three core businesses and the delivery of: <ul style="list-style-type: none"> future growth in shareholder returns positive customer outcomes progress against stated climate commitments. 	AVP and PSP KPIs that represent a balanced scorecard of financial and non-financial measures focused on: <ul style="list-style-type: none"> profitability and equity returns capital generation new business growth implementation of strategic priorities delivery of excellent customer outcomes ensuring culture and behaviours aligned with the strategy ensuring progress against stated climate commitments.
Sharper focus 	Reward a focus on the implementation of the strategy, focused on the priorities for our core businesses.	
Enhanced returns 	Reward the delivery of enhanced shareholder returns linked to: <ul style="list-style-type: none"> achievement of target against key financial metrics investment in the business for long-term growth. 	

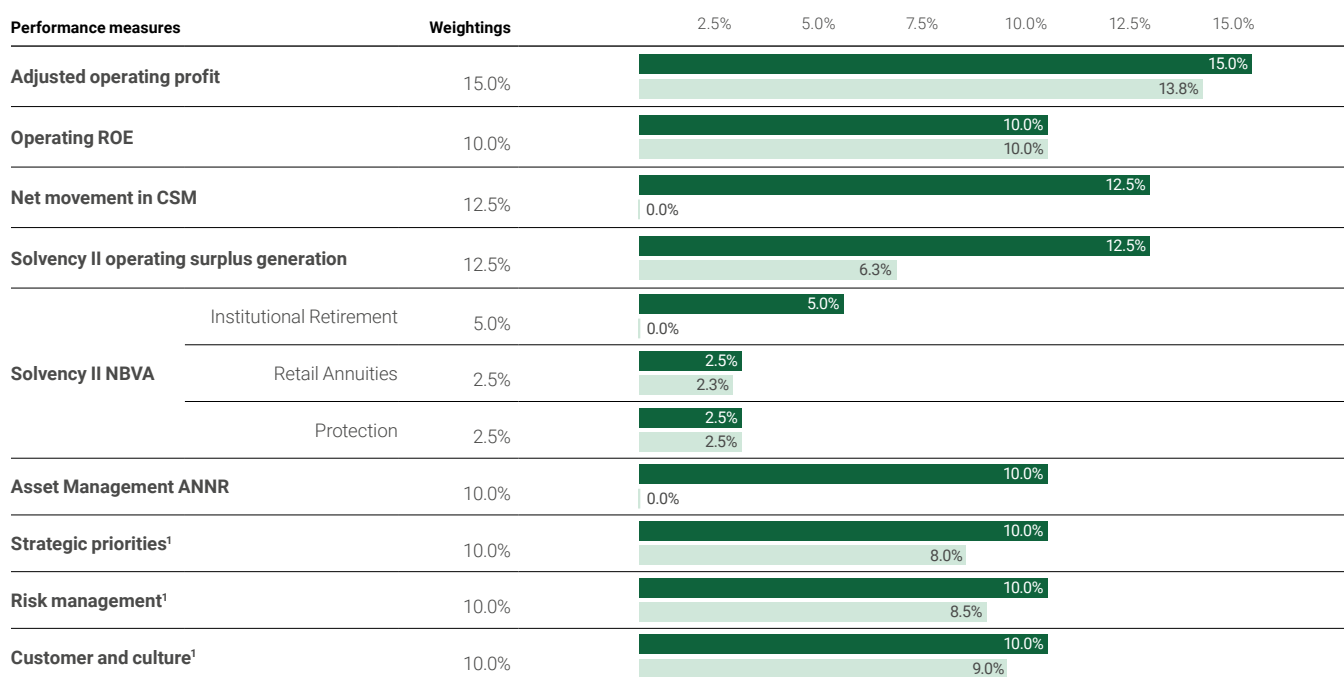
See pages 11 to 13

Details of performance against the 2024 AVP and 2022 PSP targets are provided below with further details on pages 99 to 102.

The performance measures for AVP and PSP awards are aligned to the key elements of the business strategy. This includes measures aligned to the Group's key financial performance indicators as well as non-financial measures, focused on effective risk management, customer and culture outcomes, and progress against our Climate transition plan.

Annual Variable Pay

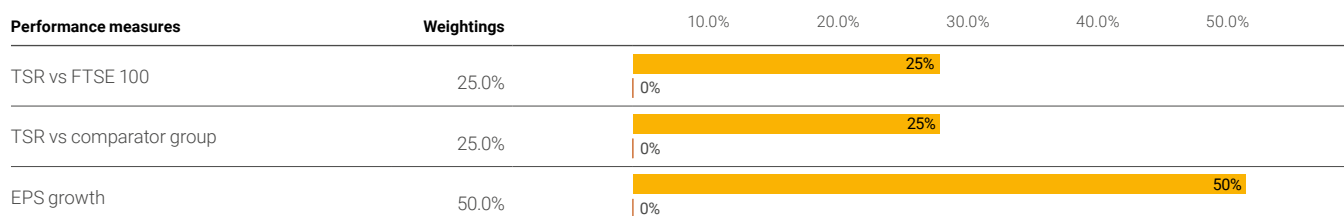
Maximum Actual



1. Chart based on outcomes for the Group CEO.

Performance Share Plan

Maximum Actual



Total remuneration received (£'000)

The charts below provide a breakdown of the total remuneration received by the executive directors and their maximum remuneration opportunity.

António Simões

Actual remuneration

2024 1,727 1,419 7,421 10,567

Maximum remuneration

2024 1,727 2,350 7,421 11,498

Key

- Fixed (base pay, benefits and pension contributions)
- Annual Variable Pay (AVP)
- Replacement Award

Jeff Davies

Actual remuneration

2023 747 522 765 2,034

2024 776 583 1,359

Maximum remuneration

2024 776 1,034 1,306 3,116

Key

- Fixed (base pay, benefits and pension contributions)
- Annual Variable Pay (AVP)
- Performance Share Plan (PSP)

The values for the 2021 PSP, which vested in 2024, in the charts above have been adjusted to reflect the share price at vesting on 6 March 2024, which was not known at the publication date of the 2023 Annual report and accounts. Further details can be found on page 98.

Summary of remuneration policy

The directors' remuneration policy was approved by shareholders by way of a binding vote at the 2023 AGM on 18 May 2023 and applies for three years from the 2023 AGM. The policy table below summarises key aspects of the approved policy. The full remuneration policy can be found in the 2022 Annual report and accounts, and on the Company's website.

	Fixed pay			Annual Variable Pay (AVP)
	Base pay	Pension contributions	Benefits	
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the market and requirements of the role.	Provides a basis for savings to provide an income in retirement.	Provides benefits and allowances appropriate to the market, and assists employees in efficiently carrying out their duties.	Incentivises and rewards the achievement of annual financial performance and delivery of strategic priorities. 50% of any AVP award is deferred into shares, reinforcing retention and alignment with shareholders by encouraging long-term focus and risk alignment.
Operation	<p>Reviewed annually with effect from 1 March, taking into account:</p> <ul style="list-style-type: none"> the individual's skills, experience and performance scope of the role external market data, including other FTSE 100 companies and other financial and non-financial institutions pay and conditions elsewhere in the Group overall business performance. <p>There is no obligation to increase base pay upon any such review, and any decision to increase base pay will take into account the associated impact on overall quantum.</p>	<p>In line with other employees in the UK, executive directors may:</p> <ul style="list-style-type: none"> participate in a DC pension plan receive a cash allowance in lieu receive some combination thereof. <p>Non-UK national executives may be permitted to participate in home-country pension plans where relevant.</p> <p>Base pay is the only element of pensionable remuneration.</p>	<p>In line with other employees in the UK, benefits currently include:</p> <ul style="list-style-type: none"> private medical insurance life insurance income protection all-employee (ShareSave and Share Purchase) plans. <p>Executive directors may participate in voluntary benefits and choose to acquire L&G products which they fund themselves, sometimes through salary sacrifice.</p> <p>In line with other senior managers in the UK, executive directors receive a non-pensionable cash allowance in lieu of a company car.</p> <p>Where an executive director is required to relocate, or perform duties outside their home country, additional benefits may be provided (including healthcare and assistance for housing, school fees, home travel, relocation costs and tax compliance advice) for a period not exceeding two years.</p>	<p>In normal circumstances:</p> <ul style="list-style-type: none"> performance is assessed over a one-year period performance measures and weightings are set annually to ensure they are appropriately stretching, and aligned with the Group's strategic priorities performance targets take into account internal forecasts, market expectations and prior year performance. Target normally equates to the forecast in the strategic plan, with maximum set at an appropriate stretch above plan, but still within the Company's risk appetite AVP awards are determined after the year end, taking into consideration performance against targets, individual performance, and overall business performance 50% of any AVP award is paid in cash, after the year end, with 50% deferred into restricted shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements) for a further three years dividends or dividend equivalents may accrue during the deferral period and vest and are paid in shares upon vesting malus and clawback apply to both cash awards and deferred awards.
Opportunity	<p>There is no set maximum base pay, but any increases will normally be in line with the range of increases for other UK employees. In specific circumstances, the Committee may award increases above this level, for example where:</p> <ul style="list-style-type: none"> base pay for a recently appointed executive director has been set with a view to allowing progression in the role over time there has been a significant increase in the size or scope of an executive director's role or responsibilities there is a significant change in the regulatory environment. 	<p>Pension contributions for executive directors are aligned to that available to the majority of the UK workforce (currently up to 10% of base pay).</p>	<p>The maximum amount paid in respect of benefits will be the actual cost of providing those benefits which, particularly in the case of insured benefits, may vary from year to year, although the Committee is mindful of achieving the best value from benefit providers.</p> <p>The maximum opportunity for participation in the all-employee share plans is the same for all employees and takes into account prevailing HMRC rules.</p>	<p>The maximum opportunity in respect of any financial year is:</p> <ul style="list-style-type: none"> up to 200% of base pay for the Chief Executive Officer and any executive director appointed after the approval by shareholders of the remuneration policy 150% of base pay for the current Chief Financial Officer. <p>No bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.</p> <ul style="list-style-type: none"> The Committee will consider the calculated outcome in the context of a range of factors (not just the specific performance measures) including risk management, behaviours, culture, capital generation, Solvency II coverage ratio and sustainable financial performance, and may apply a 'moderator' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction.
Performance	<p>Personal performance will be taken into consideration in determining any base pay increase.</p>	<p>There are no performance conditions.</p>	<p>There are no performance conditions.</p>	<p>A combination of:</p> <ul style="list-style-type: none"> financial performance (primary measure with at least 70% weighting) – to ensure growth and return to shareholders strategic and personal performance – to safeguard the future, with the development of future income streams, and focus on key metrics including customers, culture, and ESG.

Performance Share Plan (PSP)	Non-executive directors' fees	Shareholding requirements
Provides a direct and transparent link between executive pay and the delivery of shareholder returns over the longer term.	Compensates non-executive directors for their responsibilities and time commitment.	Provides alignment with shareholder returns and ensures the impact on directors' shareholdings moves in line with L&G's share price.
<p>A conditional award of shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements). In normal circumstances:</p> <ul style="list-style-type: none"> subject to a performance period of no less than three years and a further holding period of no less than two years following the end of the performance period performance measures and targets are set annually by the Committee to ensure they are relevant and appropriately stretching, and aligned with the delivery of shareholder returns over the longer term performance targets take into account internal forecasts, any guidance provided to the market, market expectations, prior performance, and the Company's risk appetite dividends or dividend equivalents may accrue during the performance period based on the number of shares that vest but not those that have lapsed malus and clawback apply. <p>Exceptionally, the Committee may adjust and amend the PSP awards in accordance with the rules, including:</p> <ul style="list-style-type: none"> lengthening the performance period and/or the holding period for future awards reducing (but not increasing) the level of vesting dependent upon the performance of the Group. 	<p>Fees for the Chair and non-executive directors are set at an appropriate level to reflect:</p> <ul style="list-style-type: none"> time commitment required to fulfil the role responsibilities and duties of the positions typical competitor practice in the FTSE 100 and other financial services institutions. <p>Fees comprise a base fee for membership of the Board, plus (where applicable) additional fees for:</p> <ul style="list-style-type: none"> Senior Independent Director (SID) Committee Chairship Committee membership (not including the Nominations and Corporate Governance Committee) Designated Workforce Director Consumer Duty Champion. <p>Additional fees for membership of Committee, or Chairship or membership of subsidiary boards, or other fixed fees may apply if justified by time or commitment.</p> <p>The Chair receives an inclusive fee for the role. The Chair's fee is reviewed annually by the Committee, and the non-executive directors' fees are reviewed by the executive directors. There is no obligation to increase fees upon any such review.</p>	<p>Executive directors are expected to retain any after-tax vested share awards until their shareholding requirements are met, and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment with the Group.</p> <p>The Committee retains the discretion to withhold future PSP grants if executive directors are not making sufficient progress towards their shareholding requirement.</p> <p>Non-executive directors may elect to receive a proportion of their fees (normally 50%) in L&G shares until their shareholding requirement is met.</p> <p>The sale of shares prior to the shareholding requirements being met may be permitted in extenuating situations, for example, a change to personal circumstances, ill-health, etc.</p>
<p>The maximum opportunity for an executive director in respect of any financial year is 300% of base pay.</p> <ul style="list-style-type: none"> 15% of the award vests for threshold performance. 100% of the award vests for achievement of maximum. <p>The Committee assesses the formulaic vesting outcome, and may amend the vesting downwards (but not increase the level of vesting) considering a range of factors including overall performance, risk management, capital generation, Solvency II coverage ratio, and ESG.</p>	<p>Fees are subject to the aggregate limit in the Company's Articles of Association or any subsequent shareholder resolution. Any changes in this limit would be subject to shareholder approval.</p> <p>The Chair and non-executive directors are not eligible to participate in any benefit, pension or incentive plan. However, additional benefits may be provided if the Board feels this is justified, such as tax compliance advice, work permits or similar. Expenses incurred in carrying out duties (and any associated tax liability) may be reimbursed or paid directly by the Company.</p>	<p>Shares owned outright equivalent to:</p> <ul style="list-style-type: none"> 325% of base pay for executive directors 100% of base fee for non-executive directors.
<p>An appropriate mix (normally an equal weighting) of:</p> <ul style="list-style-type: none"> earnings performance – to incentivise growth in earnings shareholder return – to deliver a competitive return for shareholders strategic performance including ESG – to incentivise the delivery of broader aspects of the Company's strategy. <p>The maximum weighting for any strategic measures will be 20%.</p>	No performance conditions.	Not applicable.

Summary of remuneration policy continued

Malus and clawback provisions

The Committee may apply malus (i.e. reduce the number of shares in respect of which an award vests, or delay such vesting, or impose additional vesting conditions) in the event of:

- financial misstatement
- personal misconduct
- failure of risk management
- reputational damage
- factual error in calculating payment/vesting
- material downturn in performance
- other exceptional circumstances identified by the Committee.

The Committee may also, in exceptional circumstances, claw-back share awards which have already been released to individuals, if it considers it appropriate to do so having regard to such factors as it deems relevant – such as the likelihood of recovery, any loss suffered, and the link between the award and the event. Clawback will normally only apply within four years of the end of the relevant performance period.

Recruitment remuneration

Component	Policy and operation
Overall approach	The Committee will pay no more than it considers necessary to attract appropriate candidates, and it is not contemplated that remuneration will need to be different from the structure or exceed the limits set out in the remuneration policy table.
Maximum variable remuneration	The maximum variable remuneration will be in line with that set out in the remuneration policy table, that is 500% of base pay, excluding any compensation for awards forfeited on appointment.
Compensation for forfeited awards	<p>As a result of regulations around the globe in the financial services sector, executives are likely to have accrued deferred remuneration which may be lost upon a change of employment. Accordingly, to aid the recruitment of a new executive director, the Committee may grant deferred cash and share awards to compensate for awards forfeited upon leaving a previous employer, taking into consideration relevant factors including:</p> <ul style="list-style-type: none">• the form of the award• any performance conditions• the vesting profile and likelihood of vesting• relevant regulatory requirements and guidance. <p>Any awards will reflect the terms and the value of the arrangements forgone, and any such compensation will be subject to forfeiture and clawback if the executive leaves the Company voluntarily within a fixed time period determined by the Committee, being not less than three years. Where possible the Committee will use existing share-based plans. However, in the event these are not appropriate, the Committee retains the discretion to use the Listing Rules exemption (LR 9.3.2) for the purpose of making an award to compensate for amounts forfeited upon leaving a previous employer.</p> <p>For internal appointments, the Committee may continue to honour prior commitments made before joining the Board.</p>
Relocation	<p>Where a new executive director has to relocate to take up the appointment, either within the UK or from overseas, practical and/or financial support may be provided in relation to relocation or mobility, including the cost of any tax incurred for a period not exceeding two years.</p> <p>For appointments from overseas, certain home country benefits may continue to apply. Relocation and mobility support may also apply to the recruitment of a non-executive director.</p>

The Committee will normally align the remuneration arrangements for new non-executive directors with those outlined within the policy table.

Termination and payments for loss of office

Component	Policy and operation
Fixed pay	Any termination payments in lieu of notice would consist solely of base pay and the cost of providing benefits for the outstanding notice period. Any statutory requirements will be observed. Our standard practice is to include within executive directors' contractual terms mitigation provisions as regards to payments in lieu of notice.
Annual Variable Pay (AVP)	<p>Eligibility for AVP, deferred AVP awards and performance share awards are governed by their respective plan rules, as summarised below:</p> <ul style="list-style-type: none"> • AVP – there is no automatic entitlement to an annual bonus in the year of cessation of employment. However, for a 'good leaver', the Committee may determine that an executive director will receive a bonus pro-rated for the period through to leaving based on targets and performance for the full year, and an assessment of overall business and personal performance • deferred AVP awards – in the event that a participant is a 'good leaver', any outstanding unvested deferred awards will normally be released in accordance with the ordinary timescale. Exceptionally, the Committee reserves the right to accelerate any vesting or payment, for example in the case of terminal illness.
Performance Share Plan (PSP)	PSP – unless the Committee determines otherwise, in the event that a participant is a 'good leaver', any unvested PSP awards will be pro-rated for the period through to leaving and vest based on targets and performance to the end of the performance period, with awards released at the normal times. Exceptionally, the Committee reserves the right to accelerate vesting or payment due, for example, in the case of terminal illness.
Other payments	The Committee reserves the right to make any other payments in connection with a director's cessation of office/employment where the payments are made in good faith, in the discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement of any claim arising in connection with the cessation of the director's office/employment, or for any fees for outplacement assistance, and/or director's legal and/or professional advice fees in connection with his/her cessation of office/employment.

'Good leaver' circumstances are leaving due to death, disability, ill-health or injury, redundancy, retirement with Company agreement, the individual's employing company/business ceasing to be part of the Group, or other circumstances at the Committee's discretion. For all other leavers, unvested awards lapse.

Awards will generally vest early upon a takeover of the Company, merger or other corporate reorganisation. Alternatively, participants may be allowed or required to exchange their awards for new awards. If there is a demerger, delisting or special dividend or other transaction which may affect the share price, the Committee may allow awards to vest on the same basis as for a takeover.

Annual report on remuneration

Audited information

Content contained within a grey outline box indicates that all the information in the panel is audited.

Planned implementation for 2025

Content contained within a black outline box indicates that all the information in the panel is planned for implementation in 2025.

'Single figure' of remuneration – executive directors

The following table shows a single total figure of remuneration for each executive director in respect of qualifying services for the 2024 financial year, together with a comparative figure for 2023.

Single figure table

Executive director	Fixed				Variable			
	Base pay £'000	Benefits £'000	Pensions £'000	Total fixed £'000	AVP £'000	Replacement award £'000	PSP £'000	Total variable £'000
2024								
António Simões	1,171	439	117	1,727	1,419	7,421	–	8,840
Jeff Davies	684	24	68	776	583	–	–	583
2023								
Jeff Davies ¹	656	25	66	747	522	–	765	1,287
								2,034

1. Reporting of the 2021 PSP in the 2023 Annual report and accounts

The vesting date of the 2021 PSP award occurred after the 2023 results announcement. As a result, the PSP figures recognised in the 2023 Annual report and accounts were based on a three-month average share price to 31 December 2023. The 2021 PSP figures reported in the 2024 single figure table above now reflect the share price at vesting on 6 March 2024, at 249.6 pence per share. The figure in the 2023 report was £693,255.

Base pay

Executive director	Annual base pay as at 1 January 2024	Annual base pay effective 1 March 2024	Total paid in 2024	Base pay effective 1 March 2025	% increase
António Simões ¹	1,175,000	1,175,000	1,170,744	1,210,300	3.0%
Jeff Davies	660,400	689,000	684,233	800,000	16.1%

1. Total salary paid from start date of 2 January 2024 to 31 December 2024.

Benefits

Benefits include the elements shown in the table below.

Executive director	Car allowance, insurances and taxable expenses £'000	Relocation expenses £'000	Dividends £'000	Discount on ShareSave, and ESP matching shares £'000	Total benefits £'000
2024					
António Simões	46	393	–	–	439
Jeff Davies	20	–	2	2	24
2023					
Jeff Davies	20	–	2	3	25

The Employee Share Purchase (ESP), matching shares and dividends relate to the all-employee share purchase plan. No dividends are payable on outstanding Share Bonus Plan (SBP) or PSP awards. ShareSave is calculated based on the value of the discount on ShareSave share options exercised in the year.

António Simões was formally appointed as Group CEO from 1 January 2024. The appointment required António to relocate from Spain, to the UK. In line with our policy on recruitment remuneration, António has been provided with practical and financial support, in preparation for and during his relocation.

Relocation expenses until the end of 2024 have been £393,202 in total which has included support in relation to housing, provision of appropriate schooling, and travel expenses. Some further relocation support may be provided to the end of 2025.

Benefits for 2025

Benefits for 2025 remain in line with policy.

Pension

António Simões and Jeff Davies received a cash allowance in lieu of pension contributions equal to 10% of base pay, aligned with the employer pension contributions for the majority of the UK workforce. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2025

For 2025, António Simões and Jeff Davies will receive a cash allowance of 10% of base pay, aligned with employer pension contributions for the majority of the UK workforce.

2024 AVP awards

The 2024 AVP awards are based on performance for the year ended 31 December 2024. 70% of the bonus opportunity is determined by financial performance and 30% is based upon the achievement of strategic objectives.

The figures below represent the total 2024 AVP awards to be paid, incorporating the amount payable in cash in 2025 (50%), and the amount deferred into restricted shares for a further three years to be released in 2028 (50%) subject to continued employment with malus and clawback provisions.

Performance measure	2024 performance targets and outcome							AVP award (% of maximum)	
	Threshold (0% max)	Target (50% max)	Maximum (100% max)	Actual	Outcome (% of max)		Weighting	António Simões	Jeff Davies
Adjusted operating profit	£1,544m	£1,642m	£1,724m	£1,711m	92.0%	x	15.0% =	13.8%	13.8%
Operating return on equity (ROE)	26.1%	28.7%	33.0%	34.8%	100.0%	x	10.0% =	10.0%	10.0%
Net movement in contractual service margin (CSM)	£342m	£389m	£455m	£81m	0.0%	x	12.5% =	0.0%	0.0%
Solvency II operational surplus generation	£1,698m	£1,751m	£1,804m	£1,751m	50.0%	x	12.5%	6.3%	6.3%
Solvency II new business value add (NBVA):									
Institutional Retirement	5.3%	6.0%	8.1%	5.3%	0.0%	x	5.0%	0.0%	0.0%
Retail Annuities	4.7%	5.5%	6.3%	6.2%	93.8%	x	2.5%	2.3%	2.3%
Protection	5.6%	6.1%	6.5%	7.1%	100.0%	x	2.5%	2.5%	2.5%
Asset Management ANNR	£20m	£39m	£59m	£17.4m	0.0%	x	10.0%	0.0%	0.0%
Strategic – António Simões					85.0%			25.5%	
Strategic – Jeff Davies					71.7%				21.5%
Total (% of maximum)							100%	60.4%	56.4%
								x	x
Maximum bonus opportunity (% of base pay)								200%	150%
								x	x
Base pay								£1,175,000	£689,000
								=	=
2024 AVP award								£1,419,100	£582,800

Strategic objectives comprise a qualitative assessment by the Remuneration Committee of operational performance and risk management, customer and culture metrics, and other strategic objectives set by the Committee, including ESG objectives. A qualitative assessment, rather than an outcome based only on pre-determined numerical targets, is considered more appropriate for the assessment of strategic objectives, as this enables the Committee to consider performance in the context of a range of factors and changing situations during the year.

Annual report on remuneration continued

Key focus areas are identified at the beginning of each year, and strategic objectives may be set individually for each executive director or assessed as their individual contribution to joint objectives. Normally, 10% of the total bonus opportunity is allocated to each category encompassing:

- **strategy:** focus on safeguarding the future of the Company and developing future income streams
 - **culture & customer:** based on a range of metrics which reflect the impact of culture on employees and customers, including customer performance scores and feedback, employee engagement scores, and progress against gender and other diversity goals
 - **risk:** supported by analysis from the Chief Risk Officer, using quantitative and qualitative metrics, including divisional and Group operational performance, capital management, prudential risk, IT and cyber risk, and internal audit
 - **environmental** (moderator*): progress against key environmental commitments as referenced in our 2024 Climate and nature report and increase in the prominence of sustainability considerations in commercial decisions taken during the year (including operational, investment and product development decisions).
- * ESG metrics are incorporated into the existing strategic and personal performance measures, rather than a separate or additional component. AVP may be reduced if insufficient progress is made against ESG metrics.

Performance measure and focus areas	Commentary	Outcomes (out of 10)	
		CEO	CFO
Strategy (10% weighting) Development, communication and roll out of the new strategy.	<ul style="list-style-type: none"> • Led a well structured process, engaging closely with the senior team and Board, ensuring the new strategy was clearly communicated. • Development of the senior team ensuring that appropriate talent is in place for the delivery against the strategy. • Effective execution on disposal of CALA Group. 	8.0	8.0
Culture & customer (10% weighting): Alignment of culture with delivery of the new strategy.	<ul style="list-style-type: none"> • Delivery of updated behaviours and purpose for the Group aligned with the delivery of the new strategy. • Reshaped the functioning of the leadership team aligned with the new behaviours and purpose. • Strong engagement from teams across the business, resulting in high employee engagement scores. • Engaged on the Consumer Duty programme ensuring progress on key areas, including improved management information to ensure continued delivery of high quality service to customers: <ul style="list-style-type: none"> • ensuring payment of claims brought into line with service level agreements • ensuring progress on track to improve drawdown journey for customers. 	9.0	6.0
Risk management (10% weighting) Successful delivery of performance within the Group's risk appetite.	<ul style="list-style-type: none"> • Delivered results within the financial risk appetite, establishing and embedding new capital allocation framework. • Supported ongoing enhancements to risk management disciplines and assessment of residual and inherent risks across the Group. • Highly responsive to rectification of issues identified through internal audit. • Strong progress on key projects enhancing operational resilience. 	8.5	7.5
Environmental measures (moderator)			
Investment portfolio carbon emission intensity reduction	<ul style="list-style-type: none"> • Investment portfolio carbon emission intensity reduced to 51 tCO₂e/£ million in line with pathway to achieve 50% reduction by end 2030 (from a YE19 baseline). 	Progress on or exceeding targets	
Progress in delivery of operational emissions science-based target (SBT)	<ul style="list-style-type: none"> • Good progress against operational emissions SBT with operational footprint reduced to 27,418 tCO₂e (2023: 27,722 tCO₂e), in line with our SBT and net zero ambition. 		
Increase prominence of sustainability considerations in commercial decisions	<ul style="list-style-type: none"> • Group and Asset Management continue to play active roles in industry climate forums, government lobbying and shaping of the regulatory framework for sustainability. 		

In addition, the Committee considers the Solvency II coverage ratio (2024: 232%) and sustainable financial performance, and may apply a 'moderator' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction. For 2024, it was determined that no adjustment was necessary to the calculated AVP award.

Risk consideration

The Committee reviewed a comprehensive report from the Chief Risk Officer to ascertain that the executive directors' objectives had been fulfilled within the risk appetite of the Group. In addition, the Committee received feedback from the Group Regulatory Risk and Compliance function that there were no issues to consider relating to regulatory breaches or customer outcomes that would prevent payment of any AVP award or trigger a recommendation that malus should be applied. The Committee was satisfied that the AVP awards should be paid.

Deferral policy

In line with the remuneration policy, 50% of all 2024 AVP awards have been deferred for three years into restricted shares, subject to continued employment and with malus and clawback provisions.

AVP potential 2025

In line with the remuneration policy, for 2025 the target and maximum AVP opportunities for our executive directors will be:

Executive director	Target opportunity (% of base pay)	Maximum opportunity (% of base pay)
António Simões	100%	200%
Jeff Davies	75%	150%

The proportion of the AVP measures assessed against financial metrics will remain 70%, with 30% assessed against non-financial objectives. Financial metrics will cover profitability and growth, aligned to António's strategic review. Group financial targets will be disclosed in the 2025 Annual report and accounts. Some strategic and personal targets are considered confidential and will not be disclosed in any future report.

In line with the remuneration policy, 50% of all 2025 AVP awards will be deferred for three years into restricted shares, subject to continued employment, with malus and clawback provisions.

Replacement awards

As was disclosed in the 2023 Annual report and accounts, António had numerous unvested awards which he forfeited as a result of joining L&G. In summary, these awards were bought out taking into consideration relevant factors including but not limited to, the form of the award, any performance conditions attached to those awards, the vesting profile and likelihood of vesting and any relevant regulatory requirements and guidance in relation to awards. All awards were replaced on a 'like for like basis', meaning that:

- deferred cash and share awards have been bought out in cash/shares respectively
- all buyout awards have identical vesting/deferral periods to the original awards
- for all awards with performance conditions, a fair value was calculated based on how performance was tracking against targets.

The value of these awards were also all disclosed in full in the 2023 annual report and accounts, and are now being included in this year's single figure tables in line with the applicable regulations. As a reminder, the value is made up of:

- £3,079,242 to replace the forfeiture of his annual bonus for 2023 from his previous employer, delivered 50% in cash in 2024 and 50% in shares agreed in April 2024 vesting over three years
- £4,342,056 to replace the forfeiture of various long-term/deferred incentives from his previous employer. £2,922,490 was delivered in shares vesting at various times between March 2024 and March 2028 for a total number of 1,229,642 shares at an effective grant price of £2.377. £1,419,566 will be delivered as cash awards, payable at various times between March 2024 and March 2028.

All awards are subject to malus and clawback in line with the executive remuneration policy as set out on page 96.

Further details on the share awards granted, including the share prices used at grant, is provided in the scheme interests awarded in the year section on page 104.

Details of how the 2022 PSP award vested

Outcomes against both the total shareholder return (TSR) performance (50%) and EPS growth (50%) over the three-year performance period ended 31 December 2024, did not achieve the threshold level required for any shares to vest from the 2022 PSP award. A summary of the outcome per measure is shown below, with further detail provided on page 102.

Performance measure	Weighting	Outcome (% of maximum)
TSR vs FTSE 100	25%	–
TSR vs bespoke comparator group	25%	–
EPS growth (% p.a.)	50%	–
Total (% of maximum)	100%	–

The bespoke comparator group comprises:

Abrdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, Gjensidige Forsikring, Hannover Rueck, Lincoln National, Mapfre, M&G, Metlife, Muenchener Ruck, NN Group, Phoenix Group, Principal Financial, Prudential, Prudential Financial, Sampo A, Swiss Re, Talanx, Zurich Insurance Group.

Approach to calculation of EPS growth

EPS growth is determined based on measuring the change in EPS over the three-year performance period. However, as previously indicated, the introduction of IFRS 17 prevents EPS from being measured on the same basis from the start of the performance period (where EPS was reported based on IFRS 4) to the end of the performance period (where EPS was reported based on IFRS 17). In order to fairly measure the EPS growth performance, the Committee has considered the annual change in each of the three years, as the EPS for 2022 has been reported on both an IFRS 4 and IFRS 17 basis. The basis for the calculation is illustrated in the table below:

	Year on year EPS growth			EPS growth p.a. over 3-year performance period	
	Accounting Standard	2021 to 2022	2022 to 2023		2023 to 2024
Adjusted EPS	IFRS 4	12.0%			(40.6)%
	IFRS 17		(23.1)%	(75.7)%	

Annual report on remuneration continued

The results are shown below:

Grant date	Performance period	Comparator group	L&G's TSR ¹	Median rank	80th percentile rank	L&G's rank	Outcome (% of maximum)
19 April 2022	1 January 2022 to 31 December 2024	FTSE 100		46.5	19.2	57.9	0%
		Bespoke comparator group	(1.2)%	12.0	5.4	19.4	0%
Performance target							
Performance condition				Threshold	Maximum	Actual performance	Outcome (% of maximum)
EPS growth (% p.a.)				5%	12%	(40.6)%	0%
<p>1. TSR is calculated in accordance with the Performance Share Plan rules using the three-month average prior to the start and end of the performance period.</p> <p>Performance was below the threshold level for all performance conditions. No share will vest from the 2022 PSP award.</p>							
Executive director	Shares granted in 2022			Vesting outcome (% of maximum)		Shares vesting in March 2025	Value of shares on vesting (£)
Jeff Davies	582,767			0%		–	–

Performance Share Plan (PSP) awards for 2025

António Simões will be granted an award with a face value of 300% of base pay and Jeff Davies will be granted an award with a face value of 250% of base pay.

For the 2025 award, the following performance measures will be used:

- TSR performance relative to the FTSE 100 (20% of award)
- TSR performance relative to a bespoke comparator group of companies (20% of award), noting that the bespoke comparator group will be unchanged from the 2024 PSP
- EPS growth (40% of award)
- progress against published commitments in our Climate transition plan, aligned to our three-pillar strategy of Invest, Influence, Operate (20% of award), as detailed in the table on the following page.

Vesting of the overall awards will also be subject to assessment against Solvency II objectives.

In setting targets for the 2025 PSP awards, the Committee has considered:

- the business plan over the next three years and market expectations of performance
- the impact of the new IFRS 17 accounting standard on the timing of the reporting of profit
- progress against our published commitments with the Climate transition plan and projected progress over the performance period.

Based on these considerations, the Committee considered it appropriate for vesting to be based on performance as set out in the table on the following page.

	Weighting	Below threshold	Threshold	Maximum
Vesting		0%	15%	100%
TSR performance	40%	Below median	Median	80th percentile
EPS growth¹	40%	<19.54p	19.54p	25.01p
Progress against Climate transition plan	20%			
Investment portfolio GHG emission intensity reduction, from a YE19 baseline (aligned with the pathway to achieving 50% reduction by 2030)	5%	<40%	40%	45%
Investment portfolio temperature rating (SBTi metric) to achieve 2.1 degree portfolio alignment on listed equities and bonds	5%	>2.2 degrees	2.2 degrees	2.1 degrees
Progress on operational emissions SBT, from a YE21 baseline (aligned with the pathway to achieving a 42% reduction in our absolute scope 1 and 2 GHG emissions by 2030)	10%	<35%	35%	39%
In determining the final outcome for the Climate transition measures, the Remuneration Committee may make a downwards adjustment if they are not satisfied that positive and sufficient progress has been made against our target of 70% of eligible AUM to be managed in alignment with net zero ² .				
The Remuneration Committee will also consider material market movements or business composition changes when assessing the final outcome and may make adjustments to the outcome as a result.				
1. Targets are based on EPS achieved for the 2027 financial year, being the final year of the three-year performance period.				
2. This reflects the important and significant impact that the Company has though influencing its investments while acknowledging the challenges in setting quantitative targets at this point in time.				

Other remuneration information

Total shareholder return (TSR)

The chart shows the value, as at 31 December 2024, of £100 invested in L&G shares on 31 December 2014, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the comparator because the Company is a member of this index.

As at 31 December 2024

150%



Group Chief Executive – historical remuneration information

The table below shows the remuneration of the Group Chief Executive in place at the time over the same period:

Year	Name	Group Chief Executive single figure of total remuneration (£'000)	Annual variable element against maximum opportunity	PSP vesting rates against maximum opportunity
2024	António Simões	10,567	60.4%	0%
2023	Sir Nigel Wilson	3,336	53.8%	61.1%
2022	Sir Nigel Wilson	4,016	91.4%	52.3%
2021	Sir Nigel Wilson	4,311	94.5%	82.9%
2020	Sir Nigel Wilson	2,092	23.5%	24.2%
2019	Sir Nigel Wilson	4,592	91.1%	86.9%
2018	Sir Nigel Wilson	3,398	80.4%	48.7%
2017	Sir Nigel Wilson	3,439	85.3%	59.9%
2016	Sir Nigel Wilson	5,417	87.8%	76.6%
2015	Sir Nigel Wilson	5,497	86.3%	100%

Due to the timing of the vesting of PSP awards, initially PSP figures within the single figure of remuneration are calculated based on the average share price for the three months ended 31 December in the respective year. As noted under the single figure of remuneration table on page 98, the figures are restated in the following year's report to reflect the actual share price on the vesting date. The figures in the table above have been restated to reflect the actual share price on vesting for the years 2015 – 2023.

Scheme interests awarded during the financial year

The following table sets out details of share awards granted in 2024.

Executive director	Reason for award	Award type	Awards granted in 2024	Grant price £	Face value at grant price £
António Simões	PSP	Nil-cost option	1,396,371	2.5244	3,524,999
	Deferred bonus assurance	Restricted shares	610,314	2.5277	1,542,691
	Buyout award	Restricted shares	172,617	2.3767	410,259
	Buyout award	Restricted shares	170,512	2.3767	405,256
	Buyout award	Restricted shares	216,096	2.3767	513,595
	Buyout award	Restricted shares	85,256	2.3767	202,628
	Buyout award	Restricted shares	216,096	2.3767	513,595
	Buyout award	Restricted shares	85,256	2.3767	202,628
	Buyout award	Restricted shares	171,359	2.3767	407,269
	Buyout award	Restricted shares	112,450	2.3767	267,260
	Buyout award	Restricted shares	112,450	2.3767	267,260
Jeff Davies	PSP	Nil-cost option	682,340	2.5244	1,722,500
	Deferred AVP	Restricted shares	103,461	2.5227	261,500

The buyout awards could not be granted under any of the Company's existing incentive plans given the varying structures and terms of the forfeited awards. The buyout awards were therefore granted under a one-off agreement in accordance with Listing Rule 9.3.2 under which António is the sole participant, and the awards will be satisfied using shares purchased in the market.

Performance conditions for PSP awards granted in 2024

The PSP awards were granted on 8 April 2024. 20% of the award will vest based on TSR performance relative to the FTSE 100; 20% of the award will vest based on TSR performance relative to a bespoke peer group (comprising Airdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, Gjensidige Forsikring, Hannover Rueck, Lincoln National, M&G, Mapfre, Metlife, Muenchener Ruck, NN Group, Phoenix Group, Principal Financial, Prudential Financial, Prudential, Sampo A, Swiss Re, Talanx and Zurich Insurance Group); 40% of the award will vest based on the EPS growth; and 20% will vest based on projected progress, over the performance period, against published commitments in our Climate transition plan. Vesting will be based on performance as set out in the table below:

	Weighting	Below threshold	Threshold	Maximum
Vesting		0%	15%	100%
TSR performance	40%	Below median	Median	80th percentile
EPS growth	40%	< 5% p.a.	5% p.a.	14% p.a.
Progress against Climate transition plan	20%			
Investment portfolio GHG emission intensity reduction, from a YE19 baseline (aligned with the pathway to achieving 50% reduction by 2030)	5%	<37%	37%	43%
Investment portfolio temperature rating (SBTi metric) to achieve 2.1 degree portfolio alignment on listed equities and bonds	5%	>2.2 degrees	2.2 degrees	2.1 degrees
Progress on operational emissions SBT, from a YE21 baseline (aligned with the pathway to achieving a 42% reduction in our absolute scope 1 and 2 GHG emissions by 2030)	10%	<33%	33%	38%

In determining the final outcome for the Climate transition measures, the Remuneration Committee may make a downwards adjustment if they are not satisfied that positive and sufficient progress has been made against our target of 70% of eligible AUM to be managed in alignment with net zero by 2030¹.

The Remuneration Committee will also consider material market movements and business composition changes when assessing the final outcome and may make adjustments to the outcome as a result.

1. This reflects the important and significant impact that the Company has through the ability to influence clients' decisions while acknowledging the challenges in setting quantitative targets at this point in time.

Statement of directors' shareholding and share interests

Total shareholding of executive directors:

	Type	Owned outright/ vested shares	Subject to deferral/ holding period	Total vested and unvested shares (excludes any shares with performance conditions)	Subject to performance conditions	Shares sold or acquired during the period 1 January 2025 and 11 March 2025	
						Owned outright/ vested shares	Subject to deferral/ holding period
António Simões	Shares	91,487	1,667,339	1,758,826	–	–	–
	ESP	–	–	–	–	–	–
	Options	–	–	–	1,396,371	–	–
Jeff Davies	Shares	859,483	436,657	1,296,140	–	–	–
	ESP	6,620	1,039	7,659	–	158	89
	Options	–	644,921	644,921	1,958,454	–	–

Shareholding requirement – executive directors

The shareholding requirement for all executive directors is 325% of base pay.

	Actual share ownership as % of 2024 base salary ¹ :	Shareholding requirement met	Shares owned at 1 January 2024	Shares owned at 31 December 2024	Shares sold or acquired during the period 1 January 2025 and 11 March 2025
António Simões	182%	No	–	932,177	–
Jeff Davies	344%	Yes	902,449	1,032,821	247

1. Closing share price as at 31 December 2024: 229.8 pence.

Notes

Shares used for the calculations above exclude those with performance conditions and any shares held in a private trust where the executive director is not a trustee. They include vested shares where the executive director has beneficial ownership, shares independently acquired in the market, those held by a spouse or civil partner or dependant child under the age of 18 years, and unvested shares not subject to performance conditions (discounted for any anticipated tax liabilities).

Although the shareholding requirement is not contractually binding, executive directors are expected to retain any after-tax vested share awards until their shareholding requirements are met, and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment. The Committee retains the discretion to withhold future grants under the PSP if executives are not making sufficient progress towards their shareholding requirement. Once shareholding requirements have been met, executive directors may sell shares in excess of the shareholding requirement if they wish. The Committee has discretion to allow executive directors to sell shares prior to the shareholding requirement being met in extenuating situations, for example, a change to personal circumstances or ill-health, etc.

Share options exercised during 2024

PSP awards may be granted in the form of nil-cost options with an exercise date no earlier than the normal vesting date. Executive directors may also participate in the Company's ShareSave Plan. Where such share awards have been exercised during 2024, they are shown below:

Executive director	Date of grant	Shares exercised	Exercise date	Share price at date of exercise £	Gain £
Jeff Davies	16/04/2019	470,011	16/04/2024	2.433	1,143,537
Jeff Davies	09/04/2021	2,034	01/06/2024	2.534	476

Annual report on remuneration continued

Payments to past directors

The details of the treatment of Sir Nigel Wilson's remuneration upon departure were fully disclosed in last year's 2023 Annual report and accounts. During 2024, Sir Nigel received base pay, pension and benefits until his retirement on 31 October 2024. The total payments received were:

	Base salary £,000	Benefits £,000	Pension £,000	Total remuneration £,000
2024	896	16	90	1,002

Outstanding deferred AVP awards have vested or will vest at the normal time as set out in the table below:

AVP award	Grant date	Vesting date	Value of award	No. of shares granted	Grant price
2021	19/04/ 2022	19/04/2025	£694,200	255,220	£2.720
2022	06/04/2023	06/04/2026	£705,500	297,929	£2.366
2023	08/04/2024	08/04/2027	£433,600	171,881	£2.523

Sir Nigel Wilson had a maximum of 894,731 shares available to vest from the 2022 PSP award. As indicated on page 101, the 2022 PSP vested at 0% based on performance to the end of 2024. In addition, Sir Nigel has a maximum of 687,761 shares available to vest from the 2023 PSP award. These will vest subject to the normal performance conditions over the full performance period.

All vested shares from the PSP awards will be released in accordance with the normal timescale.

Non-executive directors' remuneration – 2024

Non-executive directors' fees

The fees for the Chair and non-executive directors were reviewed during 2024, and with effect from 1 August 2024 the fee for the Chair was increased from £603,500 to £617,000. From 1 August 2024, the Chair's fee for the Audit, Risk, Remuneration, and Data and Technology Committees was increased from £42,000 to £50,000. From 1 November 2024, a fee of £31,500 was introduced for the Consumer Duty Champion.

All other non-executive director fees remained unchanged from 1 August 2023. The table below sets out the current fees.

Annual fees	Current fee £
Chair	617,000
Base fee	80,500
Additional fees:	
Senior Independent Director	31,500
Designated Workforce Director	31,500
Consumer Duty Champion	31,500
Committee Chair fee (Audit, Remuneration, Risk and Data and Technology Committees)	50,000
Committee membership fee (Audit, Remuneration, Risk and Data and Technology Committees)	16,500

The current limit for base fees for non-executive directors is an aggregate of £3,000,000. This limit was approved by shareholders at the 2023 AGM.

The table below shows the actual fees paid to our non-executive directors in 2024 and 2023.

Non-executive director		Fees for 2024	Benefits for 2024 ⁴	Total remuneration for 2024	Fees for 2023	Benefits for 2023	Total remuneration for 2023
Sir John Kingman	Chair N	609,125	2,419	611,544	588,333	–	588,333
Henrietta Baldock ¹	N R Ri	222,479	2,774	225,253	245,042	130	245,172
Clare Bousfield	D N Ri	9,458	–	9,458	–	–	–
Philip Broadley	A D N R Ri	145,479	3,335	148,814	157,437	1,777	159,214
Carolyn Johnson	A D N Ri	117,979	52,453	170,432	110,875	28,051	138,926
Nilufer Kheraj	A D N Ri	160,479	–	160,479	149,250	–	149,250
Lesley Knox ²	N R Ri	278,229	4,547	282,776	251,122	3,170	254,292
George Lewis ³	A N R Ri	233,527	48,223	281,750	218,686	54,844	273,530
Ric Lewis	N R	98,729	–	98,729	110,875	–	110,875
Tushar Morzaria	A N R Ri	157,813	430	158,242	152,875	–	152,875
Laura Wade-Gery	D N R Ri	188,051	2,333	190,384	146,750	–	146,750

Key:

NED Committee membership: A = Audit D = Data and Technology N = Nominations and Corporate Governance R = Remuneration Ri = Risk

- Henrietta Baldock is also Chair of the Legal and General Assurance Society (LGAS) Board for which she receives a separate fee to that paid to her as a Non-Executive Director of the Company. The actual fees in the table above include her total fees for both roles. The fee as Chair of LGAS increased from 1 January 2025, the first increase since Henrietta's appointment to the role.
- Lesley Knox is also a NED of the L&G – Asset Management Limited Board for which she receives a separate fee to that paid to her as a Non-Executive Director of the Company. The actual fees in the table above include her fees for both roles.
- George Lewis is also Chair of L&G Assurance (Pensions Management) Limited Board for which he receives a separate fee to that paid to him as a Non-Executive Director of the Company. The actual fees in the table above include his fees for both roles.
- The Chair and non-executive directors are not eligible to participate in any benefits, pension or incentive plan. The amounts disclosed in the benefits section above relate to taxable travel and accommodation expenses incurred, during the tax year ending in 2024, while undertaking their roles as non-executive directors of the Company.

Shareholding requirements – non-executive directors¹

Non-executive directors are required to build up a shareholding equivalent to 100% of base fee, typically within three years of appointment. Non-executive directors may elect to receive a proportion of their fees (normally 50%) in shares until their shareholding requirement is met. The table below shows their shareholding as at 6 January 2025, taking into account share purchases in relation to December 2024 fees.

Name	Shareholding as at 6 January 2025	Shareholding as a % of base fee	Guideline met	Shares purchased from 7 January 2025 to 3 March 2025
Sir John Kingman	389,935	145%	Met	1,393
Henrietta Baldock	74,272	212%	Met	2,091
Clare Bousfield ² – appointed 1 December 2024	–	–	Not Met	–
Philip Broadley	92,260	263%	Met	–
Carolyn Johnson ³	10,500	151%	Met	–
Nilufer Kheraj	49,561	141%	Met	–
Lesley Knox	37,600	107%	Met	–
George Lewis	63,894	182%	Met	–
Ric Lewis	66,467	190%	Met	2,230
Tushar Morzaria	60,000	171%	Met	–
Laura Wade-Gery	38,583	110%	Met	2,034

- Shareholding for non-executive directors includes connected persons.
- Clare Bousfield was appointed on 1 December 2024 and is expected to meet the shareholding requirement within three years of appointment.
- Carolyn Johnson holds 10,500 L&G Group American Depositary Receipts.

Non-executive directors' terms of employment

	Initial appointment date	Current letter of appointment end date
Sir John Kingman	24 October 2016	24 October 2025
Henrietta Baldock	04 October 2018	04 October 2027
Clare Bousfield	01 December 2024	01 December 2027
Philip Broadley	08 July 2016	08 July 2025
Carolyn Johnson	17 June 2022	17 June 2025
Nilufer Kheraj	01 May 2021	01 May 2027
Lesley Knox	01 June 2016	01 June 2025
George Lewis	01 November 2018	01 November 2027
Ric Lewis	18 June 2020	18 June 2026
Tushar Morzaria	27 May 2022	27 May 2025
Laura Wade-Gery	03 January 2022	03 January 2028

The standard term for non-executive directors is three years and for the Chair is five years. All non-executive directors are subject to annual re-election by shareholders.

Remuneration for the wider workforce

General remuneration policy

The Group's remuneration policy is designed to reward, motivate, and retain high performers in line with the risk appetite of the Group. Remuneration is considered within the overall context of the Group's sector and the markets in which it operates. The policy for the majority of employees is to pay around the relevant mid-market range with a competitive package designed to align the interests of employees with those of shareholders, and with an appropriate proportion of total remuneration dependent upon performance.

We define core remuneration as base pay, annual bonus, and other benefits such as pension. Key employees are also eligible to participate in a long-term incentive plan, typically either the Share Bonus Plan (SBP) for the majority of employees, or the Performance Share Plan (PSP) for the most senior management.

Summary of the remuneration structure for the wider workforce

Element	Policy
Fixed	
Base pay	<p>We aim to attract and retain key employees by paying base pay which delivers competitive total remuneration. Factors taken into account when determining salaries include:</p> <ul style="list-style-type: none"> the individual's skills, experience and performance scope of the role external market data pay and conditions elsewhere in the Group overall business performance. <p>As a member of the Living Wage Foundation, base pay is also set with reference to the Foundation's UK and London living wage levels. During 2024, the average increase was 4.5% but with increases applied on a stratified basis with the more junior employees receiving, on average, the highest increases (generally 5%). For 2025, the average increase was 3.6%, applied again on a stratified basis with more junior employees receiving increases, on average, of 3.8%.</p>
Benefits	All UK employees have access to private medical insurance, life insurance, and a range of family-friendly policies (maternity, paternity, adoption and shared parental leave). In addition, there are several wellbeing support packages, including Unmind (a mental health app), childcare, and elderly care support. Employees of non-UK business are provided with benefits in line with the local market.
Pension	All employees are given the opportunity to participate in a Group pension scheme. The pension opportunity offered to the majority of the UK workforce in 2024 was 11% of base pay. With effect from 1 April 2025, the pension opportunity for the majority of the UK workforce will be increased to 12%, with further increases planned over the next three years to align the pension opportunity with that for senior managers. Employees of non-UK business are provided with pension provision, in line with the local market practice and legislative requirements.
Variable	
Annual bonus	<p>The majority of employees participate in a discretionary bonus plan, unless an alternative plan applies based on role. An employee will be considered for a discretionary bonus award based on achievement against objectives, conduct and behaviours, the role performed during that year, and internal relativities.</p> <p>The Group operates bespoke bonus plans where business-appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans.</p> <p>Bonuses above a certain threshold are subject to deferral. Deferred awards are normally held in shares for three years and are subject to malus and clawback.</p> <p>The Company reserves the right to adjust deferral levels for Material Risk Takers and Code staff, as deemed necessary to comply with regulatory requirements.</p>
Share bonus plan (SBP)	<p>Key employees, including senior managers, high-performing and high-potential individuals, and those with critical skills may receive SBP awards, typically in the form of restricted shares vesting three years from the grant date.</p> <p>SBP is also used as the vehicle for deferral of annual bonuses in the majority of cases.</p>
Performance share plan (PSP)	<p>Participation in the PSP is offered to senior management each year in recognition of the strategic and influential role that they hold in terms of driving Company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years.</p> <p>PSP awards were made to around 17 employees during 2024.</p> <p>Where appropriate, grants under the PSP may also be made for new employees who join the Company during the year in key roles.</p>
Other	
Employee share plans	All employees are given the opportunity to participate in a ShareSave plan and an Employee Share Purchase plan. These are both HMRC-approved plans which offer all employees the opportunity to share in the success of the business.

Annual equal pay review

The Group seeks to ensure that our pay policies and practices are free from unfair bias. Part of the pay review process is an annual equal pay review that reviews pay and bonus decisions by gender, ethnicity, age, and full-time versus part-time working. In addition, it considers the application of the pay policy more widely, in particular looking at decisions made in the annual pay review across grades, functions, and divisions.

Gender pay reporting

The Group has published a new Social impact report, which contains the statutory disclosure of our gender pay gap for 2024.

Pay ratio in relation to the Group Chief Executive Officer

Since 2016, we have voluntarily disclosed details of the pay ratio in relation to the Group Chief Executive Officer and the wider UK employee population. From 2018, we made some amendments to how we report the information in order to align with the reporting requirements set out by the Department for Business, Energy and Industrial Strategy (BEIS), which came into effect for financial years starting 1 January 2019.

The tables below provide the ratio between the base pay and single figure total remuneration of the Group Chief Executive Officer and the base pay and total remuneration of UK employees at the upper quartile (75th percentile), median (50th percentile), and lower quartile (25th percentile).

Total remuneration

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2024 (reported single figure)	B	98	161	271			
2024 (single figure excluding replacement award)	B	29	48	81	107,476	65,490	38,997
2023	A	30	61	91	111,017	55,108	36,780
2022	A	46	77	135	87,152	51,834	29,804
2021	A	52	88	146	82,475	49,226	29,531
2020	A	26	48	81	78,989	43,726	25,839
2019	A	61	105	167	70,892	40,982	25,814
2018	A	49	83	132	69,923	40,814	25,730
2017	A	52	89	137	66,572	38,802	25,023

Base pay

Year	Method	Pay ratio			All UK employees £		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2024	B	14	22	37	81,333	52,173	31,833
2023	A	13	21	33	84,981	51,800	32,229
2022	A	14	23	38	72,530	44,549	26,875
2021	A	14	23	38	68,675	42,444	26,000
2020	A	15	26	42	65,101	37,677	23,232
2019	A	16	27	42	60,000	35,000	22,550
2018	A	16	27	41	57,853	34,475	22,781
2017	A	16	27	42	58,020	33,649	22,148

Pay ratio commentary

As a result of the replacement award made to António Simões, in respect of deferred remuneration forfeited on his resignation from his previous employer, the ratio of total remuneration for the Group CEO compared to UK employees has increased significantly from 2023 to 2024, based on the reported single figure of remuneration for the Group CEO. In addition, we have provided a ratio based on António's single figure remuneration excluding the one off replacement award which we believe provides a better basis for year on year comparisons. In this case the ratio has decreased slightly compared with 2023, which is reflective of the overall change in variable remuneration for executive directors, with 2024 AVP outcomes slightly higher than 2023 but no payout from the 2022 PSP.

Methodology

The Companies (Miscellaneous Reporting) Regulations 2018 permit different options for calculating the pay ratio. We have chosen option B as our method for calculating the pay ratio for 2024, consistent with the methodology for gender pay reporting. The total remuneration figures for the UK employees are based on salaries at 1 December 2024. Bonus amounts for 2024 are not able to be determined for some eligible employees until after publication of this report, and therefore it is not possible to determine the exact 2024 total remuneration for all UK employees, as is required for option A within this timescale. For completeness and transparency, we have included the pay ratios based on the option A method for previous years and we will also retrospectively disclose the pay ratio for 2024, based on the option A method in the 2025 Annual report and accounts. We do not believe that this will result in pay ratio figures that are materially different to the 2024 figures disclosed above.

Annual report on remuneration continued

Percentage change in directors' 2024 remuneration compared with all UK employees

As required by the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the analysis covers all executive directors and non-executive directors.

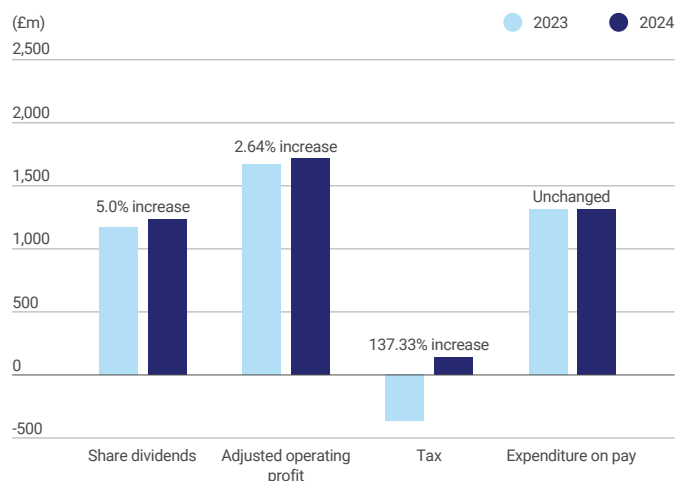
		Executive directors					Chair and non-executive directors ¹								
		António Simões	Jeff Davies	Sir John Kingman	Henrietta Baldock	Nilufer Kheraj	Philip Broadley	Carolyn Johnson	Lesley Knox	George Lewis	Ric Lewis	Tushar Morzaria	Laura Wade-Gery ²	Average for UK employees	
Year ended 31 December 2024	Base pay/fees (% change)	n/a	4.3%	3.5%	(9.2)%	7.5%	(7.6)%	6.4%	10.8%	6.8%	(11.0)%	3.2%	28.1%	4.7%	
	Benefits (% change)	n/a	(2.6)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.4%	
	AVP (% change)	n/a	11.6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.8%	
Year ended 31 December 2023	Base pay/fees (% change)	n/a	4.9%	4.8%	18.0%	(8.0)%	(3.7)%	2.0%	8.0%	25.1%	3.4%	2.3%	50.4%	5.7%	
	Benefits (% change)	n/a	(13.7)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.7%	
	AVP (% change)	n/a	(39.8)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.2%	
Year ended 31 December 2022	Base pay/fees (% change)	n/a	5.9%	5.1%	3.4%	59.7%	5.0%	n/a	3.5%	69.9%	8.1%	n/a	n/a	4.7%	
	Benefits (% change)	n/a	4.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.7%	
	AVP (% change)	n/a	6.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.3)%	
Year ended 31 December 2021	Base pay/fees (% change)	n/a	0.0%	4.2%	0.8%	n/a	28.7%	n/a	2.8%	11.0%	7.8%	n/a	n/a	2.4%	
	Benefits (% change)	n/a	0.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.4%	
	AVP (% change)	n/a	282.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19.6%	
Year ended 31 December 2020	Base pay/fees (% change)	n/a	6.6%	3.3%	4.5%	n/a	3.6%	n/a	1.9%	4.9%	n/a	n/a	n/a	3.5%	
	Benefits (% change)	n/a	6.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.5%	
	AVP (% change)	n/a	(72.1)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.7%	

1. The increase in fees for non-executive directors of the Company reflects the increases in Committee membership fees as well as changes in the membership of the Committees.
2. The increase in fees for Laura Wade-Gery reflects her appointment to the role as the Chair of the Remuneration Committee in February 2024 and the introduction of a fee for her role as Consumer Duty Champion.

Clare Bousfield has not been included in the above table as she was appointed on 1 December 2024 and so does not have any prior year fees for comparison. As with prior years, the whole UK employee population has been selected as the comparator group. This group was chosen because it includes a wider cross-section of the Group's employees. The increase in benefits for the employee comparator group relates to the impact of increases in base salaries, and employer pension contributions for the wider UK workforce.

Relative importance of spend on pay

The chart opposite shows the relative importance of expenditure on pay compared to share dividends, adjusted operating profit, and tax for the year. Adjusted operating profit has been shown because it is a key performance indicator of the business.



Remuneration Committee

The table below shows the members and attendees of the Remuneration Committee during 2024.

Committee members, attendees and advice

Meetings in 2024

During 2024, the Committee met eight times and in addition had ongoing dialogue via email and other telecommunications. An outline of the Committee undertakings in each quarter during 2024 is shown in the table below. During 2024, the Remuneration Committee comprised the following non-executive directors:

Non-executive director	Number of Remuneration Committee meetings attended during 2024	
	Scheduled	Ad hoc
Laura Wade-Gery	6/6	2/2
Henrietta Baldock	6/6	2/2
Philip Broadley	6/6	2/2
Lesley Knox	6/6	1/2
George Lewis	6/6	2/2
Ric Lewis	6/6	1/2
Tushar Morzaria	6/6	2/2

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First	<ul style="list-style-type: none"> Reviewed the 2023 Social impact report, which contains our gender and ethnicity pay gap data. Reviewed findings of Board effectiveness evaluation. Approved changes to the structure of the Employee Share Ownership Trust Committee. 	<ul style="list-style-type: none"> Reviewed findings of the 2024 Chief Risk Officer's (CRO) report, Climate and nature report, and group-wide culture and customer review. Approved the 2023/24 annual pay review and executive pay awards. Approved vesting of the 2021 PSP. 	<ul style="list-style-type: none"> Reviewed proposals for updates to reward strategy. Reviewed proposals for the 2024 AVP performance measures. Approved the 2024 PSP performance conditions. Approved 2024 PSP and SBP awards. Approved the 2024 ShareSave invitation. 	<ul style="list-style-type: none"> Reviewed summary of 2024 variable pay outcomes for Code Staff and Solvency II Identified Staff.
Second	<ul style="list-style-type: none"> Approved bespoke project-based incentive plan for key employees. 		<ul style="list-style-type: none"> Approved 2024 AVP performance measures and targets. 	
Third	<ul style="list-style-type: none"> Reviewed outcomes of AGM. Approved remuneration package and buyout for the new CEO of Asset Management. 	<ul style="list-style-type: none"> Financial update and indicative variable pay update for executive teams. Reviewed PSP vesting forecasts. 	<ul style="list-style-type: none"> Reviewed update on progress of the reward strategy. 	
Fourth	<ul style="list-style-type: none"> Reviewed and approved the Committee's terms of reference. Reviewed report on the activities of the Group Reward Steering Committee in 2024. 	<ul style="list-style-type: none"> Consideration of forecasted AVP out-turns in respect of 2024. Consideration of budget for base salary increases in 2025. 	<ul style="list-style-type: none"> Reviewed remuneration policy for the wider workforce, including minor amendments to the malus and clawback processes. Reviewed AVP and PSP performance measures and targets for 2024. 	<ul style="list-style-type: none"> Reviewed Code Staff and Solvency II Identified Staff lists and criteria for identification. Approved remuneration policy statements for FCA and PRA. Approved the 2025 maximum fixed to variable pay ratio for MiFIDPRU regulated firms.

At the invitation of the Remuneration Committee, the Group Chair attends Committee meetings. Where appropriate, the Group Chief Executive, the Chief Transformation and People Officer, Group Reward Director, Head of Executive Compensation, Director of Group Finance, Chief Risk Officer and Group Climate Director also attend meetings. No person is present during any discussion relating to that person's own remuneration.

At the invitation of the Remuneration Committee, a representative from PricewaterhouseCoopers (PwC) also attends Committee meetings. During 2024, PwC principally advised the Committee on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. PwC were appointed by the Committee. The Committee reflects on the quality of advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received from the PwC engagement team is objective and independent. PwC are signatories to the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The total fees paid to PwC, in relation to Remuneration Committee work during 2024, were £152,650 (excluding VAT). While fee estimates are required for bespoke pieces of work, fees are generally charged based on time with hourly rates in line with the level of expertise and seniority of the advisor concerned. During the year, PwC also provided the Company with HR consulting services including advice to management on regulatory aspects of reward, as well as other professional services including tax, consulting, accounting, regulatory compliance, and other advice to the Group.

Annual report on remuneration continued

Considering risk

The Reward Steering Committee (RSC) and the Group Regulatory Risk and Compliance function make a key contribution to the process of designing reward structures and evaluating whether achievement of objectives and any payment from plans have taken into account the overall risk profile of the Group.

Reward Steering Committee (RSC)

Reporting to the Remuneration Committee, the RSC helps set the framework within which incentive arrangements are normally reviewed and implemented, with a view to supporting business strategy, while acting within the Group's risk appetite. The members of the RSC include the Group Conduct Risk Director, Asset Management Chief Compliance Officer, the Director of Group Finance, the Group Reward Director, and the Head of Executive Compensation.

Where a business unit tables a proposal for consideration, the relevant business manager is required to attend the RSC meeting to explain the background and to answer any questions from the RSC.

Group Regulatory Risk and Compliance function

The Remuneration Committee also works closely with the Group Regulatory Risk and Compliance function with respect to remuneration proposals.

In particular, the function reports to the Committee on an annual basis on whether any risks have been taken outside of pre-agreed parameters, whether there have been regulatory breaches, or whether they are aware of any other considerations that may lead the Committee to consider whether it should impact payments to employees (including in particular the executive directors and Code staff).

The Chief Risk Officer also specifically looks at the overall risk profile of the Group and whether executive directors have achieved objectives within the Group's accepted risk appetite, and also reviews the executive directors' objectives for the forthcoming year to ensure they are in line with the risk parameters.

Since the implementation of a new Solvency II remuneration policy in 2016, the scope of the Chief Risk Officer's report has been extended to consider whether there are any risk considerations which may warrant adjustments to the overall level of corporate annual variable pay awards.

Engagement with key stakeholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance and any changes to the Group's executive pay arrangements. During 2022, we reviewed our approach to remuneration in the context of future business strategy, updated investor guidelines and evolving best practice, and sought feedback from shareholders and representative bodies. The responses that we received helped shape our thinking with respect to the new remuneration policy which was approved by shareholders at the AGM in May 2023.

During 2025, the Committee will continue to closely examine our remuneration principles and policies to ensure they remain appropriate in the context of future business strategy, updated investor guidelines, and evolving best practice, and will consult with the Group's largest shareholders on any proposed changes.

We engaged regularly with our workforce throughout 2024, including via our workforce representative bodies Unite (the trade union) and our Management Consultative Forum on a number of topics, including pay, and propose to continue this dialogue in 2025, including in relation to our new remuneration policy.

Statement of voting at the AGM

The table below shows the voting outcomes on the directors' remuneration policy, approved at the 2023 AGM, and the directors' remuneration report, approved at the last AGM in May 2024.

Item	For	Against	Abstain number
Remuneration policy	95.46%	4.54%	
	3,646,065,245	173,407,374	1,515,264
Remuneration report	96.51%	3.49%	
	3,594,955,335	130,133,675	2,197,448

Dilution limits

The Company's share plans operate within the Investment Association's dilution limit of 5% of issued capital in 10 years for executive schemes, and all its plans will operate within the limit of 10% of issued capital in 10 years for all schemes.

As at 31 December 2024, the Company had 4.95% of share capital available under the 5% in 10 years limit and 9.55% of share capital under the 10% in 10 years limit.

As at 31 December 2024, 67,155,613 shares were held by the Employee Benefit Trust in respect of outstanding awards of 89,557,256 shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

During 2024, António Simões was a Trustee of the Kings Trust International and Jeff Davies was a Non-Executive Director of Ethniki Hellenic General Insurance Company S.A.

External appointments are subject to annual agreement by the Board and must not be with competing companies. Fees may be retained by the individual subject to the Board's agreement.

Financial statements



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Consolidated financial statements

The **Group consolidated financial statements** are divided into three sections:

- The **Primary statements and performance** section, which includes the Group primary statements and other notes which we believe are integral to understanding our financial performance.
- The **Balance sheet management** section, which provides further details on our financial position and approach to risk management.
- The **Additional financial information** section, which includes disclosures required to be compliant with accounting standards or the Companies Act. We view this information as important, but less significant in understanding our business and performance.

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KPMG LLP's Independent auditor's report



To the members of Legal & General Group Plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Legal & General Group Plc give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024, and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework
- the Group and parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and parent company financial statements of Legal & General Group Plc (the Company) for the year ended 31 December 2024 included in the Annual report and accounts, which comprise:

Legal & General Group Plc and its subsidiaries

Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows. Notes 1 to 42 to the Group financial statements (including the accounting policies in Note 1) except the information being disclosed as unaudited.

Parent company (Legal & General Group Plc)

Company Balance Sheet and Company Statement of Changes in Equity. Notes 1 to 14 to the parent company financial statements, including the accounting policies in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee (AC).

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Following our 2023 audit, and considering developments affecting the Group since then, we have updated our audit risk assessment for Key Audit Matters (KAMs) previously identified.

The risk associated with the valuation of UK annuity policyholder liabilities KAM (4.1) is predominantly driven by the inherent subjectivity associated with the longevity, expense and credit risk assumptions for UK annuity policyholder liabilities. We continue to consider the impact of external factors such as the current economic conditions and the long-term view on life expectancy affecting the measurement of annuity liabilities. The level of risk has been reduced in the current year due to the removal of the operational challenges associated with the first-time adoption of IFRS 17 across multiple periods, resulting in more stable operational and financial reporting processes. This includes the initial determination of the UK deferred annuity coverage units' methodology which was completed in 2023.

The risk associated with the valuation of hard to value (Level 3) investments KAM (4.2) is predominantly driven by the significant estimation uncertainty associated with valuing Level 3 investments, specifically UK lifetime mortgages, private credit portfolios, and investment property.

The continuing financial significance of the parent company's investment in subsidiaries drives the identification of recoverability of the parent company's investment in subsidiaries as a key area of focus for the parent company's audit (4.3).

Audit Committee interaction

During the year, the Audit Committee met 6 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee report on page 74 are materially consistent with our observations of those meetings.

Key Audit Matters	vs 2023	Item
Valuation of UK annuity policyholder liabilities	↓	4.1
Valuation of hard to value (Level 3) investments	↔	4.2
Parent company risk: Recoverability of parent company's investments in subsidiaries	↔	4.3

Independent auditor's report continued



Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during 2024 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the directors for the year ended 31 December 2018. The period of total uninterrupted engagement is for the 7 financial years ended 31 December 2024.

The Group engagement partner is required to rotate every 5 years. As these are the second set of the Group's financial statements signed by Philip Smart, he will be required to rotate off after the 2027 audit.

The average tenure of component engagement partners is 2 years, with the shortest being 1 and the longest being 3.

Total audit fee	£15.7m
Audit related fees (including interim review)	£3.0m
Other services	£1.1m
Non-audit fee as a % of total audit and audit related fees %	5.9%
Date first appointed	17 May 2018
Uninterrupted audit tenure	7 years
Next financial period which requires a tender	2028
Tenure of Group engagement partner	2 years
Average tenure of component engagement partners	2 years

Materiality

(Item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

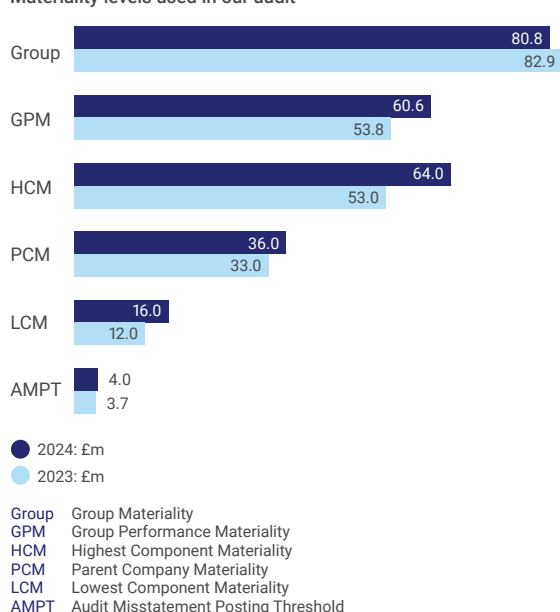
We have determined overall materiality for the Group financial statements as a whole to be £80.8m (2023: £82.9m) and for the parent company financial statements as a whole to be £36m (2023: £33m).

Consistent with 2023, we determined that profit before tax from continuing operations (PBTCo) normalised to exclude this year's investment and other variances and gains/(losses) attributable to non-controlling interests remains the benchmark for the Group. This is due to its importance to users of the financial statements because the share price is more sensitive to changes in the PBTCo than other metrics. As such, we based our Group materiality on normalised PBTCo, of which it represents 4.72% (2023: 4.97%).

In addition, we applied materiality of £3.3bn (2023: £3.3bn) to the unit linked assets and liabilities in the Consolidated Balance Sheet & Consolidated Income Statement and related notes, of which it represents 0.9% (2023: 0.9%) of total unit linked assets, in accordance with FRC Practice Note 20 'The Audit of Insurers in the United Kingdom'.

Materiality for the parent company financial statements was determined with reference to a benchmark of parent company net assets of which it represents 0.52% (2023: 0.47%).

Materiality levels used in our audit



Group scope

(Item 7 below)

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components, and the extent of involvement required from our component auditors around the world.

Of the Group's 12 in-scope reporting components, we identified 5 quantitatively significant components, 4 components requiring special audit attention, and 3 other components included in the scope of our work for other reasons.

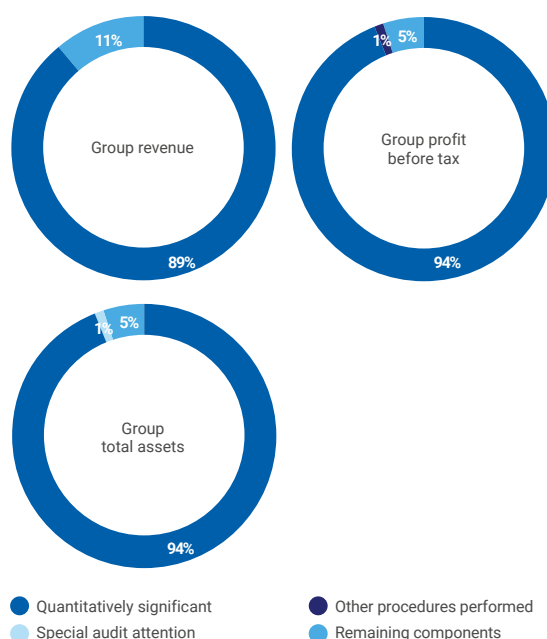
We also have identified 1 shared service centre which performs expense work for all components within the Group. The components within the scope of our work accounted for the percentages illustrated opposite.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

Our audit procedures covered 89% of Group revenue.

We performed audit procedures in relation to components that accounted for the following percentages:



The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

Climate change, and the associated initiatives and commitments, impact the Group in a variety of ways including the potential financial risks which could arise from the associated physical and transition risks and the greater narrative and disclosure of the impact of climate change risk that is incorporated into the Annual report and accounts. The Group's exposure to climate change is primarily through climate-related transition risks which potentially impact the carrying amount of investments and potential reputational risk associated with the Group's delivery of its climate-related commitments. The Group has set out its commitments under the Paris objective to achieve net zero carbon emissions by 2050 in its Strategic report on page 35.

As a part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements, including how climate is considered as part of the investment making and monitoring processes, and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit.

On the basis of the risk assessment procedures performed above, and taking into account the nature of the Group's assets and basis of the related valuations, we concluded that, while climate change may pose a risk to the determination of asset values, the risk was not significant in the current year. As a result, there was no significant impact from climate change on our KAMs.

We have also read the disclosures of climate-related information in the Strategic report as set out on pages 30-39 and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent company or to cease their operations, and as they have concluded that the Group's and the parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

Going concern

We used our knowledge of the Group and parent company, its industry, and the general economic environment in which it operates to identify the inherent risks to its business model and analysed how those risks might affect the Group and parent company's financial resources or ability to continue operations over the going concern period. The risks that were considered most likely to adversely affect the Group's and parent company's available financial resources over this period were:

- adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, wider credit spreads and defaults which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of the Group's hard to value (Level 3) investments that require judgement and valuation of insurance contract liabilities
- severely adverse policyholder lapse or claims experience.

We also considered less predictable but realistic second order impacts, such as the failure of counterparties who have transactions with the Group (such as banks and reinsurers), which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the capital and liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources by the Group's financial forecasts.

We considered whether the going concern disclosure in Note 1 (ii) to the financial statements gives an accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and parent company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent company will continue in operation.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 48 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity
- the risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 48 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent company's longer-term viability.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for the going concern period.
- We have nothing material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent company's use of that basis for the going concern period, and we found the going concern disclosure in Note 1 to be acceptable.
- The related statement under the Listing Rules set out on page 248 is materially consistent with the financial statements and our audit knowledge.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

Independent auditor's report continued



4. Key Audit Matters

What we mean

- Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:
 - the overall audit strategy
 - the allocation of resources in the audit
 - directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Valuation of UK annuity policyholder liabilities (Group)

Financial statement elements	Our assessment of risk vs 2023		Our results
	2024	2023	
UK annuity policyholder liabilities included within insurance contract liabilities	£91.075bn	£86.706bn	2024: Acceptable 2023: Acceptable

Description of the Key Audit Matter	Our response to the risk
<p>The insurance contract liabilities balance consists of the present value of future cash flows, risk adjustment for non-financial risk, and contractual service margin (CSM) components.</p> <p>Subjective valuation:</p> <p>The valuation of UK annuity policyholder liabilities within insurance contract liabilities is an inherently subjective area, requiring management judgement in the setting of key assumptions, including longevity, credit and expense risk. A small change in these assumptions can have a significant impact on the liabilities.</p> <p>Longevity assumptions</p> <p>Longevity assumptions have two main components: mortality base assumptions and the rate of mortality improvements. Changing trends in longevity and emerging medical trends means there is a high level of uncertainty in the assumptions. This uncertainty remains heightened in the current year due to the potential medium and long-term impacts of Covid-19 on trends in future mortality. There is also a high degree of reliance on CMI models, and industry convergence across the industry on its parameterisation. Hence, there is a risk that other mortality and health data sources are not appropriately considered under the assumption setting methodology.</p> <p>Credit assumptions</p> <p>The Group discounts the fulfilment cash flows in order to calculate the present value of future cash flows (PVFCF) at the balance sheet date using current discount rates. The Group's current discount rate is derived by adjusting a reference asset portfolio for risks not present in the related insurance liabilities, in particular credit risk, such that the discount rate includes a yield above the risk-free rate that appropriately reflects the risks in the liabilities, in particular their illiquid nature. The credit risk deduction method is judgemental and small changes in this can have a significant impact on the PVFCF. The assumptions surrounding this deduction require significant judgement and there is a risk that changes in investment yields, market spreads, current actual default experience, and anticipated trends are not appropriately reflected.</p> <p>Expense assumptions</p> <p>Management judgement is required in setting the maintenance expense assumption which is based on management's long-term view of the expected future costs of administering the underlying policies, the allocation between cost centres, and determination of costs that are directly attributable to and non-directly attributable to the maintenance of insurance contracts.</p> <p>Data capture</p> <p>There is a risk that incomplete and inaccurate annuity data is used in the calculation of insurance liabilities resulting from inaccurate transfer or conversion of aggregate data from the policy administration systems into model point files used to value the liabilities in the actuarial models. In addition, there is a risk that inaccurate asset data, including projected cash flows, is used to calculate the default adjustment applied to the discount rate.</p> <p>Estimation uncertainty:</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of insurance contract liabilities has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note 20) estimated by the Group.</p>	<p>We used our own actuarial specialists to assist us in performing our procedures in this area. Our procedures to address the risk included:</p> <ul style="list-style-type: none"> Control design and re-performance: testing reconciliation controls designed to ensure completeness of data flows from policy administration systems to the actuarial models. With the assistance of our IT audit specialists, testing controls over user access of annuity policy administration systems and over the accuracy of data flows and data conversions from these systems to the actuarial valuation models. Test of detail: testing the completeness of data used in the valuation of annuity liabilities by reconciling the data from the policy administration system to the data used in the actuarial models. Test of detail: by using data and analytics procedures, testing the accuracy of historical data input into the actuarial model, comparing the data used for reporting as at 31 December 2024 to the data used for reporting as at 31 December 2023 in relation to policies that were in force at that time. Test of detail: tracing a sample of policyholder data inputs relating to new business, surrenders, maturities and deaths from the actuarial valuation model to the underlying policy documents. Test of detail: for a sample of assets, validating the accuracy of the asset data used to project the cash flows, from which is derived the yield that is applied in the calculation of the current discount rate and, with the assistance of our valuation specialists, re-projecting those cash flows. Historical comparisons: evaluating whether the expense assumptions reflect the expected future costs of administering the underlying policies by considering the historical accuracy of management's forecast expenses and assessing the reasonableness of the allocations of the forecast 2025 costs to directly attributable maintenance expenses with reference to the historical allocations. Methodology choice: assessing the appropriateness of the methodology for selecting assumptions by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of uncertain economic conditions on policyholder mortality and credit risk. For longevity assumptions, this includes consideration of the cause of death modelling performed by management and other non-CMI sources alongside the CMI modelling used across the industry. Accounting analysis: assessing whether the Group's proposed methodology for determining the discount rate credit deduction and reference portfolios is consistent with the requirements of IFRS 17. Benchmarking assumptions: assessing mortality improvement assumptions against industry data on expected future mortality rate improvements and industry historic mortality improvement rates, and assessing the appropriateness of the credit risk assumptions by comparing to industry practice and our expectations derived from market experience. Historical comparisons: evaluating the mortality base assumptions used in the valuation of the annuity liabilities by comparing to the Group's historic mortality experience. Assessing transparency: considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of insurance contract liabilities are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs.

Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of UK annuity policyholder liabilities included within insurance contract liabilities, including details of our planned substantive procedures, and the extent of our control reliance
- our conclusions on the appropriateness of the Group's methodology for setting assumptions and calculating annuity policyholder liabilities included within insurance contract liabilities and accounting policies
- our conclusions on the appropriateness of the longevity, credit, and expense assumptions, including challenge of the assumptions using our sector experience and market knowledge
- our conclusions on the completeness and accuracy of the annuity policyholder data that is used in the valuation of insurance liabilities and accuracy of the asset cash flows used to derive the default adjustment applied to the discount rate
- the adequacy and appropriateness of the disclosures, particularly as they relate to the sensitivity of annuity policyholder liabilities included within insurance contract liabilities to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- the appropriateness of the assumptions, including longevity, credit, and expense assumptions
- the approach and methods applied to determine the discount rates, including the credit default deduction.

Our results

We found the resulting estimate of the valuation of UK annuity policyholder liabilities within insurance contract liabilities to be acceptable (2023 result: acceptable).

Further information in the Annual report and accounts: See the Audit Committee report on page 78 for details on how the Audit Committee considered the valuation of UK annuity policyholder liabilities within insurance contract liabilities as an area of significant attention, page 135 for the accounting policy on insurance contract liabilities, and Notes 18, 19, 20 and 21 for the financial disclosures.

4.2 Valuation of hard to value (Level 3) investments (Group)

Financial statement elements	Our assessment of risk vs 2023		Our results
	2024	2023	
UK lifetime mortgages	£5.359bn	£5.324bn	↔ We have not identified any significant changes to our assessment of the level of risk relating to valuation of hard to value (Level 3) investments compared to 2023.
Private credit portfolio	£13.960bn	£12.258bn	
Investment property	£9.822bn	£8.893bn	

Description of the Key Audit Matter	Our response to the risk
<p>Subjective valuation:</p> <p>6.9% of the investment portfolio as at 31 December 2024 (2023: 6.7%) was classified as Level 3 assets, of which we consider the valuation of UK lifetime mortgages, private credit investments (UK and US) and investment property, involve the greatest level of subjectivity. We continue to consider the impact on the subjectivity of the asset valuations as a result of the uncertainty caused by economic conditions. For these positions a reliable third-party price from a recent market transaction is not readily available and therefore the application of expert judgement from management in the valuations adopted is required.</p> <p>The key assumptions underlying the valuations are:</p> <ul style="list-style-type: none"> • UK lifetime mortgages: property price at the valuation date, property price inflation, property price inflation volatility, voluntary redemption rate and the illiquidity premium added to the risk-free rate. • Private credit (UK) and US private placements (Private Credit): internally-generated credit ratings based on management judgement. • Investment property: yield of the property. <p>Estimation uncertainty</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of hard to value (Level 3) investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note 12 (ii)) estimated by the Group.</p>	<p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"> • Our valuation expertise: <ul style="list-style-type: none"> • using our own valuation specialists to assess the suitability of the valuation and credit rating methodologies used by the Group, to independently revalue a sample of the internally rated private credit investments • using our own valuation specialists to evaluate the appropriateness of the assumptions used in the valuation of investment properties with reference to market data and industry benchmarks • using our own actuarial specialists to evaluate the appropriateness of the assumptions used in the valuation of UK lifetime mortgages with reference to market data and industry benchmarks. • Assessing valuers' credentials: assessing the objectivity, professional qualifications and competence of external valuers of private credit, and investment property investments and reconciling the valuations provided by them to the valuations recorded in the financial statements. • Methodology choice: in the context of observed industry best practice, Group's own valuation methodology, relevant accounting standards and the provisions of the RICS Valuation Professional Standards 'the Red Book', we challenged the appropriateness of selected credit rating methodologies for internally rated private credit investments and the valuation methodology adopted for investment property. • Benchmarking assumptions: evaluating and challenging the key assumptions upon which the valuations of lifetime mortgages, internally rated private credit and investment property investments were based, including consideration of the impacts of economic uncertainties, by making a comparison to our own understanding of the market, comparable evidence relied on by the valuers used by the Group and to industry benchmarks. • Assessing transparency: assessing whether the disclosures in relation to the valuation of hard to value (Level 3) investments are compliant with the relevant financial reporting requirements and appropriately present the sensitivities of the valuation to alternative assumptions.

Independent auditor's report continued



Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of the valuation of the UK lifetime mortgages, internally rated private credit portfolios and investment property hard to value (Level 3) investments, including details of our planned substantive procedures and the extent of our control reliance
- our conclusions on the appropriateness of the methodology and assumptions adopted by the Group to the valuation of UK lifetime mortgages, internally rated private credit portfolio and investment property hard to value (Level 3) investments
- the adequacy of the disclosures, particularly as they relate to the sensitivity of Level 3 investments to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- determination of the valuation methodology where external pricing sources are not readily available or unreliable
- the appropriateness of the credit ratings and valuation of internally rated private credit investments
- the appropriateness of the UK lifetime mortgages' assumptions, including property price at valuation date, property price inflation, property price volatility, voluntary redemptions and the illiquidity premium.

Our results

We found the resulting estimate of the valuation of hard to value (Level 3) investments to be acceptable (2023 result: acceptable).

Further information in the Annual report and accounts: See the Audit Committee report on page 78 for details on how the Audit Committee considered the valuation of hard to value (Level 3) investments as an area of significant attention, page 136 for the accounting policy for Level 3 investments, and Note 12 for the financial disclosures.

4.3 Recoverability of parent company's investment in subsidiaries (Parent)

Financial statement elements	Our assessment of risk vs 2023		Our results
	2024	2023	
Parent company risk: Recoverability of the parent company's investments in subsidiaries	£11.113bn	£10.982bn	↔ We have not identified any significant changes to our assessment of the level of risk relating to Recoverability of the parent company's investment in subsidiaries compared to 2023. 2024: Acceptable 2023: Acceptable

Description of the Key Audit Matter

Low risk, high value:

The carrying amount of the parent company's investments in subsidiaries represents 90.6% (2023: 89.2%) of the parent company's total assets. The carrying amount is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the parent company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Test of detail:** comparing the carrying amount of the parent company's investments, with the subsidiaries' financial information to identify whether their net assets, being an approximation of their minimum recoverable amount, are in excess of their carrying amount.
- **Comparing valuations:** for the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business.

Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of the recoverability of the parent company's investment in subsidiaries
- our conclusions on the appropriateness of the valuation of the parent company's investment in subsidiaries.

Our results

We found the balance of the parent company's investments in subsidiaries and the related impairment charge to be acceptable (2023: acceptable).

Further information in the Annual report and accounts: See page 135 for the accounting policy on investments in subsidiaries and Note 7 for the parent company financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	<p>To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud, or provide an opportunity to commit fraud. Our risk assessment procedures included:</p> <ul style="list-style-type: none"> enquiring of directors, the Audit Committee, internal audit and the Group Financial Crime Director as to whether they have knowledge of any actual, suspected or alleged fraud and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing" reading Board, Audit Committee and Risk Committee meeting minutes considering remuneration incentive schemes and performance targets for management using analytical procedures to identify any unusual or unexpected relationships inspecting correspondence with regulators to identify instances or suspected instances of fraud reviewing the audit misstatements from prior period to identify fraud risk factors reading broker reports and other public information to identify third-party expectations and concerns.
Risk communications	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request for component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.</p>
Fraud risks	<p>As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting estimates and judgements. Accordingly, we identified fraud risks related to the valuation of insurance contract liabilities and valuation of hard to value (Level 3) assets that require management judgement (private credit and lifetime mortgages) given the impact on the Group's profit, the opportunity for management to manipulate assumptions due to the subjectivity involved and given the long-term nature of these assumptions which are more difficult to corroborate. We do not believe there is a fraud risk related to any other Group revenue because there is limited management judgement involved in the recognition and measurement of the transaction price for all material revenue streams. The methodology for determination of the coverage units has remained consistent year-on-year and there have been no new products requiring alternative coverage unit methodologies. We therefore removed the fraud risk over revenue recognition for UK deferred annuities from the Valuation of UK annuity policyholder liabilities KAM in Section 4.</p>
Link to KAMs	<p>We identified fraud risks related to the valuation of UK annuity policyholder liabilities, and valuation of hard to value (Level 3) investments in response to possible pressures to meet profit targets.</p> <p>Further detail in respect of the valuation of UK annuity policyholder liabilities, and valuation of hard to value (Level 3) investments is set out in the two KAM disclosures in Section 4 of this report.</p>
Procedures to address fraud risks	<p>We performed procedures including:</p> <ul style="list-style-type: none"> instructing Quantitatively Significant components and components where there is a heightened risk of management override of controls to identify journal entries to test based on high-risk criteria sent to them and comparing the entries to supporting documentation. These included, but were not limited to, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures evaluating the business purpose of significant unusual transactions; and assessing whether the judgements made making accounting estimates are indicative of a potential bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	<p>We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence. We also discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.</p>
Risk communications	<p>We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to all component audit teams of relevant laws and regulations identified at the Group level, and a request for all component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.</p>
Direct laws context and link to audit	<p>The potential effect of laws and regulations on the financial statements varies considerably.</p> <p>The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.</p>
Most significant indirect law/regulation areas	<p>The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate.</p> <p>We identified the following areas as those most likely to have such effect:</p> <ul style="list-style-type: none"> specific aspects of regulatory capital and liquidity market abuse regulations financial crime and customer conduct regulations Consumer Duty certain aspects of company legislation, recognising the financial and regulated nature of the Group's activities and certain regulated subsidiaries. <p>Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.</p>

Independent auditor's report continued



Context

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£80.8m

(2023: £82.9m)

Materiality for the Group financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group financial statements as a whole was set at £80.8m (2023: £82.9m). This was determined with reference to a benchmark of profit before tax from continuing operations (PBTCO) normalised to exclude this year's investment and other variances and gains/(losses) attributable to non-controlling interests disclosed in Note 2 of the financial statements that do not represent normal continuing operations of the business.

Consistent with 2023, we determined that normalised PBTCO remains the main benchmark for the Group as it is the metric in the primary statements which best reflects the focus of the financial statements' users.

Our Group materiality of £80.8m was determined by applying a percentage to the normalised PBTCO. When using a benchmark of normalised PBTCO to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3%-5% of the measure. In setting overall Group materiality, we applied a percentage of 4.72% (2023: 4.97%) to the benchmark.

In addition, we applied materiality of £3.3bn (2023: £3.3bn) to the unit linked assets and liabilities in the Consolidated Balance Sheet, Consolidated Income Statement and related notes, which represents 0.9% (2023: 0.9%) of the total unit linked asset balance. This materiality was applied in accordance with FRC Practice Note 20 'The Audit of Insurers in the United Kingdom'.

Materiality for the parent company financial statements as a whole was set at £36m (2023: £33m), determined with reference to a benchmark of parent company net assets, of which it represents 0.52% (2023: 0.47%).

£60.6m

(2023: £53.9m)

Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 75% (2023: 65%) of materiality for the Group financial statements as a whole to be appropriate. We reduced the performance materiality percentage in 2023 to account for the additional risks associated with the first-year implementation of IFRS 17 and have increased it in 2024 to reflect the diminished implementation risk in the second year under IFRS 17.

The parent company performance materiality was set at £27.0m (2023: £24.7m), which equates to 75% (2023: 75%) of materiality for the parent company financial statements as a whole.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£4.04m

(2023: £3.7m)

Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to the Legal & General Group Plc Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 5% (2023: 4.5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The increase is a result of our assessment of decreased risk, reflecting the diminished implementation risk of IFRS 17 consistent with performance materiality above. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £80.8m (2023: £82.9m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Total Group Assets	
	2024	2023	2024	2023
Financial statement caption	£12,689m	£12,111m	£554,167m	£522,095m
Group materiality as % of caption	0.64%	0.68%	0.01%	0.02%

7. The scope of our audit

Group scope	<p>What we mean</p> <p>How the Group auditor determined the procedures to be performed across the Group.</p> <p>This year, we applied the revised group auditing standard ISA 600 (revised) in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.</p> <p>In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the Group auditor, plan to perform audit procedures to address Group risks of material misstatement (RMMs). Similarly, the Group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.</p> <p>We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.</p> <p>In total, we identified 12 components, having considered our evaluation of the existence of common risk profiles, business operations and reporting structures across the business units and our ability to perform audit procedures centrally.</p> <p>Of those, we identified 5 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.</p> <p>We also identified 4 components requiring special audit attention, owing to Group risks relating to valuation of insurance contract liabilities and/or valuation of hard to value (Level 3) investments residing in these components.</p> <p>Additionally, having considered qualitative and quantitative factors, we identified 3 components with accounts and disclosures contributing to specific RMMs of the Group financial statements.</p> <p>Accordingly, we performed audit procedures on 12 components, of which we involved component auditors in performing the audit work on 10 components. We performed procedures on the items excluded from the normalised Group profit before tax used as the benchmark for our materiality. We performed the audit of the parent company.</p> <p>We set the component materialities, ranging from £16m to £64m, having regard to the mix of size and risk profile of the Group across the components.</p> <p>Our audit procedures covered 89% of Group revenue.</p> <p>We performed audit procedures in relation to components that accounted for 96% of Group profit before tax and 94% of Group total assets.</p> <p>For the remaining components for which we performed no audit procedures, no component represented more than 1.85% of Group total revenue, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.</p> <p>As part of our risk assessment procedures, we determined the most effective balance between controls and substantive audit testing when determining our testing approach over the financial information. The scope of the audit work performed at the Group and components was predominantly substantive due to legacy systems and previous control deficiencies. We have used data analytics routines, with partial reliance placed upon the Group's internal controls over financial reporting.</p> <p>We identified key financial systems including over financial reporting, consolidation, and other relevant business processes across the Group. For a number of legacy systems, which will ultimately be replaced, management has deemed it not cost efficient to update the control environment to the level required for us to be able to place reliance, and therefore be able to test automated controls over these systems.</p> <p>Our IT auditors assisted us in evaluating the general IT controls over the key systems and associated IT utility tools, as well as evaluating automated controls and system generated reports relied upon by management. Our IT auditors tested controls over financial reporting systems, policy admin systems and fund management systems relating to financial investments, investment returns, derivatives and cash and cash equivalents at the asset management components. They also assisted us with data analytics routines to test premiums and claims.</p> <p>A number of control deficiencies relating to both manual and automated controls on other key financial systems, were identified across the Group. The observed deficiencies were mitigated through a combination of additional audit procedures allowing the component auditors to continue with the planned audit approach.</p>
Group auditor oversight	<p>What we mean</p> <p>The extent of the Group auditor's involvement in work performed by component auditors.</p> <p>In working with component auditors, we:</p> <ul style="list-style-type: none"> included the component auditors' engagement partners and managers in the Group planning discussion to facilitate inputs from component auditors in the identification of matters relevant to the Group audit issued Group audit instructions to component auditors on the scope and nature of their work, including specifying all risks identified for the accounts in scope for each component, the procedures to perform over higher risk accounts, setting out the significant areas to be covered including the relevant Key Audit Matters, and information to be reported back to the Group audit team held risk assessment update discussions with all component audit teams at the commencement of the final phase of the audit led by the Group engagement partner and attended by the engagement quality control partner visited 9 of 12 component auditors in the UK, Bermuda and US as the audit progressed to understand and evaluate their work, and organised bi-weekly video conferences with the component auditors. At these visits and in video conferences, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditors we inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed with a particular focus on the Key Audit Matters in respect of KAM 4.1, KAM 4.2 and KAM 4.3 and the significant risks over the valuation of insurance contract liabilities and the valuation of hard to value (Level 3) investments.

Independent auditor's report continued



8. Other information in the Annual report and accounts

The directors are responsible for the other information presented in the Annual report and accounts together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' report on remuneration

Our responsibility

We are required to form an opinion as to whether the part of the Directors' report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the directors' statement that they consider that the Annual report and accounts and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- the section of the Annual report and accounts describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed
- the section of the Annual report and accounts that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' report on remuneration to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 249, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

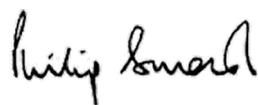
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Group is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Smart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL
11 March 2025

Primary statements and performance

Consolidated Income Statement

For the year ended 31 December 2024	Notes	2024 £m	2023 £m
Insurance revenue	2(v), 21	10,574	9,624
Insurance service expenses	4, 21	(9,091)	(8,373)
Insurance service result before reinsurance contracts held		1,483	1,251
Net expense from reinsurance contracts held	21	(159)	(137)
Insurance service result	21	1,324	1,114
Investment return ¹	29	21,744	32,973
Finance income/(expense) from insurance contracts	29	1,056	(5,830)
Finance (expense)/income from reinsurance contracts	29	(30)	584
Change in investment contract liabilities	22	(22,196)	(27,116)
Insurance and investment result		1,898	1,725
Other operational income		1,204	1,571
Fees from fund management and investment contracts	2(v)	864	825
Acquisition costs		(175)	(149)
Other finance costs	23	(372)	(347)
Other expenses	4	(2,877)	(3,430)
Total other income and expenses		(1,356)	(1,530)
Profit before tax		542	195
Tax expense attributable to policyholder returns	30	(210)	(119)
Profit before tax attributable to equity holders	2(v)	332	76
Total tax (expense)/credit	30	(347)	248
Tax expense attributable to policyholder returns	30	210	119
Tax (expense)/credit attributable to equity holders	30	(137)	367
Profit for the year		195	443
Attributable to:			
Non-controlling interests		4	(14)
Equity holders		191	457
Dividend distributions to equity holders during the year	5	1,230	1,172
Dividend distributions to equity holders proposed after the year end	5	902	871
		p	p
Total basic earnings per share²	6	2.89	7.35
Total diluted earnings per share²	6	2.86	7.28

1. Investment return includes £467m (2023: £314m) of interest income calculated using the effective interest method.
2. All earnings per share calculations are based on profit attributable to equity holders of the Company.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024	2024 £m	2023 £m
Profit for the year	195	443
Items that will not be reclassified subsequently to profit or loss		
Actuarial remeasurements on defined benefit pension schemes	9	(29)
Tax on actuarial remeasurements on defined benefit pension schemes	(2)	8
Total items that will not be reclassified subsequently to profit or loss	7	(21)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas operations	(10)	(6)
Movement in cross-currency hedge	3	(37)
Tax on movement in cross-currency hedge	(1)	9
Movement in financial investments measured at FVOCI	(258)	75
Tax on movement in financial investments measured at FVOCI	63	(18)
Insurance finance income/(expense) for insurance contracts issued applying the OCI option	428	(73)
Reinsurance finance (expense)/income for reinsurance contracts held applying the OCI option	(204)	43
Tax on movement in finance income/(expense) for insurance and reinsurance contracts	(51)	6
Total items that may be reclassified subsequently to profit or loss	(30)	(1)
Other comprehensive expense after tax	(23)	(22)
Total comprehensive income for the year	172	421
Total comprehensive income/(expense) for the year attributable to:		
Non-controlling interests	4	(14)
Equity holders	168	435

Primary statements and performance continued

Consolidated Balance Sheet

As at 31 December 2024	Notes	2024 £m	2023 £m
Assets			
Goodwill		30	73
Intangible assets	10	450	477
Investment in associates and joint ventures accounted for using the equity method		872	616
Property, plant and equipment	11	395	433
Investment property	12	9,822	8,893
Financial investments	12	495,551	471,405
Reinsurance contract assets	21	9,165	7,306
Deferred tax assets	30	1,741	1,714
Current tax assets	30	857	885
Receivables and other assets	14	8,627	9,780
Cash and cash equivalents	15	16,657	20,513
Total assets		544,167	522,095
Equity			
Share capital	34	147	149
Share premium	34	1,036	1,030
Employee scheme treasury shares	34	(163)	(147)
Capital redemption and other reserves		319	326
Retained earnings		1,714	2,973
Attributable to owners of the parent		3,053	4,331
Restricted Tier 1 convertible notes	35	495	495
Non-controlling interests		(37)	(42)
Total equity		3,511	4,784
Liabilities			
Insurance contract liabilities	21	95,648	91,446
Reinsurance contract liabilities	21	170	220
Investment contract liabilities	22	323,957	316,872
Core borrowings	23	4,308	4,280
Operational borrowings	23	3,391	1,840
Provisions	24	152	258
Deferred tax liabilities	30	197	107
Current tax liabilities	30	118	77
Payables and other financial liabilities	25	87,362	78,439
Other liabilities	36	950	680
Net asset value attributable to unit holders		24,403	23,092
Total liabilities		540,656	517,311
Total equity and liabilities		544,167	522,095

The notes on pages 133 to 237 form an integral part of these financial statements.

The financial statements on pages 128 to 237 were approved by the Board of directors on 11 March 2025 and were signed on their behalf by:



Sir John Kingman
Chairman



António Simões
Group Chief Executive Officer



Stuart Jeffrey Davies
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves ¹ £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
For the year ended 31 December 2024									
As at 1 January 2024	149	1,030	(147)	326	2,973	4,331	495	(42)	4,784
Profit for the year	–	–	–	–	191	191	–	4	195
Exchange differences on translation of overseas operations	–	–	–	(10)	–	(10)	–	–	(10)
Net movement in cross-currency hedge	–	–	–	2	–	2	–	–	2
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	7	7	–	–	7
Net movement in financial investments measured at FVOCI	–	–	–	(195)	–	(195)	–	–	(195)
Net insurance finance income	–	–	–	173	–	173	–	–	173
Total comprehensive (expense)/income for the year	–	–	–	(30)	198	168	–	4	172
Options exercised under share option schemes	–	6	–	–	–	6	–	–	6
Shares purchased	–	–	(33)	–	–	(33)	–	–	(33)
Shares vested	–	–	17	(51)	–	(34)	–	–	(34)
Employee scheme treasury shares: – Value of employee services	–	–	–	72	–	72	–	–	72
Share scheme transfers to retained earnings	–	–	–	–	(5)	(5)	–	–	(5)
Share buyback ²	(2)	–	–	2	(201)	(201)	–	–	(201)
Dividends	–	–	–	–	(1,230)	(1,230)	–	–	(1,230)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(21)	(21)	–	–	(21)
Movement in third-party interests	–	–	–	–	–	–	–	1	1
As at 31 December 2024	147	1,036	(163)	319	1,714	3,053	495	(37)	3,511

1. Capital redemption and other reserves as at 31 December 2024 include share-based payments £110m, foreign exchange £30m, capital redemption £19m, hedging £48m, insurance and reinsurance finance for contracts applying the OCI option £352m and financial assets at FVOCI £(240)m.

2. On 13 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £201m (including stamp duty) of ordinary shares for cancellation. The programme completed on 8 November 2024, with a total number of shares acquired and cancelled of 88,835,417.

	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves ¹ £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
For the year ended 31 December 2023									
As at 1 January 2023	149	1,018	(144)	337	3,707	5,067	495	(29)	5,533
Profit/(loss) for the year	–	–	–	–	457	457	–	(14)	443
Exchange differences on translation of overseas operations	–	–	–	(6)	–	(6)	–	–	(6)
Net movement in cross-currency hedge	–	–	–	(28)	–	(28)	–	–	(28)
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	(21)	(21)	–	–	(21)
Net movement in financial investments measured at FVOCI	–	–	–	57	–	57	–	–	57
Net insurance finance expense	–	–	–	(24)	–	(24)	–	–	(24)
Total comprehensive (expense)/income for the year	–	–	–	(1)	436	435	–	(14)	421
Options exercised under share option schemes	–	12	–	–	–	12	–	–	12
Shares purchased	–	–	(18)	–	–	(18)	–	–	(18)
Shares vested	–	–	15	(69)	–	(54)	–	–	(54)
Employee scheme treasury shares: – Value of employee services	–	–	–	59	–	59	–	–	59
Share scheme transfers to retained earnings	–	–	–	–	24	24	–	–	24
Dividends	–	–	–	–	(1,172)	(1,172)	–	–	(1,172)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(22)	(22)	–	–	(22)
Movement in third-party interests	–	–	–	–	–	–	–	1	1
As at 31 December 2023	149	1,030	(147)	326	2,973	4,331	495	(42)	4,784

1. Capital redemption and other reserves as at 31 December 2023 include share-based payments £89m, foreign exchange £41m, capital redemption £17m, hedging £46m, insurance and reinsurance finance for contracts applying the OCI option £176m and financial assets at FVOCI £(43)m.

Primary statements and performance continued

Consolidated Statement of Cash Flows

For the year ended 31 December 2024	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Profit for the year		195	443
Adjustments for non-cash movements in net profit for the year			
Net gains on financial investments		(8,496)	(22,492)
Net (gains)/losses on investment property		(42)	925
Investment income		(13,206)	(11,406)
Interest expense		372	347
Tax expense/(credit)	30	347	(248)
Other adjustments		138	112
Net (increase)/decrease in operational assets			
Investments mandatorily measured at FVTPL		(900)	(7,478)
Investments measured at FVOCI		(102)	(1,344)
Investments measured at amortised cost		(1,032)	(126)
Other assets		(248)	3,218
Net increase/(decrease) in operational liabilities			
Insurance contracts and reinsurance contracts held		2,372	11,153
Investment contracts		7,083	30,045
Other liabilities		(3,001)	(26,682)
Cash utilised in operations		(16,520)	(23,533)
Interest paid		(365)	(469)
Interest received ¹		6,954	5,210
Rent received		446	437
Tax paid ²		(190)	(186)
Dividends received		5,229	4,297
Net cash flows from operations		(4,446)	(14,244)
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangibles and other assets		(95)	(237)
Acquisition of operations, net of cash acquired		–	(9)
Disposal of subsidiaries, net of cash transferred	28	455	–
Investment in joint ventures and associates		(121)	(184)
Disposal of joint ventures and associates		–	8
Net cash flows utilised in investing activities		239	(422)
Cash flows from financing activities			
Dividend distributions to ordinary equity holders during the year	5	(1,230)	(1,172)
Coupon payment in respect of restricted Tier 1 convertible notes, gross of tax	35	(28)	(28)
Options exercised under share option schemes	34	6	12
Employee scheme treasury shares purchased		(33)	(18)
Purchase of shares under share buyback programme	34	(201)	–
Payment of lease liabilities	26	(35)	(32)
Proceeds from borrowings		2,325	1,226
Repayment of borrowings		(473)	(544)
Net cash flows utilised in financing activities		331	(556)
Net decrease in cash and cash equivalents		(3,876)	(15,222)
Exchange gains/(losses) on cash and cash equivalents		20	(49)
Cash and cash equivalents at 1 January		20,513	35,784
Total cash and cash equivalents at 31 December	15	16,657	20,513

1. Interest received includes net cash flows arising from interest rate swaps.

2. Tax paid comprises withholding tax of £221m (2023: £179m), UK corporation tax refund of £31m (2023: £nil) and overseas corporate tax of £nil (2023: £7m).

1. Basis of preparation and accounting policies

Legal & General Group Plc, a public limited company incorporated and domiciled in England and Wales, operates across three broad business areas of institutional retirement, asset management, and retail (insurance and retirement), through its subsidiaries and associates in the United Kingdom (UK), the United States and other countries throughout the world.

(i) Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and related interpretations issued by the IFRS Interpretations Committee. Endorsement is granted by the UK Endorsement Board (UKEB). The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through other comprehensive income, and certain assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The Group has selected accounting policies which state fairly its financial position, financial performance and cash flows for a reporting period. The accounting policies have been consistently applied to all years presented unless otherwise stated.

Financial assets and financial liabilities are disclosed gross in the Consolidated Balance Sheet unless a legally enforceable right of offset exists and there is an intention to settle recognised amounts on a net basis. Income and expenses are not offset in the Consolidated Income Statement unless required or permitted by any accounting standard or International Financial Reporting Interpretations Committee (IFRIC) interpretation, as detailed in the applicable accounting policies of the Group.

(ii) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position in the current economic environment are set out in this Annual report and accounts. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these consolidated financial statements. Principal risks and uncertainties are detailed on pages 49 to 53.

The directors have made an assessment of the Group's going concern, considering both the current performance and the outlook for a period of at least, but not limited to, 12 months from the date of approval of these consolidated financial statements, using the information available up to the date of issue of this Annual report and accounts.

The Group manages and monitors its capital and liquidity, and applies various stresses, including adverse inflation and interest rate scenarios, to those positions to understand potential impacts from market downturns. Our key sensitivities and the impacts on our capital position from a range of stresses are disclosed in Note 27 Management of capital resources¹. These stresses do not give rise to any material uncertainties over the ability of the Group to continue as a going concern. Based upon the available information, the directors consider that the Group has the plans and resources to manage its business risks successfully and that it remains financially strong and well diversified.

Having reassessed the principal risks and uncertainties (both financial and operational) in light of the current economic environment, as detailed on pages 49 to 53, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

(iii) New segmentation basis and restatement of financial information

At a Capital Markets Event on 12 June 2024, the Group set out a refreshed strategy and set of financial targets. As part of a new vision for a growing, simpler and better-connected business, the Group has implemented a revised business model, including the:

- creation of a single Asset Management division, bringing Legal & General Investment Management (LGIM) and Legal & General Capital (LGC) together as a unified, global, public and private markets asset manager
- maximisation of the value of non-strategic assets through a new Corporate Investments unit.

As a result, the Group is now focused on three core business divisions, namely Institutional Retirement, Asset Management and Retail, with a shared sense of purpose and powerful synergies.

The new divisional organisation has an impact on the reportable segments of the Group. Previously, the Group operated five reportable segments, comprising Legal & General Retirement Institutional (LGRi), LGC, LGIM, Insurance and Retail Retirement. Following the announcement, in line with the principles in IFRS 8, 'Operating Segments', the Group operating and reportable segments have been updated to the following:

- Institutional Retirement, which continues to focus on worldwide pension risk transfer business opportunities
- Asset Management, the new combined investment management business of the Group, committed to driving growth in public markets as well as materially scale the Group's in-house and origination platform capability in private markets across Real Estate, Private Credit and Infrastructure, including through an accelerated programme of fund launches
- Insurance, which primarily represents UK protection (both group and retail) and US retail protection business (US Insurance)
- Retail Retirement, which primarily represents retail annuity and drawdown products, workplace savings and lifetime mortgage loans
- Corporate Investments, which represents a portfolio of non-strategic assets managed separately with the goal of maximising shareholder value ahead of potential divestment.

Group expenses, debt costs and assets held centrally are reported separately. Transactions between segments are on normal commercial terms and are included within the reported segments.

Segmental disclosures in relation to the prior year presented have been restated to reflect the new divisional organisation.

1. Note 27 Management of capital resources is unaudited.

1. Basis of preparation and accounting policies continued

(iv) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has applied the following amendments for the first time in the year commencing 1 January 2024, which did not have a material impact on its consolidated financial statements.

- Amendments to IAS 1 – Presentation of Financial Statements: ‘Classification of Liabilities as Current or Non-current’.
- Amendments to IAS 1 – Presentation of Financial Statements: ‘Non-current Liabilities with Covenants’.
- Amendments to IFRS 16 – Leases: ‘Lease Liability in a Sale and Leaseback’.
- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: ‘Supplier Finance Arrangements’.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(v) Standards, interpretations and amendments to published standards which are not yet effective

Amendments to IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’: ‘Lack of Exchangeability’

These amendments, issued in August 2023, specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. These amendments are not expected to give rise to a material impact on the Group’s consolidated financial statements.

Amendments to IFRS 9, ‘Financial Instruments’ and IFRS 7, ‘Financial Instruments: Disclosures’: ‘Amendments to the Classification and Measurement of Financial Instruments’

These amendments, issued in May 2024, provide the following:

- clarification around the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system
- clarification and guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion
- new disclosure requirements for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets)
- an update to the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, subject to UK endorsement. These amendments are not expected to give rise to a material impact on the Group’s consolidated financial statements.

Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB’s issued its annual improvements in July 2024, which include a collection of minor amendments to accounting standards. These are applicable for annual reporting periods beginning on or after 1 January 2026.

IFRS 18, ‘Presentation and Disclosure in Financial Statements’

IFRS 18, issued in April 2024, will replace IAS 1, ‘Presentation of Financial Statements’. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals, which aim at increasing comparability of the financial performance of similar entities, as well as provide more relevant information and transparency to users.

The standard is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted, subject to UK endorsement. The Group is currently assessing the impacts of the amendments on the consolidated and Company financial statements.

IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’

IFRS 19, issued in May 2024, allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted, subject to UK endorsement. The Group is not eligible to apply IFRS 19.

(vi) Critical accounting judgements and the use of estimates

The preparation of the financial statements includes the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet and Consolidated Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management’s best knowledge of current circumstances and future events and actions, material adjustments could be made to the carrying amounts of assets and liabilities within the next financial year. The Audit Committee reviews the reasonableness of judgements associated with and the application of material accounting policies. The significant accounting matters considered by the Audit Committee in respect of the year ended 31 December 2024 are included within the Audit Committee Report on page 74.

The major areas of critical accounting judgement on policy application are considered below:

Insurance and investment contract liabilities (Notes 21 and 22): Product classification and the assessment of the significance of insurance risk transferred to the Group in determining whether a contract should be accounted for as an insurance or investment contract

Contracts which transfer significant insurance risk to the Group are classified as insurance contracts. Contracts that transfer financial risk (e.g. change in interest rate or security price) to the Group but not significant insurance risk are classified as investment contracts.

Judgement is required in order to assess the significance of the transfer of insurance risk within a contract. This assessment is based on whether the occurrence of an insured event could cause the Group to make significant additional payments, i.e. if the occurrence of the event causes significantly higher cash out flows for the Group than its non-occurrence.

Certain contracts, which are both insurance and investment, can contain discretionary features representing the contractual right to receive additional benefits as a supplement to guaranteed benefits under certain conditions, being:

- that the additional benefits are a significant portion of the total contractual benefits
- the timing and amount of the additional benefits is at the discretion of the Group
- that the additional benefits are contractually dependent upon the performance of an entity, fund or specified pool of assets.

Insurance contracts and investment contracts with such discretionary participation features are accounted for under IFRS 17, while investment contracts without discretionary participation features are accounted for as financial instruments under IFRS 9.

Judgement is therefore required in order to establish whether any additional benefits in an insurance or investment contract meet the above requirements for being considered discretionary participation features.

Consolidation (Notes 40–42): Assessment of whether the Group controls underlying entities and should therefore consolidate them.

The assessment takes account of various criteria, including decision making ability, equity holding and the rights to a variable return from the entity.

Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For operating entities this generally accompanies a shareholding of 50% or more in the entity. Subsidiaries that are consolidated where the Group owns less than 50% of the ordinary share capital (structured entities), are consolidated based on an assessment of control normally arising from special rights attaching to the class of share owned, other contractual arrangements and factors such as the purpose of the investee, the nature of its relevant activities, voting rights (including potential voting rights) and substantive and protective rights.

The Group invests in various fund and unit trust entities where it also acts as the asset manager to those entities. In these instances, in determining whether the Group controls the entities, the assessment focuses on the aggregate economic interests of the Group (direct interest and expected management fees) and on whether the Group acts as a principal or agent. This includes an assessment of the removal rights of other investors (their practical ability to allow the Group not to control the fund). Additionally, holdings in such investments can fluctuate on a daily basis according to the participation of the Group and other investors in them. As a result, in determining control, we look at an assessment of these factors over a longer period to mitigate the impact of daily fluctuations which do not reflect the wider facts and circumstances of the Group's involvement. This is performed in line with the following principles:

- where the entity is managed by a Group asset manager, and the Group's ownership holding in the entity exceeds 50%, the Group is judged to have control over the entity
- where the entity is managed by a Group asset manager, and the Group's ownership holding in the entity is between 30% and 50%, the facts and circumstances of the Group's involvement in the entity are considered, including the rights to any fees earned by the asset manager from the entity, in forming a judgement as to whether the Group has control over the entity
- where the entity is managed by a Group asset manager, and the Group's ownership holding in the entity is less than 30%, the Group is judged to not have control over the entity, but again the facts and circumstances of the Group's involvement in the entity are considered.

The following sets out information about the critical accounting assumptions made by the Group about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Valuation of insurance contract liabilities (Notes 19–21)

The key judgements around the valuation of insurance contract liabilities relate to the following assumptions:

- determination of the longevity, mortality and morbidity assumptions used in the calculation of the insurance contract liabilities; the assumptions for the rate of future longevity, mortality and morbidity are based on the Group's internal experience and judgements about how experience may vary in the future. This assessment takes into account market benchmarking, internal experience studies and independent industry data. The long-term assumptions are adjusted to reflect the Group's view on the effects of the Covid-19 pandemic on claims experience in the medium to long-term, informed by emerging experience and industry studies
- determination of the directly attributable expense assumptions used in the calculation of the insurance liabilities. These represent the expected future costs that relate directly to the fulfilment of the underlying insurance policies, and are based on management's best estimate of these future costs, and on an appropriate allocation between servicing new and existing business
- determination of valuation interest rates used to discount the liabilities, which are sensitive to the assumptions made, for example, on credit default of the backing assets. These assumptions take into account consideration of market experience and historic internal data. The valuation interest rate is also sensitive to the selection of the reference portfolio of assets chosen to back the liabilities
- determination of the compensation required for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risks as insurance contracts are fulfilled, in the calculation of the risk adjustment
- determination of the weighting of the coverage units, used to calculate the CSM amortisation in the year, between the payment phase and the deferral phase for deferred annuities. Judgement is required to combine the different coverage units so that they fairly reflect the services provided
- determination of the transition date CSM under IFRS 17 incorporated judgement. In particular, judgements made in the calculation of the CSM for portfolios transitioned using the fair value approach at 1 January 2022 continue to be a component of the current valuation of the CSM until those portfolios expire.

Note 20 includes a sensitivity analysis on post-tax Group profit and Group equity to reasonable alternative assumptions.

1. Basis of preparation and accounting policies continued

(vi) Critical accounting judgements and the use of estimates continued

Valuation of unquoted illiquid assets and investment property (Note 12)

Determination of fair value of unquoted and illiquid assets, and investment property involves judgements in model valuations, through the incorporation of both observable and unobservable market inputs, which include assumptions that lead to the existence of a range of plausible valuations for financial assets.

In assessing asset valuation, in line with applicable standards and guidance, the Group has both projected the short-term impact on earnings and cash flows of the current market volatility, while continuing to review the assets' ability to deliver longer term returns aligned to their investment cases.

Note 12 includes a sensitivity analysis on the fair value of unquoted illiquid assets and investment property to reasonable alternative assumptions.

(vii) Consideration of climate change

The Group recognises emerging risks from both climate change and the crisis with nature, and the interrelationship between our climate and the natural world. Climate change is the Group's most material sustainability issue, but the Group continues to develop its understanding of its impacts and dependencies on nature, concurrently with its consideration of the impacts from climate change.

The Group is exposed to climate change through two broad categories: transition risks from the move to a low-carbon economy and the impact this has on asset valuation and the economy; and physical risks from the impact on asset holdings as a result of severe weather events and longer-term shifts in climate.

The Group has integrated climate risk management into its governance framework and has carried out a detailed assessment of how we could expect climate risk to emerge across our business model. The Group risk mitigation strategy includes setting portfolio carbon intensity targets, integrating carbon controls into the investment processes through stock exclusions and high carbon escalation, corporate engagement and implementing high energy efficiency standards into the Group's directly owned commercial property and housing businesses.

The Group is committed to net zero, targeting a 1.5°C 'Paris' outcome. In order to meet its environmental goals, the Group has set for itself a number of metrics and targets, clearly linked with its business strategy and risk management controls. These are based on a three-pillar climate strategy encompassing 'Invest, Influence and Operate'. Metrics and targets have been defined around the Group's operational carbon footprint, investment portfolio economic carbon intensity, and implied portfolio temperature alignment. These are being targeted through the decarbonisation of the Group's balance sheet, investments in clean energy and start-ups, development of climate friendly investment products, and focus on own operations. The Group also continues to leverage its influence as a large investor to address the financially material issues of climate change and nature loss.

Scenario analysis is performed to help understand the strategic implications of possible climate pathways, including the key features of a transition to a net zero economy. Plausible scenarios have been developed based on estimations of how the energy system may evolve over the next 30 years, using the most recent carbon budgets from the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6) and incorporated latest data on technology costs. These include two different pathways to 'below 2°C', and a scenario assuming achievement of net zero. Given the Group's long-term climate risk relates to transition risk, a fourth scenario assuming global failure to act on climate change and emissions growth at historical rates has been modelled, but the impacts have not been applied to our portfolio. Such impacts are driven by physical risks which tend to be highly localised and manifest further into the future and are therefore more uncertain.

In preparing the consolidated financial statements, the Group has considered the impact of climate change, and in particular the transition to a lower carbon economy, on the valuation of the Group's assets and liabilities. In the Strategic report, with additional information in the Group's Climate and nature report, we have set out in detail the various risks and opportunities that are created by this transition, and how they may impact the Group across various time horizons. In line with the recommendations of the Task Force on Climate-related Financial Disclosures, we have further described the resilience of the Group's strategy, taking into consideration different climate-related scenarios, as described above. There is no one single scenario that underpins the financial statements. The scenarios help challenge the Group's perspectives on the future business and economic environment as a result of the transition to a lower carbon economy, including consideration of events that may be only remotely possible. As a result, the scenarios covered are not intended to be predictions of likely future events or outcomes and are not the basis on which the Group's consolidated financial statements have been prepared.

At the current time, the Group does not consider climate risk to represent a significant area of judgement or of estimation uncertainty. As at 31 December 2024, no material impacts on the Group's financial position, nor on the valuation of assets or liabilities on the Group's Consolidated Balance Sheet as a result of climate change risk have been identified. In arriving at this determination, the Group has in particular taken into account the following areas of judgement, which we consider to be those most exposed to the potential impact of climate change in the preparation of the financial statements:

Going concern and viability

In preparing the consolidated financial statements, the directors are required to assess the Group's ability to continue as a going concern, by taking into account all available information related to at least 12 months from the date of their approval. Additionally, the preparation of the viability statement takes into consideration the Group's overall business model and strategy, forecast financial strength and resilience, and the liquidity profile over the planning horizon. Climate-related matters have been considered as part of these assessments and have not been deemed to create material uncertainties as to their conclusions or to require specific disclosure.

Valuation of Level 3 financial investments and investment property

The valuation of unquoted illiquid assets and investment property has been separately identified as an area of significant estimation uncertainty. The assumptions used in the models underpinning these assets' valuations, such as cash flows forecasts, discount rates, and multiples, are often unobservable. Due to the need to apply significant judgements, these assumptions can be impacted by transition risk, with climate related inputs gaining more traction (e.g. construction methods and materials, EPC ratings, ESG credentials and climate resilience). This is particularly relevant for the Group's direct investments portfolio, including alternative assets. Where possible, the Group's assets are valued using standard market pricing sources or appropriately qualified external valuers, and therefore reflect current market sentiments around climate risk. In this respect market and investor expectations have also been evolving, with greater demand towards net zero-aligned assets, and away from traditional carbon-intensive methods, impacting expected investor returns and therefore discount rates and multiples. Exposure to the risks of climate change is minimised through rigorous assessment of potential investments and active monitoring of the carbon intensity of the current portfolio. Additionally, investment properties are being reviewed by independent third parties, where applicable, with regards to potential retrofitting, to help reduce carbon emissions and make them more efficient and sustainable for the future.

Asset impairment and residual economic life

The carrying value of goodwill, intangible and certain tangible assets on the Consolidated Balance Sheet which are subject to impairment testing could be affected by climate change risk. For example, inventory may become obsolete or restricted, causing selling prices to decline or their costs of completion to increase. If, as a result, the cost of inventories is not recoverable, they would need to be written down to their net realisable value.

Property, plant and equipment, right-of-use assets, goodwill and intangible assets may see their recoverable amount decrease in light of climate change, and significant changes in the environment (including for example changes in regulation) in which the Group operates, where adverse effects can represent an indication of impairment. The estimation of recoverable amount as 'value in use' requires an assessment of future expected cash flows based on assumptions potentially affected by climate related matters, particularly for goodwill and intangible assets, which are subject to a higher degree of judgement. Where assets are subject to amortisation or depreciation, consideration needs to be given to whether climate risk suggests that the residual economic life is shorter than anticipated, which would give rise to increased charges in the income statement. Due to the nature of the Group's assets, we do not anticipate any material additional impairments or increased amortisation and depreciation charges to arise from climate change. Risks will continue to be monitored against judgements and estimates used in the assessment of impairment.

Insurance contract liabilities

The Group's insurance contracts are valued using discount rates derived from the backing asset portfolios with deductions made to remove risks that are present in the assets but are not relevant to the insurance liability. Climate-related risks could impact on the Group's exposure to future credit losses which would impact on the appropriate yield deductions in the discount rate calculation and therefore the insurance contract valuations.

Provisions and contingent liabilities

The recognition, measurement and disclosure of provisions and contingent liabilities is subject to setting assumptions around future events and the probability of their occurrence. Climate-related matters could affect these elements, for example by requiring recognition or disclosure of a legal obligation (e.g. levies imposed for failing climate related targets) or of a constructive obligation (e.g. requirements to remediate environmental damage caused by the Group's operations and investment portfolios).

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits, to the extent it is probable that future taxable profit will be available, against which those amounts can be utilised. Climate-related matters could affect the Group's estimate of future taxable profits, and therefore it may be required to derecognise deferred tax assets previously on the balance sheet.

Share-based payments

The Group's performance share plans provide a direct and transparent link between executive pay and the delivery of shareholder returns over the longer-term. They are a conditional award of shares subject to a performance period of at least three years. Performance metrics for the Group's share plans are now clearly linked to ESG metrics. As such, the effects of climate change could have an impact on amount and timing, recognition and measurement of amounts in the Group's income statement and statement of comprehensive income.

Financial instruments

Expected credit losses are required to be recognised on receivables and certain financial investments, representing the counterparty's probability of default over a certain time horizon. Climate-related matters may affect the Group's exposure to these losses, for example by negatively affecting the borrower's ability to meet their obligations, or by affecting assumptions used in the models adopted to estimate expected credit losses.

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies

Consolidation principles

Subsidiary undertakings

The consolidated financial statements incorporate the assets, liabilities, equity, income, expenses and cash flows of the company and of its subsidiary undertakings drawn up to 31 December each year. All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are those entities (including special purpose entities, mutual funds and unit trusts) over which the Group directly or indirectly has control (i.e. when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) (Note 41).

Business combinations are accounted for by applying the acquisition method of accounting, which requires the Group to record the identifiable assets and liabilities of the acquired business at fair value on the date of acquisition. The excess of the fair value of acquisition consideration over the recorded value of the assets and liabilities of the acquired entity is recorded on the statement of financial position as goodwill. Profits or losses of subsidiary undertakings sold or acquired during the year are included in the consolidated results up to the date of disposal or from the date of gaining control.

Puttable instruments held by external parties in consolidated investment vehicles, such as unit trusts, are classified as liabilities and appear as 'Net asset value attributable to unit holders' in the Consolidated Balance Sheet.

Associates and joint ventures

Associates are entities over which the Group has significant influence but which it does not control. It is presumed that the Group has significant influence where it has between 20% and 50% of the voting rights in the investee unless indicated otherwise. Joint ventures are entities where the Group and other parties have joint control over their activities.

The Group has interests in associates and joint ventures (Note 41) which form part of an investment portfolio held through private equity vehicles, mutual funds, unit trusts and similar entities. In accordance with the choice permitted by IAS 28, 'Investments in Associates and Joint Ventures', these interests have been classified as fair value through profit or loss and measured at fair value within financial investments, with changes in fair value recognised in the Consolidated Income Statement.

Associates and joint ventures which do not form part of an investment portfolio are initially recognised in the Consolidated Balance Sheet at cost. Goodwill arising on the acquisition of these associates or joint ventures is included within the carrying value of those investments. Their carrying amount is increased or decreased to reflect the Group's share of total comprehensive income after the date of the acquisition. Where the carrying amount of an associate or joint venture is greater than its estimated recoverable amount, which is the higher of the assets fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount, with an impairment loss recognised in the Consolidated Income Statement.

Insurance contracts

Long term insurance contracts – initial measurement

Insurance contracts are contracts which transfer significant insurance risk to the insurer at the inception of the contract. This is the case if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, other than a scenario which lacks commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

At inception, the Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument
- distinct investment components, i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

Recognition and level of aggregation

An insurance contract is recognised at the earliest of the following:

- (a) the beginning of the coverage period
- (b) the date when the first payment from a policyholder becomes due
- (c) for onerous contracts, when the contract becomes onerous.

The level of aggregation determines the unit of account at which IFRS 17 calculations are performed. This is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of subsequently becoming onerous, and the remainder. IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The insurance contract disclosures have been aggregated at the level of the major product lines of the business, annuities and protection. This disaggregation reflects their similar main characteristics and avoids the presentation of insignificant detail.

All of the Group's in scope insurance contracts are accounted for under the general measurement model which measures a group of insurance contracts as the total of:

- fulfilment cash flows
- CSM representing the unearned profit the Group will recognise as it provides services under the insurance contract.

Fulfilment cash flows

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary. The cash flows include:

- premiums and related cash flows
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- investment management costs incurred in the provision of an investment return service or to enhance the benefits of an insurance contract
- payments to policyholders resulting from embedded surrender value options
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- claims handling costs
- policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries for future services
- an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- transaction-based taxes.

The Group incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- information about claims already reported by policyholders
- other information about the known or estimated characteristics of the insurance contracts
- historical data about the Group's own experience, supplemented when necessary, with data from other sources (historical data is adjusted to reflect current conditions)
- current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract.

Pre-recognition, insurance acquisition cash flow assets are recognized on the balance sheet prior to allocation to new insurance contracts and are considered for impairment at each reporting date.

Risk adjustment

The risk adjustment for non-financial risk for a Group of insurance contracts reflects the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk after diversification. The Group's risk adjustment is calibrated using a Value at Risk (VAR) methodology. In some cases, the compensation for risk on reinsured business is linked directly to the price paid for reinsurance.

Discounting

The insurance contract fulfilment cash flows are discounted at rates that reflect the characteristics of the insurance contract liabilities. These are determined by starting from an appropriate asset portfolio with deductions to remove risks in the assets that are not present in the insurance liabilities.

Contractual service margin (CSM)

The Group's CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. The Group measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- initial recognition of the fulfilment cash flows
- any cash flows arising from the contracts in the Group at that date
- the derecognition at the date of initial recognition of:
 - any asset for insurance acquisition cash flows
 - any other asset or liability previously recognised related to the group of insurance contracts.

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Insurance contracts continued

Long term insurance contracts – initial measurement continued

Onerous contracts

For groups of contracts assessed as onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Group being equal to the fulfilment cash flows and the CSM of the Group being zero. A loss component is established by the Group for the liability for remaining coverage for an onerous group, which represents the losses recognised.

Reinsurance contracts – initial measurement

The initial measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- reinsurance contracts are recognised from the earlier of the following:
 - the beginning of the coverage period
 - the date the entity recognises an onerous group of underlying insurance contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.
- measurement of the cash flows includes an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- the Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- both day one gains and day one losses are not recognised at initial recognition in the statement of financial position but are deferred into the CSM and released to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition
- if the reinsurance contract is recognised prior to a loss-making underlying contract, the reinsurance CSM can be adjusted to offset a portion of the inception loss (the loss recovery component). This offsets a portion of the loss recognised on inception of the underlying onerous contract.

Long term insurance contracts – subsequent measurement

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the Group at that date and the CSM of the Group at that date
- (ii) the liability for incurred claims for the Group reflecting the fulfilment cash flows related to past service allocated to the Group at that date.

Contractual service margin – measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a Group of insurance contracts the carrying amount of the CSM of that group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for:

- the effect of any new contracts added
- interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- changes in fulfilment cash flows relating to future service, except to the extent that:
 - such increases in the fulfilment cash flows exceed the current carrying amount of the CSM, giving rise to a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- the amount recognised as insurance revenue because of the transfer of services in the period, determined by allocation of the CSM at the end of the period over the current and remaining coverage period
- the effect of any currency exchange differences on the CSM.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise:

- experience adjustments that arise from the difference between the premium receipts (net of refunds) and any related cash flows such as insurance acquisition cash flows and insurance premium taxes and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) in respect of current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted in the CSM
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (which are instead recognised in the statement of profit or loss and other comprehensive income)
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
- changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition (i.e. the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period).

Onerous contracts

Groups of contracts that were not onerous at initial recognition can subsequently become onerous if assumptions and experience extinguish the CSM. In this case, the Group establishes a loss component for the future losses recognised. The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have materialised in the form of incurred claims). The loss component ensures that over the duration of the contract, the correct amounts are recognised as insurance revenue and insurance service expenses.

Contractual service margin (CSM) – recognition

The amount of CSM recognised in the income statement for a group of insurance contracts reflects the insurance contract services provided. The proportion of the CSM earned is calculated as the amount of coverage units provided in the period divided by the sum of all the future and current period coverage units. The Group has elected to discount the future coverage units in this calculation. The table below indicates the main insurance contracts services provided under the Group's insurance contracts and selected coverage unit(s) used to measure those services.

Insurance contract	Insurance service	Coverage unit(s)
Immediate annuity	Payment of insurance claims	Expected annual claims payments
Deferred annuity	Payment of insurance claims (payment phase)	Expected annual claims payments
	Investment return service (deferral phase)	Expected investment return on backing assets
	Lump sum death benefits (deferral phase)	Sum assured
Longevity swaps	Payment of floating leg of swap	Expected annual floating leg payments
Retail Protection	Potential mortality or morbidity claims	Sum assured
Group Protection	Potential mortality or morbidity claims	Sum assured

Where a specific unit of account contains a mixture of services, and therefore coverage units, it is necessary to weight the coverage units so that the resulting profile of CSM release reflects the overall package of benefits provided. This is particularly pertinent to units of account incorporating a combination of immediate and deferred annuities. Under IFRS 17, deferred annuities usually provide multiple services, split between the two phases of benefit provision (the deferral phase and the payment phase). Judgement is therefore required to combine the different coverage units so that they fairly reflect the services provided. The weighting between the deferral phase and the payment phase coverage units is calculated so that the services provided in the deferral phase reflect the investment return provided and the probability weighted delivery of any lump sum death benefits, both adjusted so that all of the CSM is earned in the deferral phase for all contracts which do not enter the payment phase either through transfer out, withdrawal of funds or death.

Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. Investment components are not included in insurance revenue and insurance service expenses.

Insurance finance income and expense

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. IFRS 17 requires an accounting policy decision as to whether to recognise all finance income or expense in profit or loss, or whether to disaggregate the income or expense that relates to changes in financial assumptions into other comprehensive income. Finance income and expense has been included in profit or loss for all insurance products except for the Group's protection business where it has been disaggregated between profit and loss and other comprehensive income. Where insurance finance income and expense has been disaggregated the amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts, using the discount rates determined on initial recognition.

Changes in the risk adjustment for non-financial risk have been disaggregated between insurance service result and insurance finance income and expenses.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued except that changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts are recognised in profit or loss.

Derecognition and contract modification of insurance contracts

The Group derecognises a contract when it is extinguished, i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Insurance contracts continued

Measurement on transition to IFRS 17

On transition to IFRS 17, the insurance contract liabilities were restated, retrospectively applying the Group's accounting policies. In line with the provisions available in IFRS 17, the Group applied the full retrospective approach unless impracticable. The full retrospective approach required the Group to:

- identify, recognise and measure each group of insurance and reinsurance contracts as if IFRS 17 had always applied
- derecognise any existing balances that would not exist had IFRS 17 always applied
- recognise any resulting net difference in equity.

If it was impracticable to apply a full retrospective approach to a group of contracts then the Group selected an approach between the modified retrospective approach and the fair value approach. If the Group could not obtain reasonable and supportable information necessary to apply the modified retrospective approach, then the fair value approach was selected.

Full retrospective approach

For insurance and reinsurance contracts where the full retrospective approach was adopted, the best estimate and risk adjustment components of fulfilment cash flows were recognised and measured using the Group's accounting policies from the inception date of the contracts to the date of transition. The full retrospective approach was determined to be impracticable where: the effects of retrospective application were not determinable because information required was not collected (or not with sufficient granularity); application would require the application of hindsight; or information was unavailable because of system migrations, data retention requirements or other reasons.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. For insurance and reinsurance contracts where the modified retrospective approach has been adopted, the best estimate and risk adjustment components of fulfilment cash flows were recognised and measured using the Group's accounting policies at the date of transition except for the application of a permitted transition modification that, for some groups of contracts issued before 1 January 2021, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before that date. The expected release was determined with reference to the release of risk of similar contracts that the Group issued in 2022. This modification was used to avoid the application of hindsight to the calibration of the risk adjustment in prior periods.

Fair value approach

For insurance and reinsurance contracts where the fair value approach has been adopted, the best estimate and risk adjustment components of fulfilment cash flows were determined as at 1 January 2022. The Group determined the Contractual Service Margin (CSM) of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Group applied the requirements of IFRS 13, 'Fair Value Measurement', except for the demand deposit floor requirement.

Financial instruments

Recognition and derecognition

Initial recognition of financial assets and liabilities is on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss
- in all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Group transfers substantially all the risks and rewards of ownership to another entity. This is the case for cash collateral pledged, where the counterparty has contractual rights to receive the cash flows generated, and which is derecognised from the Consolidated Balance Sheet and a corresponding receivable recognised for its return.

The Group enters into transactions whereby it transfers assets recognised in its Consolidated Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are repurchase agreements and non-cash collateral pledged, unless the Group defaults on its obligations under the relevant agreement.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset or financial liability, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Modification

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Classification and measurement of financial assets

The Group classifies its financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification and measurement of financial assets depends on their contractual cash flow characteristics and how they are managed (the entity's business model). The contractual cash flow characteristics test aims to identify those assets with cash flows consistent with a basic lending arrangement, i.e. which are 'solely payments of principal and interest' (SPPI). The business model test refers to how an entity manages its financial assets with the objectives of generating cash flows. These factors determine whether the financial assets are measured at amortised cost, FVOCI or FVTPL. Assets are therefore typically characterised as follows:

- amortised cost: financial assets with contractual terms that give rise solely to interest and principal cash flows, and which are held in a business model whose objective is to hold the assets to collect their cash flows. They are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss
- FVOCI: financial assets with contractual terms that give rise solely to interest and principal cash flows, and which are held in a business model whose objective is achieved by holding the assets to collect their cash flows and selling them. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
- FVTPL: all other financial assets. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in cash flow or net investment hedges.

Notwithstanding the above, on initial recognition the Group may irrevocably designate to FVTPL a financial asset that would otherwise be measured at amortised cost or FVOCI if doing so eliminates or greatly reduces an accounting mismatch.

In making the SPPI assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). This includes evaluating whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. Examples of such contractual terms to be considered are contingent events that would change the amount or timing of cash flows, leverage features, prepayment and extension features, non-recourse asset arrangements and features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

The business model reflects how the Group manages assets in order to generate cash flows, i.e. it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets are held for trading purposes), the business model is 'other' and the financial asset is measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

The objective of the Group's business model for certain debt instruments, in particular those instruments backing annuity or investment contract liabilities, including surplus assets, is to fund its liabilities. Consistent with the Group's investment strategy their performance is evaluated on a total return basis, as significant buying and selling activity is undertaken on a regular basis to rebalance its portfolio and to ensure that contractual cash flows from those assets are sufficient to settle the underlying liabilities. These investments do not follow a 'held to collect' or 'held to collect and sell' business model, and are therefore accounted for at FVTPL. This business model is also applicable to reverse repurchase agreements and to derivatives. Equity instruments are accounted for at FVTPL.

Certain debt securities are held in separate portfolios for long-term yield. These include long dated debt instruments backing annuities liabilities, but in surplus to the IFRS 17 best estimate liability and risk adjustment, used to manage interest and inflation rate exposure, as well as assets backing protection liabilities. These assets represent instruments consistent with the SPPI principles, and are accounted for at amortised cost or FVOCI depending on the expected level of trading.

Receivables are accounted for at amortised cost.

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Financial instruments continued

Classification and measurement of financial liabilities

The Group classifies and subsequently measures financial liabilities at amortised cost or FVTPL.

Investment contract liabilities

Investment contract liabilities are measured at FVTPL. This is because these liabilities, as well as the related assets, are managed and their performance evaluated on a fair value basis. For unit linked liabilities, fair value is determined by reference to the value of the underlying net asset values of the Group's unitised investment funds at the balance sheet date.

Core and operational borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost. The difference between the net proceeds and the redemption value is recognised in the income statement over the borrowing period using the effective interest rate method.

Other financial liabilities

Other financial liabilities include derivative liabilities, repurchase agreements and trail commission, which are measured at FVTPL, while other payable balances are measured at amortised cost.

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into. The Group's derivatives, other than those designated as hedging instruments in cash flow or net investment hedges, are instruments held for trading and, are therefore accounted for at FVTPL.

Derivatives may be embedded in another contractual arrangement. If such a hybrid contract contains a host that is a financial asset, the Group assesses the entire contract for classification and measurement purposes. Otherwise, the Group accounts for an embedded derivative separately from the host contract when:

- its economic characteristics and risks are not closely related to those of the host contract
- the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract
- the hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at FVTPL, unless the Group chooses to designate the entire hybrid contract at FVTPL.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract.

Collateral

Collateral received in the form of cash, which is not legally segregated from the Group, is recognised as an asset in the Consolidated Balance Sheet with a corresponding liability for the repayment in Payables and other financial liabilities. However, where the Group has a currently enforceable legal right of set-off and the ability and intent to net settle, the collateral liability and associated derivative balances are shown net.

Non-cash collateral received is not recognised in the Consolidated Balance Sheet unless the transfer of the collateral meets the derecognition criteria from the perspective of the transferor. Such collateral is typically recognised when the Group either: (a) sells or repledges these assets in the absence of default, at which point the obligation to return this collateral is recognised as a liability; or (b) the counterparty to the arrangement defaults, at which point the collateral is seized and recognised as an asset.

Collateral pledged in the form of cash, which is legally segregated from the Group, is derecognised from the statement of financial position with a corresponding receivable recognised for its return. Non-cash collateral pledged is not derecognised from the statement of financial position unless the Group defaults on its obligations under the relevant agreement, and therefore continues to be recognised in the Consolidated Balance Sheet within Financial investments.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its financial assets measured at amortised cost and FVOCI, and recognises a loss allowance for such losses at each reporting date. Expected credit losses are defined as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive (i.e. the cash shortfall), weighted based on their probability of occurrence. The loss allowance recognised under IFRS 9 can be equal to an amount corresponding to a 12-month ECL or a lifetime ECL. A lifetime ECL is the ECL resulting from all possible default events over the expected life of the financial asset; a 12-month ECL is the portion of lifetime ECL resulting from default events on a financial asset that are possible within the 12 months after the reporting date. For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

The Group defines default on a financial asset as the inability to meet in full and on time an original promise of expected cash flows, the amount and timing of which are defined with certainty. Any breach of this promise, by any amount or time (in excess of any potential planned grace period), constitutes a default. This is consistent with the definition of default used for internal credit risk management purposes. An asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower
- a breach of contract, such as a default or past due event
- the restructure of a loan by the Group on terms which it would not otherwise consider

- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The ECL model is run from the date of initial recognition of a financial asset, and its output updated at every reporting period, even if no actual loss events have taken place. The impact of updating the inputs of the ECL model in the reporting period is recognised in profit or loss directly where it affects the carrying value of financial assets at amortised cost, while for assets at FVOCI an equal and opposite movement is recorded in other comprehensive income.

In order to determine whether the Group measures ECLs at an amount equal to 12-month ECL or lifetime ECL, at each reporting period the Group is required to assess which 'stage' a financial asset falls into. Stages reflect the general pattern of deterioration in credit risk of a financial instrument that ultimately defaults, as follows:

- Stage 1 includes financially healthy financial assets that are expected to perform in line with their contractual terms, and which have no signs of increased credit risk
- Stage 2 includes financial assets for which a significant increase in credit risk has occurred since initial recognition, but which are not credit-impaired
- Stage 3 applies to credit-impaired financial instruments.

When financial assets are under Stage 1, 12-month ECLs are recognised. When financial assets are under Stage 2 or 3, lifetime ECLs are recognised. An instrument moves down (or up) the stages when a significant increase in credit risk (SICR) has happened (or has reversed).

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information, both qualitative and quantitative, that is relevant and is available without undue cost or effort, including forward-looking information at its disposal. Key indicators used in order to determine whether a SICR has occurred (either in isolation or in combination) are:

- deterioration in rating grade between origination date and reporting date. The level of deterioration required by an individual asset is determined using a relative rating matrix
- exposure is identified on the investment managers' 'watchlist'
- exposure is identified on internal 'credit watchlists'
- a manual shift of an exposure to Stage 2 on an exceptional basis (where required, using management judgement).

The provisions of IFRS 9 include a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, which is taken into account for this assessment.

The Group makes use of a practical expedient available in IFRS 9 whereby it can be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (e.g. investment grade as determined by the Group's asset managers). This allows recognition of 12-month ECLs as opposed to, potentially, lifetime ECLs. This is deemed to be the case where assets that have been downgraded remain of good credit quality (i.e. investment grade as determined by the Group's asset managers) as at the reporting date, to the extent that, where relevant, the Group's internal credit risk ratings are considered to be consistent with a globally understood definition of 'low credit risk'.

The Group estimates ECLs on its financial investments at amortised cost and debt instruments at FVOCI which are not credit-impaired by using the probability of default approach. Based on this method, the ECLs are a probability-weighted estimate of the present value of estimated cash shortfalls, i.e. the weighted average of credit losses, with the respective risks of a default occurring used as the weightings. For this purpose, the key elements to be calculated are the Probability of Default (PD), i.e. the estimate of the likelihood of default over a given time horizon (either 12 months or lifetime); the respective Loss Given Default (LGD); and the Exposure at Default (EAD).

Exposures that move into Stage 3 are able to transition back to Stage 2 if the asset no longer meets the definition of default. Similarly, exposures will re-transition from Stage 2 to Stage 1 where the SICR indicators no longer apply. No separate cure or probation periods are applied on the basis that assets will not be re-rated or moved out of default until there is evidence of stable and improved performance.

In order to determine 12-month or lifetime PDs the Group's models utilise historical data obtained from S&P and Moody's in order to evaluate transitions (i.e. the probability that a security changes rating in a given year) and defaults, plus scenario-specific annual scaling factors which adjust the PDs for forward-looking information. The final PDs produced by the model are unconditional, i.e. they incorporate both the probability of not defaulting until the start of the period, and the subsequent probability of default in that period, conditional on the position not having defaulted to that point. This allows them to be summed over 12 months to provide 12-month PD estimates, or over all remaining months to produce lifetime PD estimates.

LGD is the magnitude of the likely loss if there is a default, based on the history of recovery rates of claims against defaulted counterparties, and taking into account collateral values where applicable.

EAD represents the expected exposure in the event of a default. The Group estimates LGD based on the history of recovery rates of claims against defaulted counterparties. Appropriate haircuts are applied to baseline unsecured LGDs and used in conjunction with forecast collateral values to estimate LGD for assets secured by collateral.

The Group has adopted a simplified approach for trade receivables, contract assets and finance and operating lease receivables. This allows measurement of lifetime ECLs only, thereby removing the need to identify SICRs. For these balances, the Group makes use of provision matrices in order to calculate such lifetime ECLs. This is a practical expedient allowed by IFRS 9 whereby historical credit loss experience and fixed loss rates are applied to the balances outstanding. Historical loss rates are adjusted to allow for forward-looking information.

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Financial instruments continued

Hedge accounting

The Group uses hedge accounting, provided the prescribed criteria are met, to recognise the offsetting effects of changes in the fair value or cash flow of the derivative instrument and the hedged item. Hedge accounting can be applied in order to:

- hedge the exposure to fair value movements of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect the Consolidated Income Statement
- hedge the exposure to variability in cash flows attributable to a particular risk associated with all, or a component of, a recognised asset or liability, or a highly probable forecast transaction, that could affect the Consolidated Income Statement
- hedge the exposure to the currency risk associated with a net investment in a foreign operation.

The relationship between the hedging instrument and the hedged item, together with the risk management objective and strategy for undertaking the hedge transaction, are documented formally at the inception of the transaction. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Currently, the Group hedges foreign exchange translation and interest rate risks on its fixed rate USD denominated borrowings (the hedged items), using cross-currency interest rate swaps (the hedging items). It recognises the effective portion of the gain or loss on the hedging items in the Consolidated Statement of Comprehensive Income and in a separate reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. In certain circumstances, the fair value at initial recognition differs from the transaction price. If the fair value is evidenced by comparison by a quoted price in an active market for an identical instrument, or is based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss in the Consolidated Income Statement. In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred and recognised in the Consolidated Income Statement over the life of the instrument to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the instrument.

Revenue

Insurance revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts, reflecting the consideration the Group expects to be entitled to in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e. the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components).

The total consideration for a group of contracts covers amounts related to the provision of services and comprises:

- the release of the CSM
- changes in the risk adjustment for non-financial risk relating to current service
- claims and other insurance service expenses expected at the beginning of the period
- experience adjustments arising from premiums received in the period other than those that relate to future service
- insurance acquisition cost recovery determined by allocating the portion of premiums related to the recovery of those costs on the basis of insurance coverage provided
- other amounts, including any other pre-recognition cash flow assets derecognised at the date of initial recognition.

Fees from fund management and investment contracts

The Group generates revenue from acting as the investment manager for clients. Fees charged on investment management services are based on the contractual fee arrangements applied to assets under management and recognised as revenue as the services are provided.

The Group's income from investment contracts is primarily derived from fees for administration and managing of funds in pension plans. Revenue generated on investment contracts is recognised as services are provided. No significant judgements are applied on the timing or transaction price. In the instances of performance fees where revenue is subject to meeting a certain performance threshold, such revenue is not recognised until the condition has been met, and it is highly probable that no significant reversal of amounts would occur. Variable costs directly related to securing new contracts are capitalised and amortised over the estimated period over which the revenue is earned.

Transaction fees are charged to implement trades for clients. Such fees are charged at the time the transaction takes place and are based on the size of the underlying contract.

Other operational income from contracts with customers

House building

House building revenue arises from the sale of residential properties and land and is recognised net of discounts and sales incentives. It also includes sale proceeds of part exchange properties. Sales of private houses are recognised on legal completion. Sales of social housing, where multiple units are developed and sold under a contractual agreement with a single customer, typically a housing association, are recognised over time in accordance with construction progress. Sales of land and commercial property are recognised on unconditional exchange, namely when contracts are exchanged or missives concluded and, where appropriate, construction is complete. The transaction price is determined using extensive research and expert judgement, current market values and regional variations.

Warranties are provided on all properties and range from 2-10 years. Due to their features, these do not represent separate performance obligations.

Professional services fees

The Group's professional services fees revenue arises from professional services provided by employed surveyors and third-party providers, panel management fees and administration fees. These fees are based on fee scales or contracts. Revenue is recognised when the service has been rendered.

In addition, the Group derives professional fees from facilitation of mortgage arrangements and related products such as conveyancing. These are based on an agreement/contract and could be tiered based on volume. The obligation in such instances is satisfied on completion of the mortgage/service, at which point the revenue is recognised. There is no significant judgement applied on the timing or amount of fee recognised.

Insurance broker fees

Fees are charged on each performance obligation offered to the customer as per agreed structure. Revenue for placement services is recognised at the point in time when the intermediary has satisfied its performance obligation, that is when the terms of the insurance policy have been agreed contractually by the insurer and policyholder, and the insurer has a present right to payment from the policyholder. No significant judgements are applied on the timing or transaction price.

Investment return

Investment return includes unrealised fair value gains and losses on financial investments at fair value through profit or loss, realised gains and losses, dividends, rent and interest. Dividends are accrued on an ex-dividend basis. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Rental income is recognised on an accruals basis, and is generally recognised on a straight line basis unless there is compelling evidence that benefits do not accrue evenly over the period of the lease. Interest income for financial assets which are not classified as fair value through profit or loss (FVTPL) is recognised using the effective interest method.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transactions cost and its original cost or amortised cost, as appropriate. Realised gains or losses on investment property represent the difference between the net disposal proceeds and the carrying value of the property.

Unrealised gains and losses represent the difference between the carrying value at the end of the year and the carrying value at the previous year end or purchase value during the year, less the reversal of previously unrealised gains and losses in respect of disposals made during the year.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred. They exclude repayments of investment components and comprise the following items:

- incurred claims and benefits, excluding investment components reduced by loss component allocations
- incurred directly attributable expenses
- insurance acquisition cost amortisation
- insurance acquisition cost asset impairment.

Dividends

Interim dividends on ordinary shares are deducted from retained earnings in the period in which they are paid. Final dividends on ordinary shares are recognised as a liability in the period in which they have been approved by shareholders of the Company.

Primary statements and performance continued

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Earnings per share

Earnings per share is a measure of the portion of the Group's profit allocated to each outstanding share. It is calculated by dividing net income attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year, excluding employee scheme treasury shares. For this purpose, net income is defined as the profit after tax, attributable to equity holders of the Company, derived from continuing operations.

For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding employee scheme treasury shares, is adjusted to assume conversion of all dilutive potential ordinary shares, such as share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

Intangible assets

Intangible assets mainly consist of capitalised software costs.

Where software costs are separately identifiable and measurable, they are capitalised at cost and amortised over their expected useful life on a straight-line basis. Costs incurred to internally develop software are only capitalised if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete such development and to use or sell the asset. Otherwise, such costs are recognised in profit or loss as incurred. The estimated amortisation period for IT development costs and software is between 3 and 10 years.

Intangible assets acquired via business combinations are recognised at fair value and are subsequently amortised on a straight-line basis over their estimated useful life.

Amortisation methods, useful lives and any expected residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets are tested for impairment either individually or at the cash-generating unit level. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with finite useful lives are tested when there are indications of impairment. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Investment property

Investment property comprises land and buildings which are held for long-term rental yields and capital growth, as well as right-of-use assets of the same nature, and are not occupied by the Group. Completed investment property is carried at fair value with changes in fair value recognised in the Consolidated Income Statement within Investment return. Investment properties under construction are included within Property, plant and equipment, and are stated at cost less any impairment until construction is completed or fair value becomes reliably measurable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

Property, plant and equipment

Property, plant and equipment includes tangible assets owned by the Group (such as land and office and other buildings) or held under lease arrangements (such as office buildings, IT equipment and vehicles). Property, plant and equipment includes owner occupied property held by a fund, the units of which determine benefits for its investors. In accordance with IAS 16, 'Property, Plant and Equipment', the Group has elected to measure this asset at fair value, with changes in fair value recognised in the Consolidated Income Statement within Investment return.

All other assets within Property, plant and equipment are carried at historical cost less accumulated depreciation, calculated on a straight-line basis over their estimated useful life. Amortisation methods, useful lives and any expected residual values are reviewed at each reporting date and adjusted if appropriate.

An impairment review of Property, plant and equipment not carried at fair value is performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, which is the higher of the assets fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount, with an impairment loss recognised in the Consolidated Income Statement.

Leases

Lessee

Where the Group is a lessee, it recognises leases on the Consolidated Balance Sheet as 'right-of-use' assets and lease liabilities.

The right-of-use assets' value is initially recognised as the calculated value of the lease liabilities, initial direct costs and incentives received. The right-of-use assets are subsequently accounted for in accordance with the cost model in IAS 16, 'Property, Plant and Equipment' or as investment property under IAS 40, 'Investment Property'. The Group also assesses right-of-use assets classified as Property, plant and equipment for impairment when such indicators exist.

The initial measurement of the lease liabilities is made up of the present value of lease payments to be made over the lease term, including fixed lease payments and excluding lease incentive receivables. The Group uses the incremental borrowing rate as a discount rate for calculating the lease liabilities. The lease liabilities are unwound over the term of the lease giving rise to an interest expense. Additionally, the liabilities are reduced when lease payments are made. The Group reassesses the carrying amount of lease liabilities and right-of-use assets if certain events occur that modify the original assumptions used to calculate the lease balances upon initial recognition.

The Group leases offices, vehicles, IT equipment and investment properties under non-cancellable operating lease agreements. The Group has elected to make use of the recognition exemptions as permitted in respect of short-term leases (lease contracts with a term of 12 months or less), and lease contracts for which the underlying asset is of low value. Such leases are not recognised on the Consolidated Balance Sheet but the Group recognises the associated lease payments as an expense over the lease term.

Lessor

Where the Group is the lessor, leases are classified as finance leases if the risks and rewards of ownership are substantially transferred to the lessee, and operating leases if they are not substantially transferred.

The Group leases certain investment properties to third parties. Under these agreements, substantially all the risks and rewards incidental to ownership are transferred to the lessee, and therefore the contracts have been classified as finance leases. At the lease commencement date, the Group derecognises the investment property asset and recognises a receivable asset on its Consolidated Balance Sheet to reflect the net investment in the lease, equal to the present value of the lease payments. The Group recognises finance income over the lease term to reflect the rate of return on the net investment in the lease.

Under other lease agreements the Group is considered to substantially retain all the risks and rewards of ownership of the underlying asset, therefore these contracts have been classified as operating leases. Lease income from operating leases is recognised in the Consolidated Income Statement on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Tax

Current tax

Current tax comprises tax payable on current year profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Consolidated Income Statement unless it relates to items which are recognised in the Consolidated Statement of Comprehensive Income or directly in equity.

Deferred tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited to the Consolidated Statement of Comprehensive Income or charged or credited directly in equity.

Tax attributable to policyholders and equity holders

The total tax expense shown in the Group's Consolidated Income Statement includes income tax borne by both policyholders and equity holders. This has been split between tax attributable to policyholders' returns and equity holders' profits. Policyholder tax comprises the tax suffered on policyholder investment returns, while equity holder tax is corporation tax charged on equity holder profit. The separate presentation is intended to provide more relevant information about the tax that the Group pays on the profits that it makes.

Use of estimates

Tax balances include the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates.

For tax this includes the determination of assets and liabilities recognised in respect of uncertain tax positions and the estimation of future taxable income supporting deferred tax asset recognition.

As the Group operates internationally, it is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on interpretation of legislation, management experience and professional advice. The directors have assessed the Group's uncertain tax positions and are comfortable that the provisions in place are not material individually or in aggregate, and that a reasonable possible alternative outcome in the next financial year would not have a material impact to the results of the Group.

Foreign exchange and exchange rates

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The functional currency of the Group's foreign operations is the currency of the primary economic environment in which the entity operates. The assets and liabilities of all of the Group's foreign operations are translated into sterling, the Group's presentation currency, at the closing rate at the date of the Consolidated Balance Sheet. Income and expenses are translated at average exchange rates. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to a separate component of shareholders' equity.

Foreign exchange gains and losses are recognised in the Consolidated Income Statement, except when recognised in equity as qualifying cash flow or net investment hedges.

Primary statements and performance continued

1. Basis of preparation and accounting policies continued

(viii) Material accounting policies continued

Share-based payments

The Group accounts for options and awards under equity compensation plans, until such time as they are fully vested, using the fair value based method of accounting. The fair value at the date of grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimate of the number of equity instruments which are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Consolidated Income Statement and a corresponding adjustment is made to equity. On vesting or exercise, the difference between the expense charged to the Consolidated Income Statement and the actual cost to the Group is transferred to Retained earnings. Where new shares are issued, the proceeds received are credited to Share capital and Share premium.

Share capital, share premium and employee scheme treasury shares

An equity instrument is any contract which evidences a residual interest in the net assets of an entity. It follows that a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on unfavourable terms
- the instrument is either a non-derivative which contains no contractual obligation to deliver a variable number of own equity instruments, or is a derivative which will be settled only by the Group exchanging a fixed amount of cash, or other financial assets, for a fixed number of its own equity instruments.

Where any Group entity purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to shareholders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to shareholders, net of any directly attributable incremental transaction costs and the related income tax effects. Shares held on behalf of employee share schemes are disclosed as such on the Consolidated Balance Sheet.

Fiduciary activities

Assets associated with fiduciary activities and the income arising from those assets, together with associated commitments to return such assets to customers, are not included in these financial statements. Where the Group acts in a fiduciary capacity, for instance as a trustee or agent, it has no contractual rights over the assets concerned.

(ix) Foreign exchange and exchange rates

The principal foreign exchange rates used for translation are:

Year end exchange rates	2024	2023
United States dollar	1.25	1.27
Euro	1.21	1.15
Average exchange rates	2024	2023
United States dollar	1.28	1.24
Euro	1.18	1.15

2. Supplementary adjusted operating profit information

(i) Adjusted operating profit

For the year ended 31 December 2024	Notes	2024 £m	Restated 2023 £m
Institutional Retirement	2(ii)	1,105	1,028
Asset Management	2(iii)	401	448
Retail	2(ii)	504	449
• Insurance		188	139
• Retail Retirement		316	310
Group debt costs ¹		(216)	(212)
Group investment projects and expenses		(178)	(182)
Core operating profit		1,616	1,531
Corporate Investments		95	136
Total adjusted operating profit		1,711	1,667
Investment and other variances	2(iv)	(1,383)	(1,577)
Profits/(losses) attributable to non-controlling interests		4	(14)
Adjusted profit before tax attributable to equity holders		332	76
Tax (expense)/credit attributable to equity holders	30	(137)	367
Profit for the year		195	443
Total tax expense/(credit)		347	(248)
Profit before tax		542	195
Profit attributable to equity holders		191	457
Earnings per share:			
Core (pence per share)²	6	20.23	19.04
Basic (pence per share)²	6	2.89	7.35
Diluted (pence per share)²	6	2.86	7.28

1. Group debt costs exclude interest on non-recourse financing.

2. All earnings per share calculations are based on profit attributable to equity holders of the Company.

This supplementary adjusted operating profit information (one of the Group's key performance indicators) provides additional analysis of the results reported under IFRS, and the Group believes that it provides stakeholders with useful information to enhance their understanding of the performance of the business in the year. Core operating profit measures the operating performance of the Group's core businesses, and is therefore calculated as the Group's adjusted operating profit excluding the adjusted operating profit of the Corporate Investments unit.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the contractual service margin and risk adjustment in the year (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in the Asset Management division and, up to its disposal on 31 October 2024, CALA Group (Holdings) Limited (Cala), no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

In line with the Group's new strategy and the segmentation changes described in Note 1(iii), the Group has updated the application of its methodology for the determination of adjusted operating profit for assets allocated to the Asset Management and Corporate Investments segments, in order to simplify and harmonise the methodology within the segments. This has not had a material impact on the comparative adjusted operating profit of each segment, and therefore has not led to a restatement.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle
- assumptions for fixed interest securities measured at FVTPL are based on asset yields for the assets held, less an adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or FVOCI, the expected investment return comprises interest income on an effective interest rate basis
- equity direct investments incorporate investments in housing, specialist commercial real estate, clean energy, alternative finance and fintech. Where used for the determination of adjusted operating profit, the long-term expected investment return is on average between 10% and 12%. Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The rate of return for assets belonging to Corporate Investments is determined at a portfolio level, and is updated annually if required. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

Primary statements and performance continued

2. Supplementary adjusted operating profit information continued

(i) Adjusted operating profit continued

The long-term expectations used in determining the expected investment returns for traded equity and property assets are:

	2024	2023
Equity returns	7%	7%
Commercial property growth	5%	5%
Residential property growth	3.5%	3.5%

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

Exceptional income and expenses which arise outside the normal course of business in the year, such as acquisitions, disposals and start-up costs, are excluded from adjusted operating profit.

(ii) Analysis of Institutional Retirement and Retail adjusted operating profit

	Institutional Retirement 2024 £m	Retail 2024 £m	Restated Institutional Retirement 2023 £m	Restated Retail 2023 £m
Amortisation of the CSM in the year ¹	650	469	591	446
Release of risk adjustment in the year	141	84	119	74
Experience variances	(10)	26	(14)	(17)
Development of losses on onerous contracts ²	–	(10)	1	(27)
Other expenses ³	(168)	(136)	(160)	(121)
Insurance investment margin ⁴	485	106	486	122
Investment contracts and non-insurance operating profit	7	(35)	5	(28)
Total Institutional Retirement and Retail adjusted operating profit	1,105	504	1,028	449

- Contractual service margin (CSM) amortisation for Retail has been reduced by £18m (2023: £16m) to exclude the impact of reinsurance mismatches.
- Development of losses on onerous contracts has been reduced by £35m (2023: £6m) to remove gross contract losses where, net of reinsurance, the contracts remain profitable. These accounting losses will be presented as a reduction to the CSM amortisation in future periods.
- Other expenses are non-attributable expenses on both new business and existing business. These are overhead costs which are not allowed for in the CSM or the best estimate liability unit cost assumptions, and instead are reported within the Consolidated Income Statement as part of the profit or loss for the year.
- Insurance investment margin comprises the expected investment return on assets backing insurance contract liabilities, the unwind of the discount rate on insurance contract liabilities and the optimisation of the assets backing the annuity back book. The insurance investment margin also incorporates the impact of the change in segmentation (see Note 2(v)).

(iii) Asset Management adjusted operating profit

	2024 £m	Restated 2023 £m
Management fee revenue (excluding third-party market data) ^{1,2}	947	900
Transactional revenue ³	20	26
Expenses (excluding third-party market data) ^{1,2}	(711)	(658)
Operating profit from fee-related earnings	256	268
Operating profit from balance sheet investments ⁴	145	180
Total Asset Management adjusted operating profit	401	448

- Asset Management revenue has been presented net of costs of £30m in relation to the provision of third-party market data (2023: £26m).
- Asset Management revenue and expenses include the investment management activities that the division undertakes on behalf of other Group businesses. As indicated in the segmental revenue disclosed in Note 2(v), the revenue and expenses for the most significant portion of these activities, previously undertaken by the LGIM division prior to the restructure in June 2024, are included in the above table on a gross basis. Any additional services provided by Asset Management to other businesses, notably those inherited from the previous LGC division, are eliminated in the above and segmental disclosures and presented on a net basis. Prior year comparatives have been adjusted to be on a consistent basis.
- Transactional revenue from external clients includes execution fees, asset transition income, trigger fees, arrangement fees on property transactions and performance fees.
- Earnings from balance sheet investments across specialist commercial real estate, clean energy, housing and alternative finance.

(iv) Investment and other variances

	2024 £m	Restated 2023 £m
Institutional Retirement and Retail		
• Net impact of investment returns less than expectation and change in liability discount rates	(711)	(720)
• Other	(53)	(6)
Total Institutional Retirement and Retail investment variance¹	(764)	(726)
Asset Management investment variance	(187)	(123)
Other investment variance ²	(285)	(529)
Investment variance	(1,236)	(1,378)
M&A related and other variances ³	(147)	(199)
Total investment and other variances	(1,383)	(1,577)

1. The investment variance for Institutional Retirement and Retail is driven by increases in interest rates and inflation expectations, in line with our year end sensitivities, as well as non-recurring IFRS 17 modelling refinements in the first half of 2024 and an adverse accounting mismatch from longevity releases in the second half of the year.

2. Other investment variance includes a £110m valuation write down of Salary Finance. In 2023, it includes the £167m one-off settlement cost associated with the buyout of the Group's UK defined benefit pension schemes along with the current service costs and net interest expense up until that transaction.

3. M&A related and other variances includes £99m in respect of the disposal of Cala.

Investment variance includes differences between actual and long-term expected investment return on traded and non-traded assets, the impact of economic assumption changes caused by changes in market conditions or expectations (e.g. credit default and inflation), the impact of any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business, and the yield associated with assets held for future new pension risk transfer business. Note 2(i) includes details around the determination of the long-term expected investment return in the calculation of adjusted operating profit.

For the Group's long-term insurance businesses, reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future contractual service margin (CSM) amortisation is reduced over the duration of the contracts. Additionally, in some circumstances, profitable reinsurance does not mitigate onerous losses on gross contracts whilst the net position remains profitable. Where this is the case, onerous contract profits or losses are also presented below adjusted operating profit and the CSM amortisation is adjusted over the remaining duration of the contracts.

Changes in non-financial assumptions, including longevity, recalibrate the CSM at locked-in, point-of-sale discount rates, whilst the fulfilment cash flows change at the current discount rate. This creates a component of investment variance reflecting the difference between these bases. Investment variance for Institutional Retirement and Retail includes £79m expense (2023: £318m expense) arising from interest rate differences on longevity assumption changes in the period.

M&A related and other variances includes gains and losses, expenses and intangible amortisation relating to acquisitions, disposals and restructuring as well as business start-up costs.

(v) Segmental analysis

Following the announcement of the Group's refreshed strategy in 2024, and the associated business model revision, the Group now has five reportable segments, comprising Institutional Retirement, Asset Management, Insurance, Retail Retirement and Corporate Investments. Further information on the change is set out in Note 1(iii).

Group expenses, debt costs and assets held centrally are reported separately. Transactions between segments are on normal commercial terms and are included within the reported segments.

In the UK, annuity liabilities relating to Institutional Retirement and Retail Retirement are backed by a single portfolio of assets, and once a transaction has been completed the assets relating to any particular transaction are not tracked to the related liabilities. Investment variance is allocated to the two business segments based on the relative size of the underlying insurance contract liabilities.

Reporting of assets and liabilities by reportable segment has not been included, as this is not information that is provided to key decision makers on a regular basis. The Group's assets and liabilities are managed on a legal entity rather than a segment basis, in line with regulatory requirements.

Financial information on the reportable segments is further broken down where relevant in order to better explain the drivers of the Group's results.

Primary statements and performance continued

2. Supplementary adjusted operating profit information continued

(v) Segmental analysis continued

(a) Profit/(loss) for the year

	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments £m	Group expenses and debt costs £m	Total £m
For the year ended 31 December 2024							
Adjusted operating profit/(loss)	1,105	401	188	316	95	(394)	1,711
Investment and other variances	(557)	(190)	(52)	(155)	(388)	(41)	(1,383)
Profits attributable to non-controlling interests	–	–	–	–	–	4	4
Profit/(loss) before tax attributable to equity holders	548	211	136	161	(293)	(431)	332
Tax (expense)/credit attributable to equity holders	(131)	(46)	(41)	(37)	–	118	(137)
Profit/(loss) for the year	417	165	95	124	(293)	(313)	195

	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments £m	Group expenses and debt costs £m	Total £m
For the year ended 31 December 2023 (Restated)							
Adjusted operating profit/(loss)	1,028	448	139	310	136	(394)	1,667
Investment and other variances	(555)	(123)	(22)	(149)	(363)	(365)	(1,577)
Losses attributable to non-controlling interests	–	–	–	–	–	(14)	(14)
Profit/(loss) before tax attributable to equity holders	473	325	117	161	(227)	(773)	76
Tax credit/(expense) attributable to equity holders	236	(30)	(44)	61	17	127	367
Profit/(loss) for the year	709	295	73	222	(210)	(646)	443

(b) Total revenue – summary

Total revenue includes insurance revenue, fees from fund management and investment contracts and other operational income from contracts with customers. Further details on the components of insurance revenue are disclosed in Note 21. Other operational income from contracts with customers is a component of other operational income and excludes the share of profit/loss from associates and joint ventures, as well as gains/losses on disposal of subsidiaries, associates, joint ventures and other operations.

The tables below split the revenue by the geographic location of the client.

	United Kingdom £m	USA £m	Rest of World £m	Total £m
For the year ended 31 December 2024				
Insurance revenue	8,419	2,032	123	10,574
Fees from fund management and investment contracts	702	83	79	864
Other operational income from contracts with customers	1,249	2	–	1,251
Total revenue	10,370	2,117	202	12,689

	United Kingdom £m	USA £m	Rest of World £m	Total £m
For the year ended 31 December 2023				
Insurance revenue	7,679	1,830	115	9,624
Fees from fund management and investment contracts	652	80	93	825
Other operational income from contracts with customers	1,661	1	–	1,662
Total revenue	9,992	1,911	208	12,111

(c) Total revenue – internal/external analysis

	Institutional Retirement £m	Asset Management ¹ £m	Insurance £m	Retail Retirement £m	Corporate Investments and other ² £m	Total £m
For the year ended 31 December 2024						
Internal revenue ³	–	193	–	–	(193)	–
External revenue	5,885	849	3,366	1,584	1,005	12,689
Total revenue	5,885	1,042	3,366	1,584	812	12,689
For the year ended 31 December 2023 (Restated)						
Internal revenue ³	–	176	–	–	(176)	–
External revenue	5,257	930	3,115	1,468	1,341	12,111
Total revenue	5,257	1,106	3,115	1,468	1,165	12,111

1. Asset Management internal revenue relates to investment management services provided to other segments.
2. Other includes inter-segmental eliminations and Group consolidation adjustments.
3. Asset Management revenue includes the investment management activities that the division undertakes on behalf of other Group businesses. The revenue for the most significant portion of these activities, previously undertaken by the LGIM division prior to the restructure in June 2024, are included in the above table on a gross basis. Any additional services provided by Asset Management to other divisions, notably those inherited from the previous LGC division, are eliminated in the segmental disclosures and presented on a net basis. Prior year comparatives have been adjusted to be on a consistent basis.

(d) Fees from fund management and investment contracts

Fees from fund management and investment contracts include fees for administration and managing of funds in pension plans, as well as revenue generated from acting as the investment manager for clients. Transaction fees are charged to implement trades for clients.

	Asset Management £m	Retail Retirement £m	Corporate Investments and other ¹ £m	Total £m
For the year ended 31 December 2024				
Investment contracts and management fees ²	909	122	(186)	845
Transaction fees	19	–	–	19
Total fees from fund management and investment contracts	928	122	(186)	864
For the year ended 31 December 2023 (Restated)				
Investment contracts and management fees ²	869	104	(173)	800
Transaction fees	25	–	–	25
Total fees from fund management and investment contracts	894	104	(173)	825

1. Other includes inter-segmental eliminations and Group consolidation adjustments.
2. Asset Management revenue includes the investment management activities that the division undertakes on behalf of other Group businesses. The revenue for the most significant portion of these activities, previously undertaken by the LGIM division prior to the restructure in June 2024, are included in the above table on a gross basis. Any additional services provided by Asset Management to other divisions, notably those inherited from the previous LGC division, are eliminated in the segmental disclosures and presented on a net basis. Prior period comparatives have been adjusted to be on a consistent basis.

(e) Other operational income from contracts with customers

Other operational income from contracts with customers includes house building revenue, revenue arising from professional services and insurance broker fees.

	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other ¹ £m	Total £m
For the year ended 31 December 2024						
House building	14	100	–	–	984	1,098
Professional services fees	–	14	51	6	13	84
Insurance broker	–	–	68	–	–	68
Total other operational income from contracts with customers²	14	114	119	6	997	1,250
For the year ended 31 December 2023 (Restated)						
House building	2	208	–	–	1,321	1,531
Professional services fees	–	4	46	7	17	74
Insurance broker	–	–	57	–	–	57
Total other operational income from contracts with customers²	2	212	103	7	1,338	1,662

1. Other includes inter-segmental eliminations and Group consolidation adjustments.
2. Total other operational income from contracts with customers excludes the share of profit/loss from associates and joint ventures, and the gain on disposal of subsidiaries, associates and joint ventures.

Primary statements and performance continued

3. Post balance sheet events

Sale of US insurance entity

On 7 February 2025 the Group announced that it had agreed the sale of its US insurance entity¹, comprising its US protection and US pension risk transfer (PRT) businesses, to Meiji Yasuda Life Insurance Company (Meiji Yasuda), a Japanese mutual life insurance company, for an equity value of \$2.3bn (£1.8bn) payable in cash at completion (subject to certain purchase price adjustments). Following completion, Meiji Yasuda will own the Group's US protection business and have a 20% economic interest in its US PRT business, with L&G retaining 80% of existing and new PRT through reinsurance arrangements with Meiji Yasuda.

The transaction is expected to complete towards the end of 2025 and is subject to customary closing conditions and regulatory approvals.

Management undertook an assessment of the facts and circumstances related to the transaction as at 31 December 2024 and concluded that the criteria for classification as held for sale were not met at that date. However, as a result of the announcement on 7 February 2025, subsequent to the year end, the Group's US insurance entity (including its US PRT business) now qualifies for classification and measurement as a held for sale disposal group. It also meets the definition of a discontinued operation, and its results will be presented accordingly in subsequent reporting periods.

1. To be implemented by the Group disposing of all of the shares held in Legal & General America Inc., the parent company of Banner Life and William Penn, which write L&G's US protection and US PRT businesses.

OECD update on Pillar II rules

An update was issued by the OECD on 15 January 2025 to its guidance on the Global Anti-base Erosion Model Rules, to clarify the application of the Pillar II rules to certain deferred tax assets existing on transition to the new rules. Please refer to Note 30 Tax for further details.

4. Insurance service and other expenses

	Notes	2024 £m	2023 £m
Claims and benefits		7,834	7,201
Fees and commissions		693	573
Losses and reversals of losses on onerous contracts		307	329
Loss on disposal of subsidiaries ¹	28	99	–
Staff costs (including pension costs and share-based payments)	32	1,309	1,309
Redundancy costs		15	9
Auditor's remuneration	31	20	23
Depreciation and impairment of plant and equipment	11	63	81
Amortisation and impairment of intangible assets	10	56	54
House building expenses ²		945	1,308
Other administrative expenses		818	1,092
Amounts attributed to insurance acquisition cash flows incurred during the year		(358)	(335)
Amortisation of insurance acquisition cash flows		167	151
Net impairment loss on assets for insurance acquisition cash flows		–	8
Total Insurance service and other expenses		11,968	11,803
Represented by:			
Insurance service expenses		9,091	8,373
Other expenses		2,877	3,430
Total Insurance service and other expenses		11,968	11,803

1. Loss on disposal of subsidiaries reflects the disposal of Cala.

2. House building expenses represent the cost of sales of the Group's house building businesses, including Cala. A total of £1,098m (2023: £1,531m) of house building income has been recognised in the year (see Note 2(v)(e)).

5. Dividends

	Dividend 2024 £m	Per share ¹ 2024 p	Dividend 2023 £m	Per share ¹ 2023 p
Ordinary dividends paid and charged to equity in the year:				
• Final 2022 dividend paid in June 2023	–	–	831	13.93
• Interim 2023 dividend paid in September 2023	–	–	341	5.71
• Final 2023 dividend paid in June 2024 ²	874	14.63	–	–
• Interim 2024 dividend paid in September 2024	356	6.00	–	–
Total dividends	1,230	20.63	1,172	19.64

1. The dividend per share calculation is based on the number of equity shares registered on the ex-dividend date.

2. The dividend proposed at 31 December 2023 was £871m based on the current number of eligible equity shares at that date.

Subsequent to 31 December 2024, the directors declared a final dividend for 2024 of 15.36 pence per ordinary share. This dividend will be paid on 5 June 2025. It will be accounted for as an appropriation of retained earnings in the year ended 31 December 2025 and is not included as a liability in the Consolidated Balance Sheet as at 31 December 2024.

6. Earnings per share

(i) Basic and core operating earnings per share

	Total 2024 £m	Per share ¹ 2024 p	Restated Total 2023 £m	Restated Per share ¹ 2023 p
Profit for the year attributable to equity holders	191	3.24	457	7.73
Less: coupon payable in respect of restricted Tier 1 convertible notes after tax relief	(21)	(0.35)	(22)	(0.38)
Total basic earnings	170	2.89	435	7.35
Less: Corporate Investments adjusted operating profit after allocated tax	(71)	(1.21)	(104)	(1.76)
Less: Investment variance after allocated tax	1,092	18.55	795	13.45
Total basic core operating earnings²	1,191	20.23	1,126	19.04

1. Basic earnings per share is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the year, excluding employee scheme treasury shares.

2. Total basic core earnings includes allocated tax at the standard UK corporate tax rate.

(ii) Diluted and core operating earnings per share

For the year ended 31 December 2024	After tax £m	Weighted average number of shares m	Per share ¹ p
Profit for the year attributable to equity holders	191	5,886	3.24
Less: coupon payable in respect of restricted Tier 1 convertible notes after tax relief ²	(21)	–	(0.35)
Net shares under options allocable for no further consideration	–	62	(0.03)
Total diluted earnings	170	5,948	2.86
Less: Corporate Investments adjusted operating profit after allocated tax	(71)	–	(1.19)
Less: Investment variance after allocated tax	1,092	–	18.36
Conversion of restricted Tier 1 notes ²	21	307	(0.65)
Total diluted core operating earnings	1,212	6,255	19.38

For the year ended 31 December 2023	Restated After tax £m	Weighted average number of shares m	Restated Per share ¹ p
Profit for the year attributable to equity holders	457	5,915	7.73
Net shares under options allocable for no further consideration	–	59	(0.08)
Conversion of restricted Tier 1 notes	–	307	(0.37)
Total diluted earnings	457	6,281	7.28
Less: Corporate Investments adjusted operating profit after allocated tax	(104)	–	(1.66)
Less: Investment variance after allocated tax	795	–	12.66
Total diluted core operating earnings	1,148	6,281	18.28

1. For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding employee scheme treasury shares, is adjusted to assume conversion of all potential ordinary shares, such as share options granted to employees and conversion of restricted Tier 1 notes.

2. The conversion of restricted Tier 1 notes in 2024 is antidilutive for the calculation of diluted earnings per share and dilutive for the calculation of diluted core operating earnings per share. Where antidilutive, the conversion has not been considered for the determination of the relevant amount per share. The instrument could potentially dilute basic earnings per share in the future.

Balance sheet management

7. Principal products

Product classification

The Group's products are classified for accounting purposes as either insurance or investment contracts. The basis of accounting for these products is outlined in Note 1. The following table summarises the classification of the Group's key insurance and investment contracts as well as investment products for each applicable business.

Reportable segment	Insurance contracts	Investment contracts and investment products
Institutional Retirement	<ul style="list-style-type: none">• Pension risk transfers• Longevity insurance	<ul style="list-style-type: none">• Assured payment policies
Retail	<ul style="list-style-type: none">• UK Retail protection• UK Group protection• US protection• US universal life• Individual annuities• Lifetime Care Plan	<ul style="list-style-type: none">• Lifetime mortgages• Fixed term individual annuities• Retirement interest only mortgages• Workplace and Retail savings
Asset Management		<ul style="list-style-type: none">• Institutional pension• Segregated investment management mandates• Collective investment schemes

A significant part of the Group's business involves the acceptance and management of risk.

A description of the principal products offered by the Group's core segments is outlined below. In addition to the core segments, Corporate Investments, which represents a portfolio of non-strategic assets, is managed separately with the goal of maximising shareholder value ahead of potential divestment.

The Group seeks to manage its exposure to risk through controls which ensure that the residual exposures are within acceptable tolerances agreed by the Board. The Group's risk appetite framework and the methods used to monitor risk exposures can be found on pages 44 to 53.

Details of the risks associated with the Group's principal products and the controls used to manage these risks can be found in Notes 8 and 16 to 18.

Institutional Retirement

Annuity contracts

Pension Risk Transfer (PRT) represents bulk annuities, whereby the Group accepts the assets and liabilities of a company pension scheme or a life fund. Annuities provide guaranteed income for a specified time, usually the life of the policyholder and may include a guaranteed payment period. PRT business consists of both immediate and deferred annuities.

Immediate annuities provide a regular income stream to the policyholder and are in payment at the date of the transaction.

Deferred annuities provide a regular income stream to the policyholder where the income stream starts at a future date after the transaction. Some deferred contracts accepted by the Group contain guaranteed cash options, predominantly minimum factors for commuting part of the annuity income into cash at the date of vesting.

There is a block of immediate and deferred annuities within the UK business with benefits linked to changes in the RPI or for a minority the CPI, but with contractual maximum or minimum increases. Impact on profit due to changes in inflation can be found in Note 20 IFRS sensitivity analysis.

Investment contracts

The Group writes Assured Payment Policies (APP). An APP is a long-term contract under which the policyholder (a registered UK pension scheme) pays a day-one premium and in return receives a contractually fixed and/or inflation-linked set of payments over a fixed period of time from the insurer.

Longevity insurance contracts

The Group also provides longevity insurance products for company pension schemes, under which regular payments are made to the scheme reflecting their actual longevity experience, while the scheme makes an agreed set of regular payments in return. Some policies contain a guaranteed surrender value which is currently immaterial.

Asset Management

Asset Management is a newly created division, formed from the combination of LGIM (Legal & General Investment Management) and LGC (Legal & General Capital).

Asset Management offers both active and passive management on either a pooled or segregated basis to clients domiciled globally. Assets are managed on behalf of pension funds, institutional clients, sovereign wealth clients, retail clients and subsidiary companies within the Group.

The key products provided by Asset Management are unit linked institutional pensions, segregated investment management mandates and collective investment schemes.

The core strategies applied for managing the products are set out overleaf.

Public Markets strategies

Index fund management

Asset Management provides a diversified range of pooled index funds, providing a wide choice and the ability to pursue specific benchmarks efficiently. In addition, segregated solutions are offered to institutional clients providing large scale customisation against established market capitalisation weighted and alternative indices.

The Asset Management Exchange Traded Fund (ETF) business provides clients access to Asset Management's index fund management capabilities via our ETF platform. ETF products cover a broad range of traditional and thematic asset classes.

Active strategies

Asset Management offers a range of pooled and segregated active fixed income funds. The Asset Management liquidity funds offer institutional investors a solution for their cash management requirements across a range of core currencies. The liquidity funds aim to deliver competitive returns with a high level of diversification, whilst focusing on capital preservation through portfolios of high quality, liquid assets.

Active strategies also include an active equity management business comprising focused teams managing stock selection across different regions.

Solutions and Liability Driven Investment (LDI)

Asset Management provides a range of pooled and bespoke solutions to help de-risk defined benefit pension schemes. These solutions will usually combine active or passive underlying portfolios with derivative overlays designed to meet clients' specific requirements. An allocation strategy service is also offered to institutional clients, which may also allocate some of the portfolio to managers other than Asset Management.

Multi-asset funds

Multi-asset funds for retail and institutional clients, built using Asset Management's expertise in asset allocation which is informed by an in-house research capability. The underlying asset classes may be managed on an active or passive basis within Asset Management.

Private Markets strategies

Private Markets offers a range of pooled funds, segregated accounts and joint ventures investing on behalf of UK and overseas investors across physical real estate, private corporate debt, infrastructure debt and real estate loans. The business has specialist teams of fund and asset managers and an in-house research team.

Direct investments are typically illiquid investments entered into through acquisition, joint venture with strategic partners or by the creation of new companies. Asset Management seeks to make direct investments in sectors where there are structural funding shortfalls, and is organised into four sectors: specialist commercial real estate, clean energy, housing and alternative finance. We deploy capital and sector expertise to such investments to target attractive risk-adjusted returns which can deliver higher returns and/or lower volatility for our shareholder capital than listed equity.

Retail

The Retail division comprises Insurance and Retail Retirement businesses.

UK protection business (Retail and Group)

The Group offers protection products which provide mortality or morbidity benefits. They may include health, disability, critical illness and accident benefits; these additional benefits are commonly provided as supplements to main life policies but can also be sold separately. The benefit amounts would usually be specified in the policy terms. Some sickness benefits cover the policyholder's mortgage repayments and are linked to the prevailing mortgage interest rates. In addition to these benefits, some contracts may guarantee premium rates, provide guaranteed insurability benefits and offer policyholders conversion options.

US protection business

US protection represents individual term assurance, which provides death benefits over the medium to long-term. The contracts have level premiums for an initial period with premiums set annually thereafter. During the initial period, there is generally an option to convert the contract to a universal life contract. After the initial period, the premium rates are not guaranteed, but cannot exceed the age-related guaranteed premium.

US universal life

Universal life contracts written by Legal & General America (LGA) provide savings and death benefits over the medium to long-term. The savings element has a guaranteed minimum growth rate. LGA has exposure to loss in the event that interest rates decrease and it is unable to earn enough on the underlying assets to cover the guaranteed rate. LGA is also exposed to loss should interest rates increase, as the underlying market value of assets will generally fall without a change in the surrender value.

Reinsurance is used within the protection businesses to manage exposure to large claims for individual term business and virtually all universal life business. These practices lead to the establishment of reinsurance assets on the Group's balance sheet. Within our US business, reinsurance and securitisation are also used to provide regulatory solvency relief (including relief from regulation governing term insurance).

Annuities

Immediate annuities have similar characteristics as products sold by Institutional Retirement. The Group also offers products for individuals that provide a guaranteed level of income over a chosen fixed period of time, in exchange for an initial lump sum payment from the policyholder. The products can provide a fixed lump sum at maturity and/or options to surrender on non-guaranteed terms.

Deferred annuity contracts written by LGA contain a provision that, at maturity, a policyholder may move the account value into an immediate annuity, at rates which are either those currently in effect, or rates guaranteed in the contract.

7. Principal products continued

Retail continued

Lifetime Care Plan

The Lifetime Care Plan provides a monthly payment to a UK registered care provider that helps meet the cost of care for the policyholder's life. A policyholder can choose to receive a fixed monthly payment or opt to have escalation built in. A death benefit exists within the product so that if a policyholder dies within the first 6 months of the start date a percentage of the original premium less any payments already made is payable to the estate.

Lifetime mortgages

Lifetime mortgages are a form of equity release mortgage that provide non-commercial borrowers with a loan secured against their main residence, without the need for regular repayments. They are regulated retail mortgages offered only to borrowers over the age of 55 through specialist intermediaries. Interest accrues over the term of the loan and is repayable at the time the principal becomes due. Loans can be advanced in a single lump sum amount or in several subsequent drawdowns of an agreed facility. All lifetime mortgages provide a 'no negative equity' guarantee, which means that if the loan is repaid from the sale of the property and if the net sale proceeds are lower than the balance of the loan, the Group will accept the net sale proceeds as full settlement.

Retirement Interest-Only mortgages

A Retirement Interest-Only (RIO) mortgage is a standard residential mortgage available for non-commercial borrowers above 55 years old. A RIO mortgage is very similar to a standard interest-only mortgage, with two key differences:

- the loan is usually only paid off on death, move into long-term care or sale of the house
- the borrowers only have to prove they can afford the monthly interest repayments and not the capital remaining at the end of the mortgage term.

No repayment solution is required as repayment defaults to sale of property.

Workplace and Retail savings

Workplace savings provides corporate pension scheme solutions to enable companies to meet their auto-enrolment obligations. Workplace savings acts as scheme operator and administrator for these products while the customers hold the individual or scheme level pension policies issued by Legal and General Assurance Society Limited (LGAS). Our Workplace proposition is complemented by Retail savings which provides digital savings products direct to individuals in the form of a Personal Pension or a Stocks and Shares ISA. The Personal Pension allows individuals to save for retirement, particularly those without access to a workplace scheme, like the self-employed. Contributions include basic rate tax relief and are invested in investment funds. Once the individual reaches the normal minimum pension age, they can access their funds flexibly. The Stocks and Shares ISA offers individuals a tax efficient product to save into investment funds.

8. Asset risk

The Group is exposed to the following categories of asset risk as a consequence of offering the principal products outlined in Note 7 for the Group's core segments along with the portfolio of non-strategic assets in the Corporate Investments unit.

Market risk

Exposure to loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets.

Credit risk

Exposure to loss if another party fails to perform its financial obligations to the Group or suffers a rating downgrade.

Liquidity risk

The risk that the Group, though solvent, either does not have sufficient liquid financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Group is also exposed to insurance risk as a consequence of offering these products – more detail on insurance risk can be found in Note 18.

The Group is not directly exposed to any market risk, credit risk or liquidity risk associated with Asset Management's client funds, and as a result, the detailed risk disclosures have not been presented. However, Asset Management's income from client funds is related to the value of funds under management, and so they are indirectly exposed to market risks that impact the value of assets underlying those funds.

The Group seeks to manage its exposures to risk through controls which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Group's principal products and the associated controls is detailed in the table below.

Market risks

Principal risks	Segment	Controls to mitigate risks
Investment performance risk		
The Group is exposed to the risk that the income from, and value of, assets held to back insurance liabilities and capital requirements do not perform in line with investment and product pricing assumptions leading to a potential financial loss.	Asset Management, Institutional Retirement and Retail	Models are used to assess the impact of a range of future return scenarios on investment values and associated liabilities in order to determine optimum portfolios of invested assets. For annuities, which are sensitive to interest rate and inflation risk, analysis of the liabilities is undertaken to create a portfolio of securities, the value of which changes in line with the value of liabilities when interest rates change.
For unit linked contracts, there is a risk of volatility in asset management fee income due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based. There is also the risk of expense over-runs should the market depress the level of charges which could be imposed.	Asset Management and Retail	The risk is managed through maintaining a diversified range of funds in which customers may invest. The performance of linked investment funds relative to their investment objectives is subject to regular monitoring. Periodic assessment is also made of the long-term profitability to the Group of these funds. For some contracts the Group has discretion over the level of management charges levied.
Property risk		
Lifetime mortgages include a no negative equity guarantee which transfers a potential loss exposure to the Group as a result of low house price inflation and an exposure to specific properties which may experience lower house price inflation for whatever reason.	Institutional Retirement and Retail	To mitigate the risk, maximum loan to value ratios are set for all lending with further underwriting criteria setting out acceptable properties for lending purposes. Policy terms also require properties to be fully insured and maintained, including the right of inspection. The diversification of lending by property type and geographic region seeks to control exposures to specific aspects in the property market.
Asset Management businesses build homes across the residential market, invest in large commercial and residential development projects and along with Institutional Retirement manage several developed real estate assets. Corporate Investments also has exposure to residential and commercial property. The Group is exposed to the risk that the income from, and the value of, property assets held to back insurance liabilities and capital requirements do not perform in line with investment and product pricing assumptions leading to a potential financial loss. Valuations of real estate assets depend both on property-specific and wider market drivers. Properties under development can be exposed to additional risks which impact investment performance, including significant increases in the cost of materials or disruption to supply chains. The Group's revenue streams are exposed to residential sales achieved, as well as the volume of transactions, both of which may be affected by the performance of the housing market. Revenue streams may also be impacted by significant increases in the cost of raw materials or disruption to supply chains.	Asset Management, Corporate Investments and Institutional Retirement	Diversification by geographic region and property type avoids concentration of exposures to specific areas of the property market. Commercial property exposure in the Institutional Retirement annuity portfolio is relatively limited and is predominantly underpinned by long-term leases with investment grade tenants. Property development activity is relatively limited and where appropriate, key methods are adopted to manage development risk, such as fixed price construction contracts, forward sales, diversification of contracting counterparties and pre-leasing.
Currency risk		
To diversify credit risk within the annuities business corporate bond portfolio, investments are held in corporate bonds denominated in non-sterling currencies. Asset Management also invest in overseas assets. Fluctuations in the value of, or income from, these assets relative to liabilities denominated in sterling could result in unforeseen foreign exchange losses.	Asset Management, Institutional Retirement and Retail	To mitigate the risk of loss from currency fluctuations, currency swaps and forwards are used to hedge exposures to corporate bonds denominated in currencies other than sterling. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties. The hedges do not eliminate all currency risk and the Group retains some residual risk.
The consolidated international subsidiaries and financial instruments of subsidiaries are translated into sterling in the consolidated accounts. Changes in the sterling value can impact consolidated equity but may be mitigated by associated hedging transactions.	Group	To mitigate the risk of loss from currency translation the Group continuously monitors its exposure and executes appropriate hedging transactions when necessary. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties.
Inflation risk		
Inflation risk is the potential of realising a loss because of relative or absolute changes in inflation rates. Annuity contracts may provide for future benefits to be paid taking account of changes in the level of inflation. Annuity contracts in payment may include an annual adjustment for movements in price indices.	Institutional Retirement and Retail	The investment strategy for the annuities business takes explicit account of the effect of movements in price indices on contracted liabilities. Significant exposures that may adversely impact profitability are hedged using inflation swaps. Annuity contracts also typically include caps and floors on the annual increase in inflation-linked benefit payments. The hedges do not eliminate all inflation risk and the Group retains some residual risk.
Interest rate risk		
Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying interest rates.	Group, Institutional Retirement and Retail	To mitigate the risk that guarantees and commitments are not met, financial instruments are purchased, which broadly match the nature and terms of the expected policy benefits payable. The composition of the investment portfolio is governed by the nature of the insurance or savings liabilities, the expected rate of return applicable on each class of asset and the capital available to meet the price fluctuations of each asset class, relative to the liabilities they support.

Balance sheet management continued

8. Asset risk continued

Credit risk

Principal risks	Segment	Controls to mitigate risks
Bond default and rating downgrade risk		
A significant portfolio of corporate bonds and commercial loans are held to back the liabilities arising from writing insurance and annuities business. Whilst the portfolio is diversified, the asset class is inherently exposed to the risk of issuer default and rating downgrade, with the possibility of financial loss.	Institutional Retirement and Retail	Portfolio level and specific issuer limits are set by financial strength rating, sector and geographic region to limit exposure to a default event. Issuer limits are regularly reviewed to take account of changes in market conditions, sector performance and the re-assessment of financial strength by rating agencies and the Group's own internal analysis. Exposures are monitored relative to limits. Financial instruments are also used to mitigate the impact of rating downgrades and defaults. If appropriate, actions are taken to trade out investments at risk of default.
Reinsurance counterparty risk		
Exposure to insurance risk is mitigated by ceding part of the risks assumed to the reinsurance market. Default of a reinsurer would require the business to be re-brokered potentially on less advantageous terms, or for the risks to be borne directly resulting in possible financial loss. The Group is required to carry an element of associated credit risk capital on its balance sheet should the business not be re-brokered on the same terms.	Institutional Retirement and Retail	When selecting new reinsurance partners for its business, the Group considers only companies which have a minimum credit rating equivalent to A- unless collateralised. For each reinsurer, exposure limits are determined based on credit ratings and projected exposure over the term of the treaty. Actual exposures are regularly monitored relative to these limits. Similarly, for longevity and credit risk syndication transactions, the Group targets the use of strongly rated counterparties and seeks to ensure that positions are fully collateralised. The adequacy and quality of collateral is subject to ongoing monitoring.
Property lending counterparty risk		
As part of our asset diversification strategy, we hold property lending and sale and leaseback investments. We are inherently exposed to the risk of default by a borrower or tenant.	Asset Management, Institutional Retirement and Retail	Each property lending and sale and leaseback investment transaction is subject to a due diligence process to assess the credit risks implicit in the transaction and confirm that any risk of default has been appropriately mitigated. We also protect our interests by taking security over the underlying property associated with each investment transaction.
Banking counterparty risk		
The Group is exposed to potential financial loss should banks or the issuers of financial instruments default on their obligations to us. We are also exposed to counterparty risks in respect of the providers of settlement and custody services.	Group, Asset Management, Institutional Retirement and Retail	The Group controls its exposures to banking counterparties and the issuers of financial instruments using a framework of counterparty limits. These limits take account of the relative financial strength of the counterparty as well as other bank counterparty exposures that the Group may have. Limits are subject to regular review with actual exposures monitored against limits. The Group has defined criteria for the selection of custody and settlement services. The financial strength of providers is regularly reviewed.

Liquidity risk

Principal risks	Segment	Controls to mitigate risks
Contingent event risk		
Events that result in liquidity risk include a pandemic that could lead to significantly higher levels of claims than would normally be expected, or extreme events impacting the timing of cash flows or the ability to realise investments at a given value within a specified timeframe.	Group, Corporate Investments and Retail	The Group seeks to ensure that it meets its obligations as they fall due and avoids incurring material losses on forced asset sales in order to meet those obligations. A limited level of contingent liquidity risk is, however, an accepted element of writing insurance contracts. It is furthermore a consequence of the markets in which the Group operates and the execution of investment management strategies. However, the Group's insurance businesses seek to maintain sufficient liquid assets and standby facilities to meet a prudent estimate of the cash outflows that may arise from contingent events. The level of required liquidity is identified using techniques including stress tests for shock events and the profile of actual liquid assets is regularly compared to the required liability profile. The Group's treasury function provides formal facilities to other areas of the Group to cover contingent liquidity requirements arising from more extreme events and where investment assets may not be readily realisable. The Group holds certain non-core assets in its Corporate Investments unit which are available for disposal. Our principal mitigation against timing or valuation risk on these assets is that we are not a forced seller – we have significant pools of liquidity and available actions across the Group which can be deployed to manage these risks.
Collateral liquidity risk		
Within the annuities business, the use of financial instruments to hedge default, interest rate, currency and inflation risks can require the posting of collateral with counterparties at short notice.	Asset Management, Institutional Retirement and Retail	The Group seeks to manage the risk of collateral calls by maintaining a pool of assets which are eligible to be posted under its various collateral arrangements. The collateral pool is sized to be able to withstand a range of severe but plausible stresses, plus an additional risk-buffer for prudence. The Group also maintains a series of management actions to mitigate against highly-severe shocks.
Investment liquidity risk		
Direct lending, sale and leaseback investments and lifetime mortgage business are inherently illiquid forms of investment, with limited secondary markets to realise the value of assets outside agreed redemption terms.	Asset Management, Institutional Retirement and Retail	Given the illiquid nature of the annuity and other liabilities the Group is able and willing to take advantage of the premium offered by illiquid assets. The Group, however, sets limits on the overall exposure to illiquid investments taking account of the nature and type of liabilities that the assets are held to meet.

As at 31 December 2024, the Group had £3,757m (2023: £4,235m) of cash and cash equivalents in shareholder funds and a £1.5bn syndicated committed revolving credit facility in place, provided by a number of its key relationship banks, maturing in August 2029.

9. Balance sheet analysis

The Group has categorised its assets and liabilities in the following disclosure in accordance with the level of shareholder exposure to market and credit risks. Various reinsurance and hedging arrangements are in place as mechanisms to mitigate the risks.

The two categorisations presented are:

Unit linked

For unit linked contracts, there is a direct link between the investments and the obligations. Unit linked business is written in both Legal and General Assurance Society Limited and Legal and General Assurance (Pensions Management) Limited. The financial risk on these contracts is borne by the policyholders. The Group is therefore not directly exposed to any market risk, currency risk or credit risk for these contracts. As a result, risk disclosures have not been presented for unit linked assets and liabilities.

Shareholder

All non-unit linked assets are classified as shareholder assets. Shareholders of the Group are directly exposed to market and credit risk on these assets, including those backing the non-unit linked business.

The table below presents an analysis of the balance sheet by category. The quantitative risk disclosures in Notes 16 and 17 have been provided using this categorisation.

As at 31 December 2024	Shareholder £m	Unit linked £m	Total £m
Assets			
Goodwill and Intangible assets	480	–	480
Investment in associates and joint ventures accounted for using the equity method	795	77	872
Property, plant and equipment	276	119	395
Investments ¹	151,741	370,289	522,030
Reinsurance contract assets	9,165	–	9,165
Other assets	5,878	5,347	11,225
Total assets	168,335	375,832	544,167
Liabilities			
Contract liabilities	97,061	322,714	419,775
Core borrowings	4,397	(89)	4,308
Operational borrowings	1,734	1,657	3,391
Other liabilities	61,650	51,532	113,182
Total liabilities	164,842	375,814	540,656
As at 31 December 2023	Shareholder £m	Unit linked £m	Total £m
Assets			
Goodwill and Intangible assets	550	–	550
Investment in associates and joint ventures accounted for using the equity method	616	–	616
Property, plant and equipment	315	118	433
Investments ¹	133,865	366,946	500,811
Reinsurance contract assets	7,306	–	7,306
Other assets	8,414	3,965	12,379
Total assets	151,066	371,029	522,095
Liabilities			
Contract liabilities	92,664	315,874	408,538
Core borrowings	4,377	(97)	4,280
Operational borrowings	1,457	383	1,840
Other liabilities	47,757	54,896	102,653
Total liabilities	146,255	371,056	517,311

1. Investments includes financial investments, investment property and cash and cash equivalents.

Balance sheet management continued

10. Intangible assets

Intangible assets mainly consist of capitalised software costs and intangible assets acquired as part of a business combination (customer relationships and brand). Amortisation charges and any impairments are recognised in the Consolidated Income Statement in Other expenses (see Note 4).

	Capitalised software costs ¹ 2024 £m	Other 2024 £m	Total 2024 £m
Cost			
As at 1 January	593	36	629
Additions	53	–	53
Disposals	(6)	(25)	(31)
Increase due to currency translation	2	–	2
Other movements ²	–	(11)	(11)
As at 31 December	642	–	642
Accumulated amortisation and impairment			
As at 1 January	(142)	(10)	(152)
Amortisation for the year	(56)	–	(56)
Impairment	–	–	–
Disposals	6	–	6
Other movements ²	–	10	10
As at 31 December	(192)	–	(192)
Total net book value as at 31 December	450	–	450
To be amortised within 12 months			47
To be amortised after 12 months			403

	Capitalised software costs ¹ 2023 £m	Other 2023 £m	Total 2023 £m
Cost			
As at 1 January	520	35	555
Additions	100	1	101
Disposals	(23)	–	(23)
Decrease due to currency translation	(4)	–	(4)
As at 31 December	593	36	629
Accumulated amortisation and impairment			
As at 1 January	(109)	(5)	(114)
Amortisation for the year	(48)	–	(48)
Impairment	(1)	(5)	(6)
Disposals	16	–	16
As at 31 December	(142)	(10)	(152)
Total net book value as at 31 December	451	26	477
To be amortised within 12 months			57
To be amortised after 12 months			420

1. Total capitalised software costs include £213m of work in progress assets that were not yet available for use as at 31 December 2024 (31 December 2023: £233m).

2. Other movements primarily reflect the removal of fully amortised assets that are no longer in use.

11. Property, plant and equipment

	Right-of-use			Owned	
	Office buildings 2024 £m	IT 2024 £m	Other ¹ 2024 £m	Other ² 2024 £m	Total 2024 £m
Cost/Valuation					
As at 1 January	215	35	9	422	681
Additions	11	–	–	31	42
Disposals	(23)	–	(2)	(51)	(76)
Increase due to currency translation	1	–	–	–	1
Other	1	–	–	1	2
As at 31 December	205	35	7	403	650
Accumulated depreciation and impairment					
As at 1 January	(115)	(5)	(4)	(124)	(248)
Depreciation for the year	(18)	(6)	(2)	(23)	(49)
Impairment	–	–	–	(14)	(14)
Disposals	13	–	2	41	56
As at 31 December	(120)	(11)	(4)	(120)	(255)
Total net book value as at 31 December	85	24	3	283	395

	Right-of-use			Owned	
	Office buildings 2023 £m	IT 2023 £m	Other ¹ 2023 £m	Other ² 2023 £m	Total 2023 £m
Cost/Valuation					
As at 1 January	234	57	3	285	579
Additions	4	35	6	171	216
Disposals	(20)	(57)	–	(11)	(88)
Decrease due to currency translation	(3)	–	–	(2)	(5)
Revaluation	–	–	–	(21)	(21)
As at 31 December	215	35	9	422	681
Accumulated depreciation and impairment					
As at 1 January	(94)	(49)	(3)	(107)	(253)
Depreciation for the year	(20)	(9)	(1)	(18)	(48)
Impairment	(21)	–	–	(12)	(33)
Disposals	20	53	–	11	84
Decrease due to currency translation	–	–	–	2	2
As at 31 December	(115)	(5)	(4)	(124)	(248)
Total net book value as at 31 December	100	30	5	298	433

1. Other right-of-use assets comprise of vehicles and other buildings.

2. Other owned assets predominantly include land, buildings and IT, as well as owner-occupied property with a carrying value of £47m as at 31 December 2024 (2023: £46m) held under the fair value model.

Balance sheet management continued

12. Financial investments and investment property

	Note	Shareholder 2024 £m	Unit linked 2024 £m	Total 2024 £m
Financial investments at fair value classified as:				
Fair value through profit or loss ¹		79,233	346,753	425,986
Fair value through other comprehensive income		1,922	–	1,922
Fair value through profit or loss – derivatives ¹		49,195	1,997	51,192
Loans at fair value through profit or loss ¹		2,630	4,772	7,402
Financial investments at fair value	12(i)	132,980	353,522	486,502
Debt securities at amortised cost		8,965	–	8,965
Loans at amortised cost		84	–	84
Total financial investments		142,029	353,522	495,551
Investment property		5,955	3,867	9,822
Total financial investments and investment property		147,984	357,389	505,373
Expected to be recovered within 12 months				36,632
Expected to be recovered after 12 months				468,741

	Note	Shareholder 2023 £m	Unit linked 2023 £m	Total 2023 £m
Financial investments at fair value classified as:				
Fair value through profit or loss ¹		74,442	335,466	409,908
Fair value through other comprehensive income		2,022	–	2,022
Fair value through profit or loss – derivatives ¹		38,019	3,121	41,140
Loans at fair value through profit or loss ¹		1,599	8,691	10,290
Financial investments at fair value	12(i)	116,082	347,278	463,360
Debt securities at amortised cost		8,032	–	8,032
Loans at amortised cost		13	–	13
Total financial investments		124,127	347,278	471,405
Investment property		5,503	3,390	8,893
Total financial investments and investment property		129,630	350,668	480,298
Expected to be recovered within 12 months				37,513
Expected to be recovered after 12 months				442,785

1. Mandatorily measured at fair value through profit or loss.

Investment risks on unit linked assets are borne by the policyholders. The remaining risks associated with financial investments are outlined in Note 8.

Financial investments, cash and cash equivalents include:

- £2,755m (2023: £4,034m) of assets pledged as collateral against net derivative liability counterparty positions. The assets used as collateral are Treasury Gilts, Foreign Government Bonds, AAA, AA, A and BBB Corporate Bonds and Cash (2023: Treasury Gilts, Foreign Government Bonds, AAA, AA, A and BBB Corporate Bonds and Cash) having a residual maturity of over 32 years (2023: over 44 years).
- £5,377m (2023: £5,257m) of assets pledged as collateral in relation to various pension risk transfer deals. The assets used as collateral are Treasury Gilts, AAA to BBB Corporate Bonds and Cash (2023: Treasury Gilts, AAA to BBB Corporate Bonds and Cash) having a residual maturity of over 45 years (2023: over 44 years).
- £904m (2023: £752m) of assets pledged in respect of longevity swaps with reinsurance counterparties. The assets used as collateral are Treasury Gilts and AAA to AA Corporate Bonds (2023: Treasury Gilts, AAA to A Corporate Bonds) having a residual maturity of over 61 years (2023: over 34 years).

While pledged as collateral, the Group is entitled to receive all of the cash flows from the assets above, and there is no obligation to pay or transfer cash flows arising from them to another entity. These assets are neither past due, nor impaired. The carrying value reflects the full exposure of these assets.

The Group is permitted to sell or repledge collateral as per the International Swap Dealers Association agreements in place, including where there has been no default by the owner of the collateral. As at 31 December 2024, the Group had repledged cash collateral with a fair value of £704m (2023: £647m) in order to fulfil other collateral requirements in relation to derivatives contracts. The counterparties have an obligation to return the cash collateral to the Group. There are no other significant terms and conditions associated with the use of this cash collateral.

Financial investments include £22,117m (2023: £25,452m) of assets that have been sold but not derecognised and are subject to repurchase agreements. Risks and rewards of these assets have been retained within the Group. The related obligation to repurchase the financial assets is included within Payables and other financial liabilities (Note 25).

Financial investments have been allocated between those expected to be settled within 12 months and after 12 months in line with the expected settlement of the backed liabilities. Assets in excess of the insurance and investment contract liabilities have been classified as expected to be settled after 12 months.

(i) Financial investments and investment property at fair value

	Notes	Shareholder 2024 £m	Unit linked 2024 £m	Total 2024 £m
Equity securities		2,948	198,342	201,290
Debt securities		78,207	148,411	226,618
Derivative assets	13	49,195	1,997	51,192
Loans at fair value	12(ii)	2,630	4,772	7,402
Financial investments		132,980	353,522	486,502
Investment property		5,955	3,867	9,822
Total financial investments at fair value		138,935	357,389	496,324

	Notes	Shareholder 2023 £m	Unit linked 2023 £m	Total 2023 £m
Equity securities		3,166	182,816	185,982
Debt securities		73,298	152,650	225,948
Derivative assets	13	38,019	3,121	41,140
Loans at fair value	12(ii)	1,599	8,691	10,290
Financial investments		116,082	347,278	463,360
Investment property		5,503	3,390	8,893
Total financial investments at fair value		121,585	350,668	472,253

Included within unit linked equity securities are £121m (2023: £162m) of debt instruments which incorporate an embedded derivative linked to the value of the Group's share price.

Balance sheet management continued

12. Financial investments and investment property continued

(ii) Fair value hierarchy

The table below breaks down the fair value of financial investments and investment property by fair value hierarchy level.

As at 31 December 2024	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	2,948	960	170	1,818
Debt securities	78,207	31,714	25,424	21,069
Derivative assets	49,195	7	49,188	–
Loans at fair value	2,630	–	2,630	–
Investment property	5,955	–	–	5,955
Total Shareholder	138,935	32,681	77,412	28,842
Unit linked				
Equity securities	198,342	197,532	1	809
Debt securities	148,411	97,799	49,269	1,343
Derivative assets	1,997	84	1,913	–
Loans at fair value	4,772	–	4,772	–
Investment property	3,867	–	–	3,867
Total Unit linked	357,389	295,415	55,955	6,019
Total financial investments and investment property at fair value	496,324	328,096	133,367	34,861
Debt securities at amortised cost ¹	7,847	–	43	7,804
Loans at amortised cost ¹	84	1	–	83

As at 31 December 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	3,166	1,069	144	1,953
Debt securities	73,298	26,003	27,860	19,435
Derivative assets	38,019	123	37,896	–
Loans at fair value	1,599	–	1,599	–
Investment property	5,503	–	–	5,503
Total Shareholder	121,585	27,195	67,499	26,891
Unit linked				
Equity securities	182,816	182,348	29	439
Debt securities	152,650	91,874	59,748	1,028
Derivative assets	3,121	148	2,973	–
Loans at fair value	8,691	–	8,691	–
Investment property	3,390	–	–	3,390
Total Unit linked	350,668	274,370	71,441	4,857
Total financial investments and investment property at fair value	472,253	301,565	138,940	31,748
Debt securities at amortised cost ¹	7,184	–	45	7,139
Loans at amortised cost ¹	13	1	12	–

1. This table includes debt securities and loans which are held at amortised cost on the Consolidated Balance Sheet at a total value of £9,049m (2023: £8,045m).

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

(a) Level 2 assets measured at fair value

All of the Group's Level 2 assets have been valued using standard market pricing sources, such as IHS Markit, ICE and Bloomberg, or Index Providers such as Barclays, Merrill Lynch or JPMorgan. Each uses mathematical modelling and multiple source validation in order to determine consensus prices, with the exception of OTC Derivative holdings; OTCs are marked to market using an in-house system (Lombard Oberon), external vendor (IHS Markit), internal model or Counterparty Broker marks. In normal market conditions, we would consider these market prices to be observable market prices. Following consultation with our pricing providers and a number of their contributing brokers, we have considered that these prices are not from a suitably active market and have therefore classified them as Level 2.

The Group's policy is to re-assess categorisation of financial assets at the end of each reporting period and to recognise transfers between levels at that point in time. At 31 December 2024 debt securities totalling net £0.6bn (2023: £0.7bn) transferred from Level 2 to Level 1 in the fair value hierarchy.

(b) Level 3 assets measured at fair value

Level 3 assets, where modelling techniques are used, comprise property, unquoted securities, untraded debt securities and securities where unquoted prices are provided by a single broker. Unquoted securities include suspended securities, investments in private equity and property vehicles. Untraded debt securities include private placements, commercial real estate loans, income strips, retirement interest only and other lifetime mortgages.

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Group determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Group has classified within Level 3.

The Group determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Group also determines fair value based on estimated future cash flows discounted at the appropriate current market rate. As appropriate, fair values reflect adjustments for counterparty credit quality, the Group's credit standing, liquidity and risk margins on unobservable inputs.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee and validated independently as appropriate.

	Equity securities 2024 £m	Other financial investments 2024 £m	Investment property 2024 £m	Total 2024 £m	Equity securities 2023 £m	Other financial investments 2023 £m	Investment property 2023 £m	Total 2023 £m
As at 1 January	2,392	20,463	8,893	31,748	2,307	16,421	9,372	28,100
Total gains/(losses) for the year								
• realised gains or (losses) ¹	4	(17)	(2)	(15)	24	(432)	3	(405)
• unrealised gains or (losses) ¹	(208)	(278)	(20)	(506)	(34)	357	(923)	(600)
Purchases/Additions	789	5,649	1,502	7,940	278	6,009	1,264	7,551
Disposals/Derecognitions	(364)	(3,369)	(552)	(4,285)	(149)	(2,018)	(854)	(3,021)
Transfers into Level 3	–	70	–	70	2	241	–	243
Transfers out of Level 3	–	(144)	–	(144)	(3)	–	–	(3)
Foreign exchange rate movements	14	38	1	53	(33)	(115)	31	(117)
As at 31 December	2,627	22,412	9,822	34,861	2,392	20,463	8,893	31,748

1. Realised and unrealised gains/(losses) are recognised in Investment return in the Consolidated Income Statement.

Equity securities

Level 3 equity securities amount to £2,627m (2023: £2,392m), of which the majority is made up of holdings in investment property vehicles and private investment funds. They are valued at the proportion of the Group's holding of the Net Asset Value reported by the investment vehicles. Other equity securities are valued by a number of third-party specialists using a range of techniques which are often dependent on the maturity of the underlying investment but can also depend on the characteristics of individual assets. Such techniques include transaction values underpinned by analysis of milestone achievement and cash runway for early/start-up stage investments, discounted cash flow models for investments at the next stage of development and earnings multiples for more mature investments.

12. Financial investments and investment property continued

(ii) Fair value hierarchy continued

(b) Level 3 assets measured at fair value continued

Other financial investments

Lifetime mortgage (LTM) loans and retirement interest only mortgages amount to £5,861m (2023: £5,766m). Lifetime mortgages are valued using a discounted cash flow model by projecting best estimate net asset proceeds and discounted using rates inferred from current LTM loan pricing. The inferred illiquidity premiums for the majority of the portfolio range between 150 and 250bps. This ensures the value of loans at outset is consistent with the purchase price of the loan and achieves consistency between new and in-force loans. Lifetime mortgages include a no negative equity guarantee (NNEG) to borrowers. This ensures that if there is a shortfall between the sale proceeds of the property and the outstanding loan balance on redemption of the loan, the value of the loan will be reduced by this amount. The NNEG on loan redemption is valued as a series of put options, which we calculate using a variant of the Black-Scholes formula. Key assumptions in the valuation of lifetime mortgages include short-term and long-term property growth rates, property index volatility, voluntary early repayments and longevity assumptions. The valuation as at 31 December 2024 reflects a combination of short-term and long-term property growth rate assumptions equivalent to a flat rate of 3.4% annually, after allowing for the effects of dilapidation. The values of the properties collateralising the LTM loans are updated from the date of the last property valuation to the valuation date by indexing using UK regional house price indices.

Private credit loans (including commercial real estate loans) amount to £11,779m (2023: £10,574m). Their valuation is determined by discounted future cash flows which are based on the yield curve of the Asset Management approved comparable bonds and the initial spread, both of which are agreed by IHS Markit who also provide an independent valuation of comparable bonds. Unobservable inputs that go into the determination of comparators include rating, sector, sub-sector, performance dynamics, financing structure and duration of investment. Existing private credit investments, which were executed as far back as 2011, are subject to a range of interest rate formats, although the majority are fixed rate. The weighted average duration of the portfolio is 7.6 years, with a weighted average life of 11.0 years. Maturities in the portfolio currently extend out to 2074. The private credit portfolio of assets has internal ratings assigned by an independent credit team in line with internally developed methodologies. These credit ratings range from AAA to BB-.

Private placements held by the US business amount to £2,181m (2023: £1,684m). They are valued using a pricing matrix comprised of a public spread matrix, internal ratings assigned to each holding, average life of each holding, and a premium spread matrix. These are added to the risk-free rate to calculate the discounted cash flows and establish a market value for each investment grade private placement. The valuation as at 31 December 2024 reflects illiquidity premiums between 20 and 70bps.

Income strip assets amount to £1,280m (2023: £1,306m). Their valuation is outsourced to Knight Frank and CBRE who apply a yield to maturity to discounted future cash flows to derive valuations. The overall valuation takes into account the property location, tenant details, tenure, rent, rental break terms, lease expiries and underlying residual value of the property. The valuation as at 31 December 2024 reflects equivalent yield ranges between 2% and 17% and estimated rental values (ERV) between £7 and £367 per sq.ft.

Commercial mortgage loans amount to £843m (2023: £784m) and are determined by incorporating credit risk for performing loans at the portfolio level and adjusted for loans identified to be distressed at the loan level. The projected cash flows of each loan are discounted along stochastic risk-free rate paths and are inclusive of an Option Adjusted Spread (OAS), derived from current internal pricing on new loans, along with the best observable inputs. The valuation as at 31 December 2024 reflects illiquidity premiums between 20 and 50bps.

Other debt securities which are not traded in an active market amount to £468m (2023: £349m). They have been valued using third-party or counterparty valuations, and these prices are considered to be unobservable due to infrequent market transactions.

Investment property

Level 3 investment property amounting to £9,822m (2023: £8,893m) is valued with the involvement of external valuers. All property valuations in the UK are carried out in accordance with the latest edition of the Valuation Standards published by the Royal Institute of Chartered Surveyors, and are undertaken by appropriately qualified valuers as defined therein. Outside the UK, valuations are produced in conjunction with external qualified professional values in the countries concerned. Whilst transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context, valuers must use their market knowledge and professional judgement and not rely only upon market sentiment based on historic transactional comparables.

The valuation of investment properties also includes an income approach that is based on current rental income plus anticipated uplifts, where the uplift and discount rates are derived from rates implied by recent market transactions. These inputs are deemed unobservable. The valuation as at 31 December 2024 reflects equivalent yield ranges between 1% and 53% and ERV between £2 and £369 per sq.ft.

The table below shows the valuation of investment property by sector:

	2024 £m	2023 £m
Retail	1,242	1,169
Leisure	493	451
Distribution	1,058	1,076
Office space	2,876	2,768
Industrial and other commercial	1,805	1,714
Accommodation	2,348	1,715
Total	9,822	8,893

(c) Effect of changes in assumptions on Level 3 assets

Fair values of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data.

Where material, the Group assesses the sensitivity of fair values of Level 3 investments to changes in unobservable inputs to reasonable alternative assumptions. The table below shows the impact of applying these sensitivities to the fair value of Level 3 assets as at 31 December 2024. Further disclosure on how these sensitivities have been applied can be found in the descriptions following the table.

	Fair value 2024 £m	Sensitivities	
		Positive impact £m	Negative impact £m
Lifetime mortgages	5,861	237	(289)
Private credit portfolios	14,803	647	(647)
Investment property	9,822	776	(776)
Other investments ¹	4,375	289	(349)
Total Level 3 assets	34,861	1,949	(2,061)

1. Other investments include Level 3 equity securities, income strip assets and other traded debt securities which are Level 3.

The sensitivities are not a function of sensitising a single variable relating to the valuation of the asset, but rather a function of flexing multiple factors often at individual asset level. The following sets out a number of key factors by asset type, and how they have been flexed to derive reasonable alternative valuations.

Lifetime mortgages

Key assumptions used in the valuation of lifetime mortgage assets are listed in Note 12(ii)(b) and sensitivities are applied to derive the values in the above table. The most significant sensitivity by value is -20bps of market spread and overvaluation of property valuations by 10% across the portfolio which, applied in isolation produces sensitised values of £143m and £(152)m.

Private credit portfolios

The sensitivity in the private credit portfolio has been determined through a method which estimates investment spread value premium differences as compared to the institutional investment market. Individual investment characteristics of each holding, such as credit rating and duration are used to determine spread differentials for the purposes of determining alternate values. Spread differentials are determined to be lower for highly rated and/or shorter duration assets as compared to lower rated and/or longer duration assets. A significant component of the spread differential is in relation to the selection of comparator bonds, which is the potential difference in spread of the basket of relevant comparators determined by respective investors. If we were to take an AA rated asset it may attract a spread differential of 20bps on the selection of comparator bonds as opposed to 40bps for a similar duration BBB rated asset. Applied in isolation the sensitivity used to reflect the spread in comparator bond selection results in sensitised values of £238m and £(238)m.

Investment property

Investment property holdings are valued by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors (RICS). As such, sensitivities are calculated through a mixture of asset level and portfolio level methodologies which make reference to individual investment characteristics of the holding but do not flex individual assumptions used by the independent expert in valuing the holdings. Each method is applied individually and aggregated with equal weighting to determine the overall sensitivity determined for the portfolio. One method is similar to that used in the private credit portfolio as it determines the impact of an alternate property yield determined in reference to credit ratings, remaining term and other characteristics of each holding. In this methodology we would apply a lower yield sensitivity to a highly rated and/or shorter remaining term asset compared with a lower rated and/or longer remaining term asset. If we were to take an AA rated asset with remaining term of 25 years in normal market conditions this would lead to a 15bps yield flex (as opposed to a 35bps yield flex for a BBB rated asset with a 30 year remaining term). The methodology which leads to the most significant sensitivity at the balance sheet date is related to an example in case law where it was found that an acceptable margin of error in a valuation dispute is 10% either way, subject to the valuation being undertaken with due care. If this sensitivity were to be taken without a weighting it would produce sensitised values of £564m and £(564)m.

It should be noted that some sensitivities described above are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

Balance sheet management continued

13. Derivative assets and liabilities

The Group uses derivatives as a component of efficient portfolio management. This includes, but is not limited to, hedging economic exposure to foreign currencies, interest rates, inflation and credit risks. The Group uses hedge accounting, provided the prescribed criteria in IFRS 9, 'Financial Instruments' are met, to recognise the offsetting effects of changes in the fair value or cash flow of the derivative instrument and the hedged item.

Cross-currency swap contracts – cash flow hedges

The Group has entered into fixed rate borrowings denominated in USD and is therefore exposed to foreign exchange and interest rate risks. In order to hedge these risks the Group has entered into cross-currency interest rate swaps, enabling the exposure to be swapped into a fixed rate in its functional currency. These had a net asset fair value totalling £42m (2023: £21m) and a notional amount of £1,099m at 31 December 2024 (2023: £1,099m). There was no ineffectiveness recognised in the income statement in respect of these hedges during 2024.

Other derivative contracts – held for trading

The Group uses certain derivative contracts which are effective hedges of economic exposures in accordance with the Group's risk management policy, but for various reasons are not designated within a formal hedge accounting relationship. Therefore, these contracts must be designated as held for trading, and gains and losses on these contracts are recognised immediately in the Consolidated Income Statement.

	Fair values		Fair values	
	Assets ¹ 2024 £m	Liabilities ² 2024 £m	Assets ¹ 2023 £m	Liabilities ² 2023 £m
Shareholder derivatives:				
Interest rate contracts – held for trading	38,914	39,895	31,411	33,580
Forward foreign exchange contracts – held for trading	35	31	26	7
Currency swap contracts – held for trading	1,009	2,323	1,624	1,750
Currency swap contracts – cash flow hedges	42	–	24	3
Inflation swap contracts – held for trading	9,176	11,595	4,704	4,827
Inflation rate contracts – held for trading	–	–	96	30
Credit derivatives – held for trading	–	18	–	21
Equity/index derivatives – held for trading	2	4	1	3
Other derivatives – held for trading	17	408	133	278
Total shareholder derivatives	49,195	54,274	38,019	40,499
Unit linked derivatives:				
Interest rate contracts – held for trading	564	2,082	1,133	335
Forward foreign exchange contracts – held for trading	558	1,077	815	420
Credit derivatives – held for trading	2	1	7	16
Inflation swap contracts – held for trading	758	175	170	143
Inflation rate contracts – held for trading	–	–	–	2
Equity/index derivatives – held for trading	37	228	969	2,221
Other derivatives – held for trading	78	36	27	185
Total unit linked derivatives	1,997	3,599	3,121	3,322
Total derivative assets and liabilities	51,192	57,873	41,140	43,821

1. Derivative assets are reported in the Consolidated Balance Sheet within Financial investments and investment property (Note 12).

2. Derivative liabilities are reported in the Consolidated Balance Sheet within Payables and other financial liabilities (Note 25).

The contractual undiscounted cash flows in relation to non-unit linked derivatives have the following maturity profile. Unit linked derivatives have not been included as shareholders are not directly exposed to liquidity risks.

As at 31 December 2024	Maturity profile of undiscounted cash flows						Total £m
	Fair values £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Cash inflows							
Shareholder derivatives							
Derivative assets	49,195	23,319	57,912	75,704	33,823	18,909	209,667
Derivative liabilities	(54,274)	14,840	39,656	53,019	23,103	14,275	144,893
Total	(5,079)	38,159	97,568	128,723	56,926	33,184	354,560
Cash outflows							
Shareholder derivatives							
Derivative assets	49,195	(15,374)	(40,194)	(49,928)	(22,692)	(14,175)	(142,363)
Derivative liabilities	(54,274)	(23,758)	(60,276)	(80,320)	(35,843)	(23,122)	(223,319)
Total	(5,079)	(39,132)	(100,470)	(130,248)	(58,535)	(37,297)	(365,682)
Net cash flows		(973)	(2,902)	(1,525)	(1,609)	(4,113)	(11,122)

	Maturity profile of undiscounted cash flows						Total £m
	Fair values £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
As at 31 December 2023							
Cash inflows							
Shareholder derivatives							
Derivative assets	38,019	17,833	35,787	47,562	21,119	11,069	133,370
Derivative liabilities	(40,499)	9,304	21,883	30,447	16,349	10,039	88,022
Total	(2,480)	27,137	57,670	78,009	37,468	21,108	221,392
Cash outflows							
Shareholder derivatives							
Derivative assets	38,019	(13,483)	(27,576)	(35,293)	(16,054)	(8,684)	(101,090)
Derivative liabilities	(40,499)	(15,136)	(33,435)	(45,924)	(22,714)	(13,121)	(130,330)
Total	(2,480)	(28,619)	(61,011)	(81,217)	(38,768)	(21,805)	(231,420)
Net cash flows		(1,482)	(3,341)	(3,208)	(1,300)	(697)	(10,028)

Future cash flows on the floating legs of interest rate and exchange derivatives are calculated using current spot rates, which may differ from the market expectation incorporated in the fair value.

Cash flows arising from implied events covered by credit derivatives are presented in the tables above on an expected basis as cash flows within one year.

Cash inflows or outflows are presented on a net basis where the Group is required to settle net or has a legally enforceable right of offset and the intention is to settle on a net basis.

14. Receivables and other assets

	Notes	2024 £m	2023 £m
Receivables under finance leases	14(i)	531	530
Accrued interest and rent		470	655
Prepayments and accrued income		375	396
Inventories ¹		531	1,932
Contract assets ²		149	156
Other receivables ³		6,571	6,111
Total receivables and other assets		8,627	9,780
Due within 12 months		7,413	8,200
Due after 12 months		1,214	1,580

1. Inventories represent house building stock including land, options on land, work in progress and other inventory.

2. Contract assets represent the entity's right to consideration in exchange for goods or services that have been transferred to a customer.

3. Other receivables include amounts receivable from brokers and clients for investing activities, collateral pledges, unsettled cash, FX spots and other sundry balances.
In 2024, Other receivables includes £508m deferred consideration relating to Cala disposal (see Note 28 for further details).

(i) Receivables under finance leases

The Group acts as a lessor of certain finance leases, which have a weighted average duration to maturity of 34 years as at 31 December 2024 (2023: 35 years). The counterparties, as lessee, are regarded to be the economic owner of the leased assets.

The future minimum lease payments under the arrangement, together with the present value, are disclosed below:

	Total future payments 2024 £m	Unearned interest income 2024 £m	Present value 2024 £m	Total future payments 2023 £m	Unearned interest income 2023 £m	Present value 2023 £m
Within 1 year	29	(22)	7	32	(25)	7
1-2 years	30	(22)	8	32	(25)	7
2-3 years	28	(21)	7	32	(25)	7
3-4 years	29	(21)	8	31	(24)	7
4-5 years	30	(21)	9	31	(24)	7
After 5 years	878	(386)	492	961	(466)	495
Total	1,024	(493)	531	1,119	(589)	530

Balance sheet management continued

15. Cash and cash equivalents

	Shareholder 2024 £m	Unit linked 2024 £m	Total 2024 £m
Cash at bank and in hand	1,098	3,502	4,600
Cash equivalents	2,659	9,398	12,057
Total cash and cash equivalents	3,757	12,900	16,657

	Shareholder 2023 £m	Unit linked 2023 £m	Total 2023 £m
Cash at bank and in hand	1,026	1,918	2,944
Cash equivalents	3,209	14,360	17,569
Total cash and cash equivalents	4,235	16,278	20,513

16. Market risk

(i) Investment performance risk

(a) Equity securities

The Group controls its exposure to geographic price risks by using internal country risk exposure limits. These exposure limits are based on macroeconomic data and key qualitative indicators. The latter take into account economic, social and political environments. The table below indicates the Group's exposure to different equity markets around the world. Unit linked equity investments are excluded from the table as the risk is retained by the policyholder.

	2024 £m	2023 £m
Exposure to worldwide equity markets		
United Kingdom	75	130
North America	298	231
Europe	187	326
Japan	8	10
Asia Pacific	73	74
Other	37	31
Listed equities	678	802
Unlisted equities ¹	988	958
Holdings in unit trusts ²	1,282	1,406
Total equities	2,948	3,166

1. Unlisted equities are split between £444m (2023: £582m) United Kingdom, £369m (2023: £319m) Europe and £175m (2023: £57m) North America.

2. Limited Partnerships are included within Holdings in unit trusts.

(b) Debt securities

The Group controls its exposure to geographic price risks by using internal country credit ratings. These ratings are based on macroeconomic data and key qualitative indicators. The latter take into account economic, social and political environments. The table below indicates the Group's exposure to different debt security markets around the world. Unit linked debt securities are excluded from the table as the risk is retained by the policyholder.

	Total 2024 £m	Total 2023 £m
Total debt securities		
United Kingdom	40,992	37,273
USA	30,347	29,012
Netherlands	1,934	2,206
France	1,521	1,397
Germany	413	277
GIIPS:		
- Ireland	1,915	2,066
- Italy	115	68
- Spain	214	246
Belgium	280	504
Rest of Europe	2,895	1,998
Rest of World	6,494	6,229
Collateralised debt obligations ¹	52	54
Total	87,172	81,330

1. All CDOs of £52m (2023: £54m) are domiciled in the Rest of World.

(c) Additional disclosures on shareholder securities exposure

	2024 £m	2024 %	2023 £m	2023 %
Sovereigns, supras and sub-sovereigns	17,682	20	11,869	15
Banks:				
• Tier 1	–	–	21	–
• Tier 2 and other subordinated	75	–	125	–
• Senior	6,771	8	6,751	8
• Covered	212	–	106	–
Financial services:				
• Tier 2 and other subordinated	158	–	158	–
• Senior	2,740	3	2,146	3
Insurance:				
• Tier 1	–	–	9	–
• Tier 2 and other subordinated	224	–	238	–
• Senior	956	1	988	1
Consumer services and goods:				
• Cyclical	2,642	3	3,109	4
• Non-cyclical	6,347	7	7,313	9
• Healthcare	2,223	3	2,441	3
Infrastructure:				
• Social	6,875	8	6,524	8
• Economic	6,029	7	5,610	7
Technology and telecoms	4,103	5	4,829	6
Industrials	1,576	2	1,328	2
Utilities	9,288	11	10,464	13
Energy	2,063	2	1,597	2
Commodities	814	1	885	1
Oil and gas	1,497	2	1,517	2
Real estate	4,497	5	4,451	5
Structured finance ABS/RMBS/CMBS/Other	4,487	5	3,031	4
Lifetime mortgage loans	5,861	7	5,766	7
Collateralised debt obligations	52	–	54	–
Total	87,172	100	81,330	100

	2024 £m	2023 £m
Analysis of sovereigns, supras and sub-sovereigns		
Market value by region		
United Kingdom	13,298	8,790
USA	2,528	1,696
Netherlands	29	40
France	377	52
Germany	123	84
Ireland	426	425
Rest of Europe	324	248
Rest of World	577	534
Total	17,682	11,869

16. Market risk continued

(ii) Currency risk

The Group has minimal exposure to currency risk from financial instruments held by business units in currencies other than their functional currencies, nearly all such holdings are either backing insurance contracts in the same currency or are hedged back to GBP.

The Group operates internationally and as a result is exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies. The largest United States dollar currency exposures relate to the Group's US business, Legal & General America. The majority of currency exposures relating to euros are held by LGIM Managers (Europe) Limited, a subsidiary of L&G – Asset Management Limited. The Group does not hedge foreign currency revenues as these are substantially retained locally to support the growth of the Group's business and meet local regulatory and market requirements.

Businesses aim to maintain sufficient assets in local currency to meet local currency liabilities, however movements may impact the value of the Group's consolidated shareholders' equity which is expressed in sterling. This aspect of foreign exchange risk is monitored and managed centrally, against pre-determined limits. These exposures are managed by aligning the deployment of regulatory capital by currency with the Group's regulatory capital requirements by currency. Currency borrowings and derivatives may be used to manage exposures within the limits that have been set.

As at 31 December 2024, the Group held net assets of £1.5bn (2023: net liabilities of £0.5bn) of its total equity attributable to shareholders in currencies, mainly United States dollar and euro, other than the functional currency of the relevant business unit. The exchange risks inherent in these exposures may be mitigated through the use of derivatives, mainly forward currency contracts.

Consistent with the Group's accounting policies, the profits of overseas business units (reported as functional currencies) are translated at average exchange rates and the net assets (reported as functional currencies) at the closing rate for the reporting period. A 10% increase (weakening of foreign currencies) or decrease (strengthening of foreign currencies) in these rates would increase or reduce the profit for the year and net assets as follows:

	A 10% increase in USD:GBP exchange rate		A 10% decrease in USD:GBP exchange rate	
	2024 £m	2023 £m	2024 £m	2023 £m
Profit for the year ¹	(7)	4	9	(6)
Net assets attributable to USD exposures ¹	(92)	20	111	(24)

	A 10% increase in EUR:GBP exchange rate		A 10% decrease in EUR:GBP exchange rate	
	2024 £m	2023 £m	2024 £m	2023 £m
Profit for the year ¹	–	–	–	–
Net assets attributable to USD exposures ¹	(17)	1	22	(2)

1. Profit for the year impacts relate only to overseas business units where the functional currency is not sterling. Net asset impacts include both functional currency and non-functional currency exposures.

17. Credit risk

The Group's exposure to credit risk arises from its offering of insurance and investment products. The investments of shareholders', policyholders' and segregated clients' monies require credit risks to be taken, as well as the hedging of insurance (including reinsurance) and other financial risks.

Oversight of credit risk management has been delegated by the Board to the Group Risk Financial Risk Committee (GRFRC), the remit of which includes proposing the Group's appetite for credit risk in aggregate, and by issuers, sectors, and geography, and monitoring actual exposures relative to appetite. The GRFRC also considers credit risk implicit in new asset classes and corporate transactions, and advises on appropriate counterparty risk tolerances. The Group controls its exposure to counterparty credit risk through defining the minimum financial strength of the counterparties with which it will deal and setting exposure tolerances for these counterparties, which are monitored and reviewed by operational management on a counterparty-by-counterparty basis.

The credit profile of the Group's assets exposed to credit risk is shown below. This includes both externally and internally rated positions. Unit linked assets have not been included as shareholders are not directly exposed to the associated credit risk. Additionally, assets such as equity securities, deferred acquisition costs and tax have no exposure to the associated credit risk and therefore have also been excluded.

For externally rated assets, the credit rating bands are provided by independent rating agencies. Unrated traded instruments are assigned a rating through a portfolio review process or through a committee, depending on complexity. Certain assets require an internal rating even when an external rating is already available, if these constitute material traded exposures or are complex securitisations or direct investments. In these cases, internal ratings are assigned by either the Asset Management Direct Investment rating team or the asset management firm that originated the transaction.

The carrying amount of the financial assets recorded in the financial statements represents the maximum exposure to credit risk before taking account of collateral held. Collateral is held to mitigate credit risk exposures, by virtue of transactions in long-dated derivatives and stock lending activities.

Shareholder

As at 31 December 2024	Notes	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Other £m	Total £m
Government securities		199	13,741	232	159	18	1	14,350
Other fixed rate securities		1,988	7,690	23,145	21,696	361	42	54,922
Variable rate securities		774	2,703	4,165	3,558	122	16	11,338
Lifetime mortgages		–	4,917	483	402	–	59	5,861
Accrued interest		25	135	256	277	6	2	701
Total debt securities		2,986	29,186	28,281	26,092	507	120	87,172
Loans		–	226	303	–	–	2,185	2,714
Derivative assets	13	–	733	48,298	–	–	164	49,195
Cash and cash equivalents	15	1,420	408	1,628	72	–	229	3,757
Reinsurance contract assets		–	3,889	5,047	228	–	1	9,165
Other assets		12	152	176	29	–	3,783	4,152
Total		4,418	34,594	83,733	26,421	507	6,482	156,155

As at 31 December 2023	Notes	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Other £m	Total £m
Government securities		242	8,141	253	98	1	1	8,736
Other fixed rate securities		2,083	7,080	24,206	21,646	299	141	55,455
Variable rate securities		471	2,734	4,039	3,328	133	2	10,707
Lifetime mortgages		–	4,835	504	402	–	25	5,766
Accrued interest		24	113	240	283	4	2	666
Total debt securities		2,820	22,903	29,242	25,757	437	171	81,330
Loans		–	183	893	–	–	536	1,612
Derivative assets	13	–	35	37,332	–	1	651	38,019
Cash and cash equivalents	15	985	805	1,886	115	–	444	4,235
Reinsurance contract assets		–	4,163	2,551	256	–	336	7,306
Other assets		15	253	237	116	2	6,050	6,673
Total		3,820	28,342	72,141	26,244	440	8,188	139,175

Impairment

The table below shows the gross carrying value of financial investments measured at FVOCI and amortised cost split by credit rating, separately identifying those investments for which a 12-month ECL (i.e. Stage 1) or Lifetime ECL (i.e. Stage 2 and 3) is calculated, as well as any loss allowances recognised. As at 31 December 2024, the Group did not have any purchased or originated credit-impaired financial investments (2023: no purchased or originated credit-impaired financial investments).

	Assets under Stage 1 2024 £m	Assets under Stage 2 and 3 2024 £m	Total 2024 £m	Assets under Stage 1 2023 £m	Assets under Stage 2 and 3 2023 £m	Total 2023 £m
FVOCI						
Shareholder						
AAA	88	–	88	54	–	54
AA	1,697	–	1,697	1,802	–	1,802
A	93	–	93	111	–	111
BBB	43	–	43	55	–	55
BB and below	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total gross	1,921	–	1,921	2,022	–	2,022
ECL	(7)	–	(7)	(5)	–	(5)

	Assets under Stage 1 2024 £m	Assets under Stage 2 and 3 2024 £m	Total 2024 £m	Assets under Stage 1 2023 £m	Assets under Stage 2 and 3 2023 £m	Total 2023 £m
Amortised cost						
Shareholder						
AAA	242	–	242	253	–	253
AA	542	–	542	530	–	530
A	3,873	–	3,873	3,478	–	3,478
BBB	4,312	–	4,312	3,647	113	3,760
BB and below	–	29	29	18	25	43
Other	83	–	83	12	–	12
Total gross	9,052	29	9,081	7,938	138	8,076
ECL	(32)	–	(32)	(25)	(6)	(31)
Total net amount	9,020	29	9,049	7,913	132	8,045

Other financial assets at amortised cost are predominantly unrated other receivables with an immaterial loss allowance (2023: immaterial loss allowance).

Balance sheet management continued

17. Credit risk continued

Offsetting

Financial assets and liabilities are offset in the Consolidated Balance Sheet when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and liability simultaneously.

The Group has not entered into any financial transactions resulting in financial assets and liabilities being offset in the Consolidated Balance Sheet. The table below shows the financial assets and liabilities that are subject to master netting agreements in shareholder assets and liabilities. Unit linked assets and liabilities have not been included as shareholders are not exposed to the risks on these policies.

	Amounts subject to enforceable netting arrangements				
	Gross and net amounts reported in the Consolidated Balance Sheet £m	Amounts under master netting arrangements but not offset			
		Related financial instruments ¹ £m	Cash collateral ² £m	Securities collateral pledged ² £m	Net amount £m
As at 31 December 2024					
Derivative assets	49,195	(48,433)	(85)	(677)	–
Reverse repurchase agreements	2,630	–	–	(2,630)	–
Total	51,825	(48,433)	(85)	(3,307)	–
Derivative liabilities	(54,274)	48,433	630	5,211	–
Repurchase agreements	(2,488)	–	–	2,488	–
Total	(56,762)	48,433	630	7,699	–

	Amounts subject to enforceable netting arrangements				
	Gross and net amounts reported in the Consolidated Balance Sheet £m	Amounts under master netting arrangements but not offset			
		Related financial instruments ¹ £m	Cash collateral ² £m	Securities collateral pledged ² £m	Net amount £m
As at 31 December 2023					
Derivative assets	38,019	(37,172)	(790)	(57)	–
Reverse repurchase agreements	1,599	–	–	(1,599)	–
Total	39,618	(37,172)	(790)	(1,656)	–
Derivative liabilities	(40,499)	37,172	1,385	1,942	–
Repurchase agreements	(2,456)	–	–	2,456	–
Total	(42,955)	37,172	1,385	4,398	–

1. Related financial instruments represents outstanding amounts with the same counterparty which, under agreements such as the ISDA Master Agreement, could be offset and settled net following certain predetermined events.

2. Cash and securities held may exceed target levels due to the complexities of operational collateral management, timing and agreements in place with individual counterparties.

In the tables above, the amounts of assets or liabilities presented in the Consolidated Balance Sheet are offset first by financial instruments that have the right of offset under master netting or similar arrangements with any remaining amount reduced by cash and securities collateral.

18. Insurance risk

The Group is exposed to insurance risk as a consequence of offering the principal products outlined in Note 7. Insurance risk is the exposure to loss arising from insurance risk experience being different to that anticipated. Detailed below are the insurance risks associated with each of the Group's segments along with the mitigating controls operated. They are applicable to all stated products across the Group.

Principal risks	Segment	Controls to mitigate risks
Longevity, mortality and morbidity risks		
For contracts providing death benefits, higher mortality rates would lead to an increase in claims costs. The cost of health related claims depends on both the incidence of policyholders becoming ill and the duration over which they remain ill. Higher than expected incidence or duration would increase costs over the level currently assumed in the calculation of liabilities.	Retail	The pricing of protection business is based on assumptions as to future trends in mortality and morbidity having regard to past experience. Underwriting criteria are defined setting out the risks that are unacceptable and the terms for non-standard risks presented by the lives to be insured. Extensive use of reinsurance is made within the UK retail protection business, placing a proportion of all risks meeting prescribed criteria. Mortality and morbidity experience is compared to that assumed within the pricing and reserving basis with variances subject to actuarial investigation.
For annuity contracts, the Group is exposed to the risk that mortality experience is lower than assumed. Lower than expected mortality would require payments to be made for longer and increase the cost of benefits provided. Lifetime mortgage business also explicitly has some exposure to the life expectancy of borrowers.	Institutional Retirement and Retail	Annuity business is priced having regard to current levels and trends in improvements in future mortality. Enhanced annuities, which are priced taking account of impairments to life expectancy, are subject to specific underwriting criteria. Certain annuitant mortality risks, including enhanced annuities, are placed with reinsurers. The Group regularly reviews its mortality experience and industry projections of longevity and adjusts the pricing and valuation assumptions accordingly. The selective use of reinsurance acts to reduce the impact of significant future variations in life expectancy. In pricing lifetime mortgage business, account is taken of levels and trends in mortality rates in setting the amounts that are advanced to borrowers relative to the value of the property on which the loan is secured.
Persistency risk		
In the early years of a policy, lapses may result in a loss to the Group, as the acquisition costs associated with the contract would not have been recovered from product margins.	Retail	The pricing and valuation assumptions for protection business include allowance for policy lapses. Lapse risk is somewhat mitigated by reinsurance. Actual trends in policy lapse rates are monitored against these assumptions with variances being subject to actuarial investigation.
Expense risk		
In pricing long-term insurance business, assumptions are made as to the future cost of product servicing. A significant adverse divergence in actual expenses experience could reduce product profitability.	Institutional Retirement and Retail	In determining pricing assumptions, account is taken of expected price and wage inflation, with stress testing used to evaluate the effect of significant deviations. Actual product servicing costs are monitored relative to the costs assumed within the product pricing basis, with variances investigated.
Concentration (catastrophe) risk		
Insurance risk may be concentrated in geographic regions, altering the risk profile of the Group. The most significant exposure of this type arises for group protection business, where a single event could result in a large number of related claims.	Retail	Group protection business contracts include an 'event limit' capping the total liability under the policy from a single event. Excess of loss reinsurance further mitigates loss from the exposure. Additionally, exposure by location is monitored to ensure there is a geographic spread of risk. Catastrophe reinsurance cover also mitigates loss from concentrations of risk.
Epidemic (catastrophe) risk		
The spread of an epidemic could cause large aggregate claims across the Group's portfolio of protection businesses.	Retail	The pricing basis for protection business includes an assessment of potential claims as a result of epidemic risks. Quota share and excess of loss reinsurance contracts are used by individual and group protection, respectively, to further mitigate the risk. Depending on the nature of an epidemic, mortality experience may lead to a reduction in the cost of claims for annuity business. Pricing for new business can also be updated to reflect the change in expected claims.

Accumulation of risks

There is limited potential for single incidents to give rise to a large number of claims across the different contract types written by the Group. However, there are potentially material correlations of insurance risk with other types of risk exposure. The Group's capital model seeks to measure risk correlations particularly those that would tend to be more acute as the underlying risk scenarios become more extreme. An example of the accumulation of risk is the correlation between reinsurer credit risk with mortality and morbidity exposures.

Operational risk

Operational risk is defined as loss arising from inadequate or failed internal processes, people, systems or external events. Potential for exposure to such risk extends to all of the Group's businesses. The Group has constructed a framework of internal controls to minimise material loss from operational risk events recognising that no system of internal control can completely eliminate the risk of error, financial loss, fraudulent action or reputational damage.

Balance sheet management continued

19. Long-term insurance valuation assumptions

The Group's insurance assumptions, described below, relate to the UK insurance (both annuities and protection) business and material lines of the US insurance (both annuities and protection) business. Other non-UK businesses do not constitute a material component of the Group's operations and consideration of geographically determined assumptions is therefore not included.

For the purpose of producing IFRS 17 best estimate liabilities, the Group seeks to make best estimate assumptions about future experience based on current market conditions and recent experience.

(i) Mortality and morbidity

Mortality and morbidity assumptions for the UK business are set with reference to standard tables drawn up by the Continuous Mortality Investigation Bureau (CMI), a subsidiary of the Institute and Faculty of Actuaries, and/or UK death registrations. US assumptions are set with reference to standard tables drawn up by the American Academy of Actuaries. Tables are based on industry-wide mortality and morbidity experience for insured lives.

The Group conducts statistical investigations of its mortality and morbidity experience, the majority of which are carried out at least annually. Investigations determine the extent to which the Group's experience differs from that underpinning the standard tables, and suggest appropriate adjustments which need to be made to the valuation assumptions. Recent mortality experience observed as a result of Covid-19 and industry studies on its potential endemic effects have been used to derive appropriate adjustments to the assumptions.

In most cases, mortality rates are set separately for gender and smoker status, and the percentage of mortality table will vary for the first 2-5 years of the policy's duration to allow for underwriting selection.

Mortality tables	2024	2023
Non-linked individual assurance business		
UK term assurances ¹	90% TM08/TF08	90% TM08/TF08
UK term assurances with terminal illness ¹	66% – 86% TM08/TF08 Sel 5	74% – 86% TM08/TF08 Sel 5
UK term assurances with critical illness ²	83% – 126% ACL08 Sel 2	91% – 135% ACL08 Sel 2
US term assurances ³	Adjusted SOA 2014 VBT	Adjusted SOA 2014 VBT
Whole of Life Protection Plan ⁴	Bespoke Tables based on TM08/TF08 and UK death registrations	Bespoke Tables based on TM08/TF08 and UK death registrations
Whole of Life over 50 ⁴	Bespoke Tables based on ELT15 and Whole of Life Protection Plan	Bespoke Tables based on ELT15 and Whole of Life Protection Plan
Annuity business		
UK Annuities in deferment ⁵	95.3% – 95.5% PMA16_PBO/PFA16_PBO	95.3% – 95.6% PMA16_PBO/PFA16_PBO
UK Vested annuities ⁶		
Pension risk transfer	95.3% – 95.5% PMA16_PBO/PFA16_PBO	95.3% – 95.6% PMA16_PBO/PFA16_PBO
Other annuities	79.0% – 126.1% PMA16_PBO/PFA16_PBO	79.0% – 131.6% PMA16_PBO/PFA16_PBO
US annuities ⁷	Bespoke tables based on RP-2014 Healthy Annuitant Total table	Bespoke tables based on RP-2014 Healthy Annuitant Total table

- Improvement assumptions applied of 1.0% p.a. for males and females (2023: 1.0% p.a. for males and females).
- Morbidity rates are assumed to deteriorate at a rate of 0.50% p.a. for males and 0.75% p.a. for females (2023: 0.50% p.a. for males and 0.75% p.a. for females).
- Adjustments are made for gender, select period, smoker status, policy size, policy duration and year, issue year, age, and calendar year.
- Mortality rates are assumed to reduce based on CMI 2022 model with a long-term annual improvement rate of 1.75% for males and 1.25% for females (2023: Mortality rates are assumed to reduce based on CMI 2021 model with a long-term annual improvement rate of 1.75% for males and 1.25% for females).
- Table for male is created by using PMA16_PBO and for female it is PFA16_PBO (2023: PMA16_PBO and PFA16_PBO). These tables are used for both immediate and deferred annuities.
- Mortality rates are assumed to reduce according to an adjusted version of the mortality improvement model CMI 2022 (2023: CMI 2021) with the following parameters:
Males: Long-term Rate of 1.75% p.a. up to age 85 tapering to 0% at 110 (2023: Long-term Rate of 1.75% p.a. up to age 85 tapering to 0% at 110).
Females: Long-term Rate of 1.25% p.a. up to age 85 tapering to 0% at 110 (2023: Long-term Rate of 1.25% p.a. up to age 85 tapering to 0% at 110).
Smoothing is applied to derive initial rates using a smoothing parameter (Sk) value of 7.5 applied to ONS population data to 2022. The resulting initial rates are then adjusted to reflect socio-economic class, these adjustments have been updated for 2024. (2023: smoothing parameter (Sk) value of 7.5 applied to L&G bespoke population data to 2021).
Zero weights is placed on data for calendar years 2020, 2021 and 2022 (2023: zero weight for calendar years 2020, 2021 and 2022).
For individual annuities distributed through retail channels, a further allowance is made for the effect of initial selection.
The basis above is applicable up to age 90. After age 90 the basis is blended towards a bespoke table from age 105 onwards.
- Smoothing is applied to derive initial rates using a smoothing parameter (Sk) value of 7.75 for males and 7.5 for females, applied to HMD population data to 2022. The resulting initial rates are then adjusted to reflect socio-economic class, these adjustments have been updated for 2024 (2023: Mortality rates are assumed to reduce according to an adjusted version of the mortality improvement model CMI 2021). Zero weight is placed on data for the calendar years 2020, 2021 and 2022 (2023: zero weight for calendar years 2020, 2021 and 2022).

(ii) Valuation rates of interest and discount rates

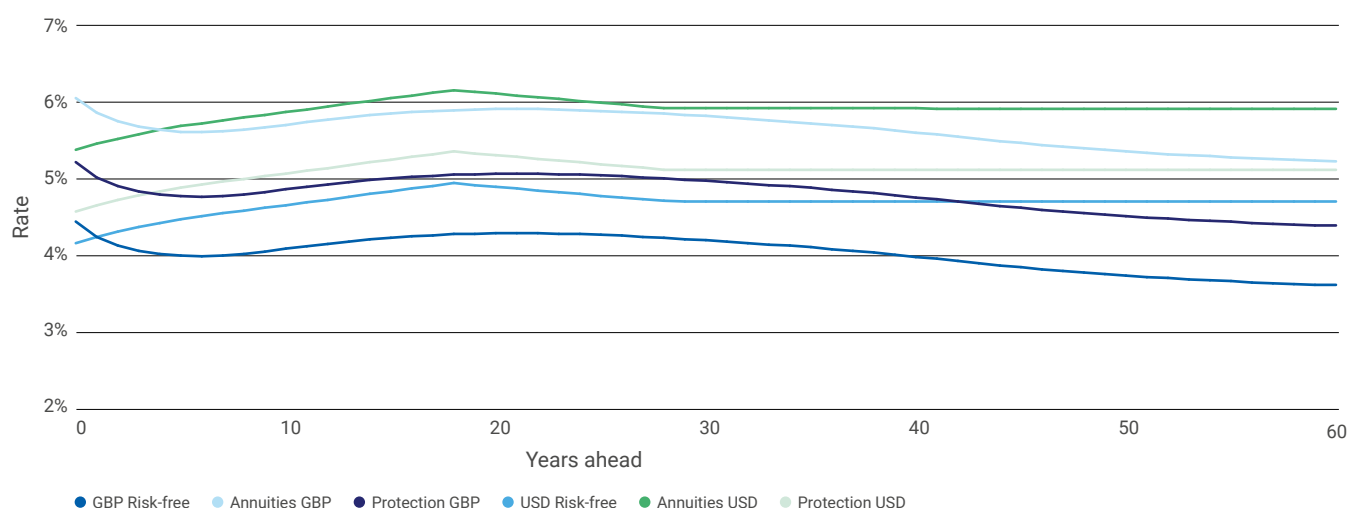
The interest rates used to discount the cash flows for the purpose of valuing insurance contract liabilities should reflect the timing and liquidity characteristics of the insurance liability cash flows and current market conditions. The valuation interest rate assumptions are derived as interest rate curves with full term structure.

In deriving the liquidity premium assumptions for annuity business, an explicit allowance for risk is deducted from the yield on the assets backing annuity liabilities. The allowance for risk comprises long-term assumptions about defaults and the market risk premiums for taking credit risk. In the case of lifetime mortgage assets a best estimate expectation of losses arising from the No Negative Equity Guarantee, and the market risk premiums for this risk are deducted from the yield. For the UK annuity business, the deduction for risk of default for corporate bonds and direct investments equated to 38bps (2023: 40bps). For lifetime mortgages the deductions equated to £0.3bn (2023: £0.4bn).

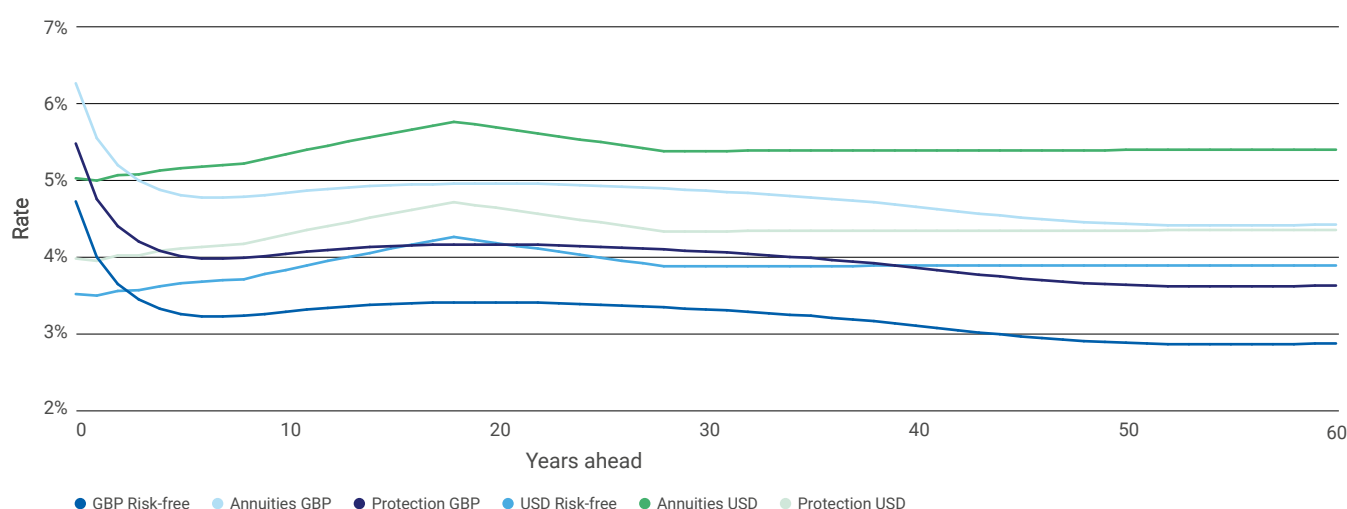
For US and UK protection business, the yield is calculated based on notional asset portfolios of AA rated corporate bonds and cash, which reflect the characteristics of the liability cash flows. An explicit allowance is deducted from the yield to reflect the default risk associated with the notional portfolio assets.

The discount rate curves used for material product lines are shown below. The discount rate curves are used to discount the cash flows on the underlying contracts and any associated reinsurance cashflows. The graph displays the underlying spot rates:

31 December 2024 Discount Rates



31 December 2023 Discount Rates



19. Long-term insurance valuation assumptions continued

(iii) Persistency

The Group monitors its persistency experience and carries out detailed investigations annually. Persistency experience can be volatile and past experience may not be an appropriate future indicator. The Group tries to balance past experience and potential future conditions in setting assumptions about expected long-term average persistency levels.

Lapse Rates	2024	2023
UK Level term	1.9% – 29.5%	2.0% – 30.0%
UK Decreasing term	3.8% – 14.6%	4.1% – 14.7%
UK Accelerated critical illness cover	3.0% – 28.3%	3.2% – 31.3%
Whole of Life (conventional non profit)	0.6% – 12.2%	0.6% – 10.0%
US term – 10 year guarantee period	7.1% – 8.1%	7.1% – 8.1%
US term – 15 year guarantee period	4.2% – 5.8%	4.2% – 5.8%
US term – 20 year guarantee period	3.0% – 6.1%	3.0% – 6.1%
US term – 30 year guarantee period	2.1% – 6.5%	2.1% – 6.5%
US Universal Life	2.7%	2.7%

(iv) Expenses

The Group monitors its expense experience and carries out detailed investigations regularly to determine the expenses incurred in writing and administering the different products and classes of business. Adjustments may be made for known future changes in the administration processes, in line with the Group's business plan, as well as for changes in allocations. An allowance for expense inflation in the future is also made in line with RPI, taking account of both salary and price information.

(v) Risk Adjustment

The risk adjustment is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For the majority of risks, the Group's view on the compensation required for non-financial risks is determined with reference to an 85th percentile confidence level (2023: 85th percentile), calculated using a one-year Value-at-Risk (VAR) measure. This VAR measure reflects the Group's view on how non-financial risks behave (risk distributions), diversification of risks across the Group (risk correlations), and the costs and benefits from reinsurance in place (risk mitigation). This is consistent with how risks are priced for and managed across the Group. Where the Group has less appetite for a risk (and requires proportionally higher compensation) a higher confidence level is used. The calculation uses a capital basis appropriate for the territory, the type of business, and how it is priced. A one percentile increase in the one-year confidence level would increase the compensation targeted by c£40m (2023: c£50m).

We have estimated the equivalent confidence level for the entire Group on a multi-year basis, using a weighted average of the key risks. Overall the Group risk adjustment as at 31 December 2024 is aligned to a 75th percentile multi-year confidence level (2023: 75th percentile) over the full runoff of the portfolio.

The Group calculates its Risk Adjustment at contract level using a Provision for Adverse Deviations (PADs) approach, where adjustments are applied to best estimate non-financial risk assumptions to calculate the risk adjustment required over and above the best estimate liability for each contract. These adjustments (which vary by risk) are calibrated such that the total Group Risk Adjustment calculated aligns to the Group's view of compensation for non-financial risks determined with reference to the 85th percentile (as described above) and the Risk Adjustment at contract level is representative of the compensation required by Group for that contract.

20 IFRS sensitivity analysis

	Impact on post-tax Group profit arising from financial assets 2024 £m	Impact on Group equity arising from financial assets 2024 £m	Impact on post-tax Group profit arising from insurance contracts 2024 £m	Impact on Group equity arising from insurance contracts 2024 £m	Net impact on post-tax Group profit 2024 £m	Net impact on Group equity 2024 £m
Economic sensitivity						
Long-term insurance, other Group assets and obligations						
100bps increase in interest rates	(5,153)	(5,400)	4,975	5,140	(178)	(260)
100bps decrease in interest rates	6,053	6,369	(5,910)	(6,119)	143	250
50bps increase in future inflation expectations	1,630	1,680	(1,540)	(1,508)	90	172
50bps decrease in future inflation expectations	(1,496)	(1,540)	1,499	1,469	3	(71)
Credit spreads widen by 100bps with no change in expected defaults	(3,449)	(3,475)	3,308	3,459	(141)	(16)
25% rise in equity markets	323	323	–	–	323	323
25% fall in equity markets	(323)	(323)	–	–	(323)	(323)
15% rise in property values	975	975	(19)	(19)	956	956
15% fall in property values	(1,078)	(1,078)	95	95	(983)	(983)
10bps increase in credit default assumptions	–	–	(408)	(426)	(408)	(426)
10bps decrease in credit default assumptions	–	–	373	388	373	388

	Impact on post-tax Group profit arising from financial assets 2023 £m	Impact on Group equity arising from financial assets 2023 £m	Impact on post-tax Group profit arising from insurance contracts 2023 £m	Impact on Group equity arising from insurance contracts 2023 £m	Net impact on post-tax Group profit 2023 £m	Net impact on Group equity 2023 £m
Economic sensitivity						
Long-term insurance, other Group assets and obligations						
100bps increase in interest rates	(5,909)	(6,151)	5,713	5,892	(196)	(259)
100bps decrease in interest rates	6,999	7,318	(6,919)	(7,147)	80	171
50bps increase in future inflation expectations	1,778	1,814	(1,831)	(1,801)	(53)	13
50bps decrease in future inflation expectations	(1,620)	(1,652)	1,732	1,707	112	55
Credit spreads widen by 100bps with no change in expected defaults	(4,193)	(4,216)	4,041	4,206	(152)	(10)
25% rise in equity markets	297	297	–	–	297	297
25% fall in equity markets	(297)	(297)	–	–	(297)	(297)
15% rise in property values	1,155	1,155	(25)	(25)	1,130	1,130
15% fall in property values	(1,276)	(1,276)	102	102	(1,174)	(1,174)
10bps increase in credit default assumptions	–	–	(494)	(514)	(494)	(514)
10bps decrease in credit default assumptions	–	–	455	471	455	471

	Impact on CSM 2024 £m	Impact on post-tax Group profit 2024 £m	Impact on Group equity 2024 £m
Non-economic sensitivity			
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	370	(74)	(74)
1% increase in annuitant mortality, net of reinsurance	184	(36)	(36)
1% decrease in annuitant mortality, gross of reinsurance	(374)	75	75
1% decrease in annuitant mortality, net of reinsurance	(185)	37	37
5% increase in assurance mortality, gross of reinsurance	(629)	(400)	(281)
5% increase in assurance mortality, net of reinsurance	(346)	(92)	(65)
10% increase in maintenance expenses, gross of reinsurance	(158)	(7)	–
10% increase in maintenance expenses, net of reinsurance	(155)	(6)	1

	Impact on CSM 2023 £m	Impact on post-tax Group profit 2023 £m	Impact on Group equity 2023 £m
Non-economic sensitivity			
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	352	(52)	(52)
1% increase in annuitant mortality, net of reinsurance	181	(26)	(26)
1% decrease in annuitant mortality, gross of reinsurance	(357)	52	52
1% decrease in annuitant mortality, net of reinsurance	(183)	27	27
5% increase in assurance mortality, gross of reinsurance	(591)	(395)	(308)
5% increase in assurance mortality, net of reinsurance	(307)	(95)	(81)
10% increase in maintenance expenses, gross of reinsurance	(140)	(3)	1
10% increase in maintenance expenses, net of reinsurance	(137)	(4)	1

20 IFRS sensitivity analysis continued

The economic sensitivity tables above show the impacts on Group post-tax profit and equity, net of reinsurance, under each sensitivity scenario. The impacts on Group post-tax profit and equity arising from financial assets and insurance contracts are also shown separately in the tables. The economic sensitivity impacts cover long-term insurance business and other group assets and obligations.

The non-economic sensitivity tables above show the impacts on CSM, Group post-tax profit and equity, gross and net of reinsurance, under each sensitivity scenario. The non-economic sensitivity impacts cover long-term insurance business only.

The Group impacts may arise from asset and/or liability movements under the sensitivities. The current disclosure reflects management's view of key risks in current economic conditions.

The stresses are assumed to occur on the balance sheet date. Both CSM and current year CSM release into profit are assumed to be affected when non-financial assumptions are stressed.

In calculating the alternative values, all other assumptions are left unchanged. In practice, impacts of the Group's experience may be correlated.

The sensitivity analyses do not take into account management actions that could be taken to reduce the impacts. The Group seeks to actively manage its asset and liability position. A change in market conditions may lead to changes in the asset allocation or charging structure which may have a more, or less, significant impact on the value of the liabilities. The analysis also ignores any second order effects of the assumption change, including the potential impact on the Group asset and liability position and any second order tax effects.

The sensitivity of profit and equity to changes in assumptions may not be linear. They should not be extrapolated to changes of a much larger order.

The change in interest rate stresses assume a 100 bps increase/decrease in the gross redemption yield on fixed interest securities together with the same change in the real yields on variable securities. Interest rates used to discount liabilities are assumed to move in line with market yields, adjusted to remove risks in the asset reference portfolios that are not present in the liabilities calculated in a manner consistent with the base results.

The inflation stresses adopted are a 0.5% per annum (p.a.) increase/decrease in inflation, resulting in a 0.5% p.a. reduction/rise in real yield and no change to the nominal yield. In addition, the expense inflation rate is increased/decreased by 0.5% p.a. The expense inflation assumptions are non-financial and therefore recalibrate the CSM under the stresses. These recalibrations are reflected in the impacts shown.

In the sensitivity for credit spreads, corporate bond yields have increased by 100bps, government bond yields unchanged, and there has been no adjustment to the default assumptions. All lifetime mortgages are excluded, as their primary exposure is to property risk, and therefore captured under the property stress.

The equity stresses are a 25% rise and 25% fall in listed equity market values.

The property stresses adopted are a 15% rise and 15% fall in property market values including lifetime mortgages. Where property is being used to back liabilities, interest rates used to discount liabilities move with property yields, and so the value of the liabilities will also move.

The credit default assumption is set based on the credit rating of individual bonds and Moody's historical transition matrices. The credit default stress assumes a +/-10bps stress to the current credit default assumptions, which will have an impact on the interest rates used to discount liabilities. Default allowances for assets deemed credit risk free are unchanged. All lifetime mortgages are excluded, as their primary exposure is to property risk, and therefore captured under the property stress.

The annuitant mortality stresses are a 1% increase and 1% decrease in the mortality rates for immediate and deferred annuitants with no change to the mortality improvement rates.

The assurance mortality stress is a 5% increase in the mortality and morbidity rates with no change to the mortality and morbidity improvement rates.

The maintenance expense stress is a 10% increase in all types of maintenance expenses in future years.

21. Insurance contracts

(i) Insurance service result

For the year ended 31 December 2024	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
• CSM recognised for services provided	1,027	270	1,297
• Expected incurred claims and other insurance service expenses	5,838	2,826	8,664
• Change in the risk adjustment for non-financial risk for the risk expired	438	22	460
Recovery of insurance acquisition cash flows	25	142	167
Premium experience variance relating to past and current service	–	(14)	(14)
Total insurance revenue	7,328	3,246	10,574
Total insurance service expenses	(5,877)	(3,214)	(9,091)
Allocation of reinsurance premiums	(3,221)	(1,037)	(4,258)
Amounts recoverable from reinsurers for incurred claims	2,813	1,286	4,099
Net (expense)/income from reinsurance contracts held	(408)	249	(159)
Total insurance service result	1,043	281	1,324

For the year ended 31 December 2023	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
• CSM recognised for services provided	943	225	1,168
• Expected incurred claims and other insurance service expenses	5,278	2,597	7,875
• Change in the risk adjustment for non-financial risk for the risk expired	371	16	387
Recovery of insurance acquisition cash flows	19	132	151
Premium experience variance relating to past and current service	1	42	43
Total insurance revenue	6,612	3,012	9,624
Total insurance service expenses	(5,244)	(3,129)	(8,373)
Allocation of reinsurance premiums	(2,847)	(1,044)	(3,891)
Amounts recoverable from reinsurers for incurred claims	2,415	1,339	3,754
Net (expense)/income from reinsurance contracts held	(432)	295	(137)
Total insurance service result	936	178	1,114

(ii) Insurance and reinsurance contracts

	Assets 2024 £m	Liabilities 2024 £m	Assets 2023 £m	Liabilities 2023 £m
Insurance contracts issued				
Annuities				
Insurance contract balances	–	91,075	–	86,706
Assets for insurance contract acquisition cash flows ¹	–	(14)	–	(18)
Protection				
Insurance contract balances	–	4,609	–	4,782
Assets for insurance contract acquisition cash flows ¹	–	(22)	–	(24)
Total insurance contracts issued²	–	95,648	–	91,446

	Assets 2024 £m	Liabilities 2024 £m	Assets 2023 £m	Liabilities 2023 £m
Reinsurance contracts held				
Annuities				
Reinsurance contracts balances	6,651	2	4,758	–
Assets for reinsurance contract acquisition cash flows ¹	4	–	3	–
Protection				
Reinsurance contracts balances	2,510	168	2,545	220
Assets for reinsurance contract acquisition cash flows ¹	–	–	–	–
Total reinsurance contracts held²	9,165	170	7,306	220

1. Assets for insurance and reinsurance acquisition cash flows are presented within the carrying amount of the related insurance and reinsurance contract liabilities.

2. £6,798m (2023: £5,119m) of the net insurance balance of £86,653m (2023: £84,360m) is expected to run off within 12 months.

Balance sheet management continued

21. Insurance contracts continued

(iii) Annuities – Insurance contracts issued

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	2024	2024	2024	2024	2023	2023	2023	2023
	£m	£m	£m	£m	£m	£m	£m	£m
Opening insurance contract liabilities	86,630	3	73	86,706	73,664	6	59	73,729
Opening insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 1 January	86,630	3	73	86,706	73,664	6	59	73,729
Insurance revenue	(7,328)	–	–	(7,328)	(6,612)	–	–	(6,612)
Incurred claims and other insurance service expenses	–	–	5,847	5,847	–	–	5,215	5,215
Amortisation of insurance acquisition expenses	25	–	–	25	19	–	–	19
Changes that relate to past service	–	–	6	6	–	–	4	4
Losses and reversal of losses on onerous contracts	–	(1)	–	(1)	–	(2)	–	(2)
Insurance service expenses	25	(1)	5,853	5,877	19	(2)	5,219	5,236
Insurance service result	(7,303)	(1)	5,853	(1,451)	(6,593)	(2)	5,219	(1,376)
Finance expenses/(income) from insurance contracts	(1,196)	–	–	(1,196)	5,841	–	–	5,841
Effect of movements in exchange rates	70	(1)	–	69	(328)	(1)	(1)	(330)
Total amount recognised in comprehensive income	(8,429)	(2)	5,853	(2,578)	(1,080)	(3)	5,218	4,135
Investment components	(528)	–	528	–	(399)	–	399	–
Cash flows								
Premiums received	13,421	–	–	13,421	14,535	–	–	14,535
Claims and other directly attributable expenses	–	–	(6,369)	(6,369)	–	–	(5,603)	(5,603)
Insurance acquisition cash flows	(105)	–	–	(105)	(90)	–	–	(90)
Total cash flows	13,316	–	(6,369)	6,947	14,445	–	(5,603)	8,842
Closing insurance contract liabilities	90,989	1	85	91,075	86,630	3	73	86,706
Closing insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 31 December	90,989	1	85	91,075	86,630	3	73	86,706

(b) Reconciliation of the measurement components of insurance contracts

	Present value of future cash flows 2024 £m	Risk adjustment for non-financial risk 2024 £m	CSM 2024 £m	Total 2024 £m	Present value of future cash flows 2023 £m	Risk adjustment for non-financial risk 2023 £m	CSM 2023 £m	Total 2023 £m
Opening insurance contract liabilities	71,133	2,221	13,352	86,706	60,448	1,753	11,528	73,729
Opening insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 1 January	71,133	2,221	13,352	86,706	60,448	1,753	11,528	73,729
Changes that relate to current service								
CSM recognised for services provided	–	–	(1,027)	(1,027)	–	–	(943)	(943)
Release of risk adjustment	–	(438)	–	(438)	–	(371)	–	(371)
Experience adjustments	(13)	–	–	(13)	(83)	–	–	(83)
Total changes that relate to current service	(13)	(438)	(1,027)	(1,478)	(83)	(371)	(943)	(1,397)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(202)	(119)	321	–	(1,657)	52	1,605	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	(1)	–	–	(1)	(2)	–	–	(2)
Contracts initially recognised in the year	(871)	321	550	–	(1,305)	451	854	–
Total changes that relate to future service	(1,074)	202	871	(1)	(2,964)	503	2,459	(2)
Changes that relate to past service								
Claims variance	28	–	–	28	23	–	–	23
Insurance service result	(1,059)	(236)	(156)	(1,451)	(3,024)	132	1,516	(1,376)
Finance expenses/(income) from insurance contracts	(1,596)	(5)	405	(1,196)	5,177	340	324	5,841
Effect of movements in exchange rates	70	2	(3)	69	(310)	(4)	(16)	(330)
Total amount recognised in comprehensive income	(2,585)	(239)	246	(2,578)	1,843	468	1,824	4,135
Cash flows								
Premiums received	13,421	–	–	13,421	14,535	–	–	14,535
Claims and other directly attributable expenses	(6,369)	–	–	(6,369)	(5,603)	–	–	(5,603)
Insurance acquisition cash flows	(105)	–	–	(105)	(90)	–	–	(90)
Total cash flows	6,947	–	–	6,947	8,842	–	–	8,842
Closing insurance contract liabilities	75,495	1,982	13,598	91,075	71,133	2,221	13,352	86,706
Closing insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 31 December	75,495	1,982	13,598	91,075	71,133	2,221	13,352	86,706

(c) Impact of contracts recognised in the year

	Of which relates to:		Total impact of contracts recognised in the year 2023 £m	Of which relates to:	
	Total impact of contracts recognised in the year 2024 £m	Transfers or business acquisitions 2024 £m	Onerous contracts issued 2024 £m	Transfers or business acquisitions 2023 £m	Onerous contracts issued 2023 £m
Estimates of present value of cash outflows					
Insurance acquisition cash flows	105	–	–	90	–
Claims and other insurance service expenses payable	11,255	–	–	13,208	–
Estimates of present value of cash outflows	11,360	–	–	13,298	–
Estimates of present value of cash inflows	(12,231)	–	–	(14,603)	–
Risk adjustment for non-financial risk	321	–	–	451	–
CSM	550	–	–	854	–
Increase in insurance contract liabilities from contracts recognised in the year	–	–	–	–	–

Balance sheet management continued

21. Insurance contracts continued

(iii) Annuities – Insurance contracts issued continued

(d) Amounts determined on transition to IFRS 17

The Group has applied the fair value transition approach to Annuities written prior to 2016, the modified retrospective approach to Annuities written between 2016 and 2020 and the full retrospective approach for contracts written in 2021.

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach 2024 £m	Contracts measured under the modified retrospective approach 2024 £m	Contracts measured under the fair value approach 2024 £m	Total 2024 £m	New contracts and contracts measured under the full retrospective approach 2023 £m	Contracts measured under the modified retrospective approach 2023 £m	Contracts measured under the fair value approach 2023 £m	Total 2023 £m
Insurance revenue	2,258	2,154	2,916	7,328	1,536	2,138	2,938	6,612
CSM as at 1 January	2,441	5,811	5,100	13,352	1,442	5,659	4,427	11,528
Changes that relate to current service								
CSM recognised for services provided	(193)	(418)	(416)	(1,027)	(144)	(396)	(403)	(943)
Changes that relate to future service								
Changes in estimates which adjust the CSM	52	139	130	321	228	408	969	1,605
Contracts initially recognised in the year	550	–	–	550	854	–	–	854
Finance expenses/(income) from insurance contracts	118	158	129	405	65	149	110	324
Effect of movements in exchange rates	–	–	(3)	(3)	(4)	(9)	(3)	(16)
CSM as at 31 December	2,968	5,690	4,940	13,598	2,441	5,811	5,100	13,352

(iv) Annuities – Reinsurance contracts held

(a) Reconciliation of the remaining coverage and incurred claims

	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss recovery component 2024 £m	Loss recovery component 2024 £m	Asset for incurred claims 2024 £m	Total 2024 £m	Excluding loss recovery component 2023 £m	Loss recovery component 2023 £m	Asset for incurred claims 2023 £m	Total 2023 £m
Opening reinsurance contract liabilities	(1)	–	1	–	(1)	–	1	–
Opening reinsurance contract assets	4,682	1	75	4,758	2,459	2	34	2,495
Net balance as at 1 January	4,681	1	76	4,758	2,458	2	35	2,495
Allocation of reinsurance premium	(3,221)	–	–	(3,221)	(2,847)	–	–	(2,847)
Amount recoverable from reinsurers for incurred claims								
Amounts recoverable for claims and other expenses incurred in the year	24	–	2,790	2,814	1	–	2,415	2,416
Changes that relate to past service	–	–	–	–	–	–	–	–
Changes in expected future recoveries which relate to onerous underlying contracts	–	–	–	–	–	–	–	–
Recovery of reinsurance contract losses – adjustments to loss recovery component for changes in fulfilment cash flows	–	(1)	–	(1)	–	(1)	–	(1)
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Amount recoverable from reinsurers for incurred claims	24	(1)	2,790	2,813	1	(1)	2,415	2,415
Net (expenses)/income from reinsurance contracts	(3,197)	(1)	2,790	(408)	(2,846)	(1)	2,415	(432)
Finance income/(expenses) from reinsurance contracts	(114)	–	–	(114)	625	–	–	625
Effect of movements in exchange rates	4	–	1	5	(25)	–	–	(25)
Total amount recognised in comprehensive income	(3,307)	(1)	2,791	(517)	(2,246)	(1)	2,415	168
Investment components	(4)	–	4	–	(4)	–	4	–
Cash flows								
Premiums net of commission and other directly attributable expenses	4,709	–	–	4,709	4,464	–	–	4,464
Recoveries from reinsurance	–	–	(2,306)	(2,306)	–	–	(2,378)	(2,378)
Reinsurance pre-recognition cash flows	5	–	–	5	9	–	–	9
Total cash flows	4,714	–	(2,306)	2,408	4,473	–	(2,378)	2,095
Closing reinsurance contract liabilities	(24)	–	22	(2)	(1)	–	1	–
Closing reinsurance contract assets	6,108	–	543	6,651	4,682	1	75	4,758
Net balance as at 31 December	6,084	–	565	6,649	4,681	1	76	4,758

(b) Reconciliation of the measurement components of reinsurance contract balances

	Present value of future cash flows 2024 £m	Risk adjustment for non-financial risk 2024 £m	CSM 2024 £m	Total 2024 £m	Present value of future cash flows 2023 £m	Risk adjustment for non-financial risk 2023 £m	CSM 2023 £m	Total 2023 £m
Opening reinsurance contract liabilities	1	10	(11)	–	5	7	(12)	–
Opening reinsurance contract assets	1,283	1,103	2,372	4,758	(43)	818	1,720	2,495
Net balance as at 1 January	1,284	1,113	2,361	4,758	(38)	825	1,708	2,495
Changes that relate to current service								
CSM recognised for services received	–	–	(166)	(166)	–	–	(156)	(156)
Change in the risk adjustment for non-financial risk for risk expired	–	(235)	–	(235)	–	(193)	–	(193)
Experience adjustments	(7)	–	–	(7)	(81)	–	–	(81)
Total changes that relate to current service	(7)	(235)	(166)	(408)	(81)	(193)	(156)	(430)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(68)	(56)	124	–	(902)	43	859	–
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	–	–	–	–	(2)	–	–	(2)
Contracts initially recognised in the year	(183)	197	(14)	–	(181)	271	(90)	–
Total changes that relate to future service	(251)	141	110	–	(1,085)	314	769	(2)
Changes that relate to past service								
Claims variance	–	–	–	–	–	–	–	–
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts	(258)	(94)	(56)	(408)	(1,166)	121	613	(432)
Finance income/(expenses) from reinsurance contracts	(159)	(9)	54	(114)	417	168	40	625
Effect of movements in exchange rates	4	1	–	5	(24)	(1)	–	(25)
Total amount recognised in comprehensive income	(413)	(102)	(2)	(517)	(773)	288	653	168
Cash flows								
Premiums net of commission and other directly attributable expenses	4,709	–	–	4,709	4,464	–	–	4,464
Recoveries from reinsurance	(2,306)	–	–	(2,306)	(2,378)	–	–	(2,378)
Reinsurance pre-recognition cash flows	5	–	–	5	9	–	–	9
Total cash flows	2,408	–	–	2,408	2,095	–	–	2,095
Closing reinsurance contract liabilities	(11)	8	1	(2)	1	10	(11)	–
Closing reinsurance contract assets	3,290	1,003	2,358	6,651	1,283	1,103	2,372	4,758
Net balance as at 31 December	3,279	1,011	2,359	6,649	1,284	1,113	2,361	4,758

(c) Impact of contracts recognised in the year

		Of which relates to:			Of which relates to:	
	Total impact of contracts recognised in the year 2024 £m	Transfers or business acquisitions 2024 £m	Contracts initiated with loss recovery component 2024 £m	Total impact of contracts recognised in the year 2023 £m	Transfers or business acquisitions 2023 £m	Contracts initiated with loss recovery component 2023 £m
Estimates of present value of cash outflows	(6,215)	–	–	(8,235)	–	–
Estimates of present value of cash inflows	6,032	–	–	8,054	–	–
Risk adjustment for non-financial risk	197	–	–	271	–	–
CSM	(14)	–	–	(90)	–	–
Net change in reinsurance contracts from contracts recognised in the year	–	–	–	–	–	–

21. Insurance contracts continued

(iv) Annuities – Reinsurance contracts held continued

(d) Amounts determined on transition to IFRS 17

The Group has applied the fair value transition approach to Annuity reinsurance written prior to 2016, the modified retrospective approach to Annuity reinsurance written between 2016 and 2020 and the full retrospective approach for Annuity reinsurance contracts written in 2021.

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach 2024 £m	Contracts measured under the modified retrospective approach 2024 £m	Contracts measured under the fair value approach 2024 £m	Total 2024 £m	New contracts and contracts measured under the full retrospective approach 2023 £m	Contracts measured under the modified retrospective approach 2023 £m	Contracts measured under the fair value approach 2023 £m	Total 2023 £m
CSM as at 1 January	230	1,680	451	2,361	97	1,417	194	1,708
Changes that relate to current service								
CSM recognised for services received	(13)	(112)	(41)	(166)	(13)	(107)	(36)	(156)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(20)	108	36	124	237	333	289	859
Contracts initially recognised in the year	(14)	–	–	(14)	(90)	–	–	(90)
Finance (expenses)/income from reinsurance contracts	(2)	45	11	54	(1)	37	4	40
CSM as at 31 December	181	1,721	457	2,359	230	1,680	451	2,361

(v) Protection – Insurance contracts issued

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Liability for remaining coverage				Liability for incurred claims			
	Excluding loss component 2024 £m	Loss component 2024 £m	Liability for incurred claims 2024 £m	Total 2024 £m	Excluding loss component 2023 £m	Loss component 2023 £m	Liability for incurred claims 2023 £m	Total 2023 £m
Opening insurance contract liabilities	2,582	896	1,304	4,782	2,643	561	1,329	4,533
Opening insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 1 January	2,582	896	1,304	4,782	2,643	561	1,329	4,533
Insurance revenue	(3,246)	–	–	(3,246)	(3,012)	–	–	(3,012)
Incurred claims and other insurance service expenses	–	(89)	2,819	2,730	–	(62)	2,702	2,640
Amortisation of insurance acquisition expenses	142	–	–	142	132	–	–	132
Changes that relate to past service	–	–	35	35	–	–	26	26
Losses and reversal of losses on onerous contracts	–	307	–	307	–	331	–	331
Insurance service expenses	142	218	2,854	3,214	132	269	2,728	3,129
Insurance service result	(3,104)	218	2,854	(32)	(2,880)	269	2,728	117
Finance (income)/expenses from insurance contracts	(278)	(34)	24	(288)	(11)	67	6	62
Effect of movements in exchange rates	28	–	5	33	(108)	(1)	(11)	(120)
Total amount recognised in comprehensive income	(3,354)	184	2,883	(287)	(2,999)	335	2,723	59
Investment components	(38)	–	38	–	(37)	–	37	–
Cash flows								
Premiums received	3,258	–	–	3,258	3,217	–	–	3,217
Claims and other directly attributable expenses	–	–	(2,885)	(2,885)	–	–	(2,785)	(2,785)
Insurance acquisition cash flows	(259)	–	–	(259)	(242)	–	–	(242)
Total cash flows	2,999	–	(2,885)	114	2,975	–	(2,785)	190
Closing insurance contract liabilities	2,189	1,080	1,340	4,609	2,582	896	1,304	4,782
Closing insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 31 December	2,189	1,080	1,340	4,609	2,582	896	1,304	4,782

(b) Reconciliation of the measurement components of insurance contracts

	Present value of future cash flows 2024 £m	Risk adjustment for non-financial risk 2024 £m	CSM 2024 £m	Total 2024 £m	Present value of future cash flows 2023 £m	Risk adjustment for non-financial risk 2023 £m	CSM 2023 £m	Total 2023 £m
Opening insurance contract liabilities	2,551	600	1,631	4,782	2,069	617	1,847	4,533
Opening insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 1 January	2,551	600	1,631	4,782	2,069	617	1,847	4,533
Changes that relate to current service								
CSM recognised for services provided	–	–	(270)	(270)	–	–	(225)	(225)
Release of risk adjustment	–	(22)	–	(22)	–	(16)	–	(16)
Experience adjustments	(79)	–	–	(79)	5	–	–	5
Total changes that relate to current service	(79)	(22)	(270)	(371)	5	(16)	(225)	(236)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(174)	6	168	–	308	(32)	(276)	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	213	(2)	–	211	261	(1)	–	260
Contracts initially recognised in the year	(238)	15	319	96	(220)	15	276	71
Total changes that relate to future service	(199)	19	487	307	349	(18)	–	331
Changes that relate to past service								
Claims variance	32	–	–	32	22	–	–	22
Insurance service result	(246)	(3)	217	(32)	376	(34)	(225)	117
Finance (income)/expenses from insurance contracts	(334)	(18)	64	(288)	(50)	47	65	62
Effect of movements in exchange rates	3	11	19	33	(34)	(30)	(56)	(120)
Total amount recognised in comprehensive income	(577)	(10)	300	(287)	292	(17)	(216)	59
Cash flows								
Premiums received	3,258	–	–	3,258	3,217	–	–	3,217
Claims and other directly attributable expenses	(2,885)	–	–	(2,885)	(2,785)	–	–	(2,785)
Insurance acquisition cash flows	(259)	–	–	(259)	(242)	–	–	(242)
Total cash flows	114	–	–	114	190	–	–	190
Closing insurance contract liabilities	2,088	590	1,931	4,609	2,551	600	1,631	4,782
Closing insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 31 December	2,088	590	1,931	4,609	2,551	600	1,631	4,782

Balance sheet management continued

21. Insurance contracts continued

(v) Protection – Insurance contracts issued continued

(c) Impact of contracts recognised in the year

	Total impact of contracts recognised in the year 2024 £m	Of which relates to:		Total impact of contracts recognised in the year 2023 £m	Of which relates to:	
		Transfers or business acquisitions 2024 £m	Onerous contracts issued 2024 £m		Transfers or business acquisitions 2023 £m	Onerous contracts issued 2023 £m
Estimates of present value of cash outflows						
Insurance acquisition cash flows	259	–	94	242	–	73
Claims and other insurance service expenses payable	2,382	–	559	2,096	–	488
Estimates of present value of cash outflows	2,641	–	653	2,338	–	561
Estimates of present value of cash inflows	(2,879)	–	(558)	(2,558)	–	(491)
Risk adjustment for non-financial risk	15	–	1	15	–	1
CSM	319	–	–	276	–	–
Increase in insurance contract liabilities from contracts recognised in the year	96	–	96	71	–	71

(d) Amounts determined on transition to IFRS 17

The Group has applied the following transition approaches to its material Protection insurance contract portfolios on transition to IFRS 17, by year of issue:

Transition approach	UK Protection	US Protection
Full retrospective	2021	2021
Modified retrospective	2012-2020	2011-2020
Fair value	Pre-2012	Pre-2011

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach 2024 £m	Contracts measured under the modified retrospective approach 2024 £m	Contracts measured under the fair value approach 2024 £m	Total 2024 £m	New contracts and contracts measured under the full retrospective approach 2023 £m	Contracts measured under the modified retrospective approach 2023 £m	Contracts measured under the fair value approach 2023 £m	Total 2023 £m
Insurance revenue	1,281	1,189	776	3,246	1,055	1,171	786	3,012
CSM as at 1 January	574	866	191	1,631	427	1,106	314	1,847
Changes that relate to current service								
CSM recognised for services provided	(133)	(112)	(25)	(270)	(82)	(110)	(33)	(225)
Changes that relate to future service								
Changes in estimates which adjust the CSM	104	99	(35)	168	(51)	(132)	(93)	(276)
Contracts initially recognised in the year	319	–	–	319	276	–	–	276
Finance expenses/(income) from insurance contracts	32	28	4	64	21	37	7	65
Effect of movements in exchange rates	10	9	–	19	(17)	(35)	(4)	(56)
CSM as at 31 December	906	890	135	1,931	574	866	191	1,631

(vi) Protection – Reinsurance contracts held

(a) Reconciliation of the remaining coverage and incurred claims

	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss recovery component 2024 £m	Loss recovery component 2024 £m	Asset for incurred claims 2024 £m	Total 2024 £m	Excluding loss recovery component 2023 £m	Loss recovery component 2023 £m	Asset for incurred claims 2023 £m	Total 2023 £m
Opening reinsurance contract liabilities	(299)	–	79	(220)	(52)	–	–	(52)
Opening reinsurance contract assets	962	760	823	2,545	866	473	874	2,213
Net balance as at 1 January	663	760	902	2,325	814	473	874	2,161
Allocation of reinsurance premium	(1,037)	–	–	(1,037)	(1,044)	–	–	(1,044)
Amount recoverable from reinsurers for incurred claims								
Amounts recoverable for claims and other expenses incurred in the year	–	(106)	1,115	1,009	–	(11)	1,082	1,071
Changes that relate to past service	–	–	11	11	–	–	12	12
Changes in expected future recoveries which relate to onerous underlying contracts	5	–	–	5	3	–	–	3
Recovery of reinsurance contract losses – loss recovery component established due to recovery of losses on underlying contracts	–	279	–	279	–	315	–	315
Recovery of reinsurance contract losses – adjustments to loss recovery component for changes in fulfilment cash flows	–	(18)	–	(18)	–	(16)	–	(16)
Change in non-performance risk of reinsurers	–	–	–	–	(46)	–	–	(46)
Amount recoverable from reinsurers for incurred claims	5	155	1,126	1,286	(43)	288	1,094	1,339
Net (expenses)/income from reinsurance contracts	(1,032)	155	1,126	249	(1,087)	288	1,094	295
Finance income/(expenses) from reinsurance contracts	(123)	–	3	(120)	7	–	(5)	2
Effect of movements in exchange rates	(1)	1	4	4	(5)	(1)	(5)	(11)
Total amount recognised in comprehensive income	(1,156)	156	1,133	133	(1,085)	287	1,084	286
Investment components	(21)	–	21	–	(24)	–	24	–
Cash flows								
Premiums net of commission and other directly attributable expenses	957	–	–	957	958	–	–	958
Recoveries from reinsurance	–	–	(1,073)	(1,073)	–	–	(1,080)	(1,080)
Total cash flows	957	–	(1,073)	(116)	958	–	(1,080)	(122)
Closing reinsurance contract liabilities	(305)	–	137	(168)	(299)	–	79	(220)
Closing reinsurance contract assets	748	916	846	2,510	962	760	823	2,545
Net balance as at 31 December	443	916	983	2,342	663	760	902	2,325

Balance sheet management continued

21. Insurance contracts continued

(vi) Protection – Reinsurance contracts held continued

(b) Reconciliation of the measurement components of reinsurance contract balances

	Present value of future cash flows 2024 £m	Risk adjustment for non-financial risk 2024 £m	CSM 2024 £m	Total 2024 £m	Present value of future cash flows 2023 £m	Risk adjustment for non-financial risk 2023 £m	CSM 2023 £m	Total 2023 £m
Opening reinsurance contract liabilities	(254)	4	30	(220)	(48)	2	(6)	(52)
Opening reinsurance contract assets	2,941	6	(402)	2,545	2,467	11	(265)	2,213
Net balance as at 1 January	2,687	10	(372)	2,325	2,419	13	(271)	2,161
Changes that relate to current service								
CSM recognised for services received	–	–	6	6	–	–	41	41
Change in the risk adjustment for non-financial risk for risk expired	–	–	–	–	–	(1)	–	(1)
Experience adjustments	(30)	–	–	(30)	(15)	–	–	(15)
Total changes that relate to current service	(30)	–	6	(24)	(15)	(1)	41	25
Changes that relate to future service								
Changes in estimates which adjust the CSM	(208)	–	208	–	161	(3)	(158)	–
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	170	–	–	170	241	–	(8)	233
Contracts initially recognised in the year	52	–	43	95	34	2	35	71
Total changes that relate to future service	14	–	251	265	436	(1)	(131)	304
Changes that relate to past service								
Claims variance	8	–	–	8	12	–	–	12
Change in non-performance risk of reinsurers	–	–	–	–	(46)	–	–	(46)
Net income/(expenses) from reinsurance contracts	(8)	–	257	249	387	(2)	(90)	295
Finance income/(expenses) from reinsurance contracts	(113)	–	(7)	(120)	7	–	(5)	2
Effect of movements in exchange rates	4	–	–	4	(4)	(1)	(6)	(11)
Total amount recognised in comprehensive income	(117)	–	250	133	390	(3)	(101)	286
Cash flows								
Premiums net of commission and other directly attributable expenses	957	–	–	957	958	–	–	958
Recoveries from reinsurance	(1,073)	–	–	(1,073)	(1,080)	–	–	(1,080)
Total cash flows	(116)	–	–	(116)	(122)	–	–	(122)
Closing reinsurance contract liabilities	(191)	4	19	(168)	(254)	4	30	(220)
Closing reinsurance contract assets	2,645	6	(141)	2,510	2,941	6	(402)	2,545
Net balance as at 31 December	2,454	10	(122)	2,342	2,687	10	(372)	2,325

(c) Impact of contracts recognised in the year

	Total impact of contracts recognised in the year 2024 £m	Of which relates to:		Total impact of contracts recognised in the year 2023 £m	Of which relates to:	
		Transfers or business acquisitions 2024 £m	Onerous contracts issued 2024 £m		Transfers or business acquisitions 2023 £m	Onerous contracts issued 2023 £m
Estimates of present value of cash outflows	(587)	–	(522)	(462)	–	(397)
Estimates of present value of cash inflows	639	–	590	496	–	443
Risk adjustment for non-financial risk	–	–	–	2	–	–
CSM	43	–	27	35	–	25
Net change in reinsurance contracts from contracts recognised in the year	95	–	95	71	–	71

(d) Amounts determined on transition to IFRS 17

The Group has applied the following transition approaches to its material Protection reinsurance contract portfolios on transition to IFRS 17, by year of issue:

Transition approach	UK Protection	US Protection
Full retrospective	2021	2021
Modified retrospective	2012-2020	2011-2020
Fair value	Pre-2012	Pre-2011

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach 2024 £m	Contracts measured under the modified retrospective approach 2024 £m	Contracts measured under the fair value approach 2024 £m	Total 2024 £m	New contracts and contracts measured under the full retrospective approach 2023 £m	Contracts measured under the modified retrospective approach 2023 £m	Contracts measured under the fair value approach 2023 £m	Total 2023 £m
CSM as at 1 January	16	(465)	77	(372)	(11)	(420)	160	(271)
Changes that relate to current service								
CSM recognised for services received	(18)	33	(9)	6	2	54	(15)	41
Changes that relate to future service								
Changes in estimates which adjust the CSM	109	123	(24)	208	(8)	(87)	(71)	(166)
Contracts initially recognised in the year	43	–	–	43	35	–	–	35
Finance income/(expenses) from reinsurance contracts	1	(10)	2	(7)	1	(9)	3	(5)
Effect of movements in exchange rates	(1)	1	–	–	(3)	(3)	–	(6)
CSM as at 31 December	150	(318)	46	(122)	16	(465)	77	(372)

(vii) Maturity of contractual undiscounted cash flows

For the year ended 31 December 2024	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Contractual undiscounted cash flows						
1 year or less	6,263	236	6,499	91	(576)	(485)
1 – 2 years	6,693	(385)	6,308	(243)	(60)	(303)
2 – 3 years	6,597	(335)	6,262	(226)	(71)	(297)
3 – 4 years	6,503	(246)	6,257	(268)	(75)	(343)
4 – 5 years	6,407	(154)	6,253	(256)	(83)	(339)
5 – 10 years	29,925	380	30,305	(1,134)	(621)	(1,755)
10 – 20 years	46,008	3,396	49,404	(1,990)	(1,687)	(3,677)
Over 20 years	41,527	4,319	45,846	(5,651)	(1,995)	(7,646)
Total	149,923	7,211	157,134	(9,677)	(5,168)	(14,845)

For the year ended 31 December 2023	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Contractual undiscounted cash flows						
1 year or less	4,575	471	5,046	(110)	(709)	(819)
1 – 2 years	5,862	(364)	5,498	(52)	(39)	(91)
2 – 3 years	5,763	(298)	5,465	(63)	(49)	(112)
3 – 4 years	5,675	(205)	5,470	(73)	(54)	(127)
4 – 5 years	5,582	(121)	5,461	(82)	(65)	(147)
5 – 10 years	26,063	407	26,470	(517)	(525)	(1,042)
10 – 20 years	39,623	3,096	42,719	(1,145)	(1,593)	(2,738)
Over 20 years	33,802	3,873	37,675	(28)	(1,939)	(1,967)
Total	126,945	6,859	133,804	(2,070)	(4,973)	(7,043)

The undiscounted cash flows are calculated in line with the methodology and assumptions used to determine the best estimate liabilities. Where portfolios contain amounts which would be payable on demand the cashflows are determined in line with the best estimates of policyholder behaviour. Products which have amounts considered payable on demand are deferred annuities in the UK and universal life in the US.

During the deferral period a policyholder often has the ability to elect to surrender the policy or retire early, at which time the deferred annuity policy terminates. The cash value of the surrender is calculated in line with the terms of the agreement and in reference to the duration of deferral. The total value considered payable on demand as at 31 December 2024 is £10,990m (2023: £10,210m).

Universal life contracts written in the US provide savings and death benefits over the medium to long-term. The savings element is considered to be payable on demand by the policyholder. The total value considered payable on demand as at 31 December 2024 is £425m (2023: £436m).

Balance sheet management continued

21. Insurance contracts continued

(viii) CSM maturity profile

For the year ended 31 December 2024	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Number of years until expected to be recognised						
1 year or less	618	184	802	(102)	–	(102)
1 – 2 years	633	150	783	(106)	1	(105)
2 – 3 years	629	132	761	(105)	2	(103)
3 – 4 years	619	122	741	(105)	3	(102)
4 – 5 years	605	115	720	(104)	4	(100)
5 – 10 years	2,764	481	3,245	(501)	31	(470)
10 – 20 years	4,169	549	4,718	(806)	61	(745)
Over 20 years	3,561	198	3,759	(530)	20	(510)
Total	13,598	1,931	15,529	(2,359)	122	(2,237)

For the year ended 31 December 2023	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Number of years until expected to be recognised						
1 year or less	626	296	922	(90)	8	(82)
1 – 2 years	636	232	868	(94)	11	(83)
2 – 3 years	625	188	813	(94)	14	(80)
3 – 4 years	612	157	769	(94)	17	(77)
4 – 5 years	596	131	727	(94)	19	(75)
5 – 10 years	2,687	387	3,074	(462)	106	(356)
10 – 20 years	4,010	198	4,208	(789)	146	(643)
Over 20 years	3,560	42	3,602	(644)	51	(593)
Total	13,352	1,631	14,983	(2,361)	372	(1,989)

The amounts presented above reflect the net amount of CSM amortisation and interest accretion expected to be recognised in Insurance service result in future periods. Actual CSM amortisation in future periods will differ from that presented due to the impacts of future new business, recalibrations of the CSM, changes in the future coverage units as well as interest accretion, which will be presented in Finance income and expense.

(ix) Assets for insurance acquisition cash flows

(a) Insurance contracts

	Annuities 2024 £m	Protection 2024 £m	Total 2024 £m	Annuities 2023 £m	Protection 2023 £m	Total 2023 £m
Opening balance	18	24	42	20	28	48
Amounts incurred during the year	101	257	358	96	239	335
Amounts derecognised and included in the measurement of insurance contracts	(105)	(259)	(364)	(90)	(242)	(332)
Impairment losses and reversals	–	–	–	(8)	–	(8)
Effect of movements in exchange rates	–	–	–	–	(1)	(1)
Closing balance	14	22	36	18	24	42
Presented in insurance contract assets	–	–	–	–	–	–
Presented in insurance contract liabilities	14	22	36	18	24	42
Total¹	14	22	36	18	24	42

1. All balances relating to Assets for insurance acquisition cash flows are expected to run off within a year.

(b) Reinsurance contracts

	Annuities 2024 £m	Protection 2024 £m	Total 2024 £m	Annuities 2023 £m	Protection 2023 £m	Total 2023 £m
Opening balance	3	–	3	5	–	5
Amounts incurred during the year	7	–	7	7	–	7
Amounts derecognised and included in the measurement of reinsurance contracts	(6)	–	(6)	(9)	–	(9)
Impairment losses and reversals	–	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–	–
Closing balance	4	–	4	3	–	3
Presented in reinsurance contract assets	4	–	4	3	–	3
Presented in reinsurance contract liabilities	–	–	–	–	–	–
Total¹	4	–	4	3	–	3

1. All balances relating to Assets for insurance acquisition cash flows are expected to run off within a year.

22. Investment contract liabilities

(i) Analysis of investment contract liabilities

	Gross 2024 £m	Gross 2023 £m
Investment contract liabilities	323,957	316,872
Expected to be settled within 12 months	30,517	33,242
Expected to be settled after 12 months	293,440	283,630

Amounts under unit linked contracts are generally repayable on demand and the Group is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable liabilities to unit linked policyholders to be met as they fall due. However, the terms of funds investing in less liquid assets permit the deferral of redemptions for predefined periods in circumstances where there are not sufficient liquid assets within the fund to meet the level of requested redemptions.

Investment contract liabilities include £1,093m (2023: £848m) of Assured Payment Policies (APP) and Fixed Term Annuity (FTA) products, which are classified as Level 2 in the fair value hierarchy. The valuation of APP and FTA products are determined through a discounted cash flows model, where the discount rate is derived from a risk-free rate, a credit benchmark spread and a zero-volatility spread (Z-spread). The credit benchmark rate used is the A-rated credit spread curve which reflects the strategic portfolio mix. The Z-spread ensures that the fair value at inception is equal to the transaction price, therefore it is based on the premium on origination and remains constant over the life of the policy.

The presented fair values of the remaining investment contract liabilities reflect quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy.

During the year there have been no transfers of investment contract liabilities between levels of the fair value hierarchy (2023: no transfers between levels of the fair value hierarchy).

(ii) Movement in investment contract liabilities

	Gross 2024 £m	Gross 2023 £m
As at 1 January	316,872	286,830
Reserves in respect of new business	44,162	44,153
Amounts paid on surrenders and maturities during the year	(58,957)	(40,959)
Investment return	22,196	27,116
Management charges	(316)	(268)
Total as at 31 December	323,957	316,872

23. Borrowings

Borrowings comprise core borrowings such as subordinated Tier 2 bond issues, long-term unsecured senior debt and operational borrowings such as commercial paper issuance and bank borrowings under both committed and uncommitted debt facilities, including bank overdrafts. Borrowings secured on specific assets/cash flows are included as non-recourse borrowings.

(i) Analysis by type

	Borrowings excluding unit linked borrowings 2024 £m	Unit linked borrowings 2024 £m	Total 2024 £m	Borrowings excluding unit linked borrowings 2023 £m	Unit linked borrowings 2023 £m	Total 2023 £m
Core borrowings	4,308	–	4,308	4,280	–	4,280
Operational borrowings	1,734	1,657	3,391	1,457	383	1,840
Total borrowings	6,042	1,657	7,699	5,737	383	6,120

£216m of interest expense was incurred during the year (2023: £212m) on borrowings excluding non-recourse and unit linked borrowings. The total finance costs incurred in the year were £372m (2023: £347m), which also includes £7m of finance costs on lease liabilities (2023: £7m). Finance costs of £3m were capitalised in the year.

(ii) Analysis by nature

(a) Core borrowings

	Carrying amount 2024 £m	Coupon rate 2024 %	Fair value 2024 £m	Carrying amount 2023 £m	Coupon rate 2023 %	Fair value 2023 £m
Subordinated borrowings						
5.5% Sterling subordinated notes 2064 (Tier 2)	590	5.50	565	590	5.50	600
5.375% Sterling subordinated notes 2045 (Tier 2)	605	5.38	606	605	5.38	603
5.25% US Dollar subordinated notes 2047 (Tier 2)	688	5.25	684	676	5.25	656
5.55% US Dollar subordinated notes 2052 (Tier 2)	403	5.55	408	396	5.55	382
5.125% Sterling subordinated notes 2048 (Tier 2)	401	5.13	398	401	5.13	395
3.75% Sterling subordinated notes 2049 (Tier 2)	600	3.75	555	599	3.75	545
4.5% Sterling subordinated notes 2050 (Tier 2)	501	4.50	473	501	4.50	467
Client fund holdings of Group debt (Tier 2) ¹	(77)	–	(73)	(80)	–	(77)
Total subordinated borrowings	3,711	–	3,616	3,688	–	3,571
Senior borrowings						
Sterling medium term notes 2031-2041	609	5.87	633	609	5.87	666
Client fund holdings of Group debt ¹	(12)	–	(12)	(17)	–	(17)
Total senior borrowings	597	–	621	592	–	649
Total core borrowings	4,308	–	4,237	4,280	–	4,220

1. £89m (31 December 2023: £97m) of the Group's subordinated and senior borrowings are held by L&G customers through unit linked products. These borrowings are shown as a deduction from total core borrowings in the table above.

The presented fair values of the Group's core borrowings primarily reflect quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy. The 5.55% US Dollar subordinated notes 2052 and £49m of the senior borrowings are derived using prices from an external, publicly available pricing model by a standard market pricing source and have been classified as Level 2 in the fair value hierarchy. The inputs for this model include a range of factors which are deemed to be observable, including current market prices for comparative instruments, period to maturity and yield curves.

Subordinated borrowings

5.5% Sterling subordinated notes 2064

On 27 June 2014, Legal & General Group Plc issued £600m of 5.5% dated subordinated notes. The notes are callable at par on 27 June 2044 and every five years thereafter. If not called, the coupon from 27 June 2044 will be reset to the prevailing five year benchmark gilt yield plus 3.17% p.a. These notes mature on 27 June 2064.

5.375% Sterling subordinated notes 2045

On 27 October 2015, Legal & General Group Plc issued £600m of 5.375% dated subordinated notes. The notes are callable at par on 27 October 2025 and every five years thereafter. If not called, the coupon from 27 October 2025 will be reset to the prevailing five year benchmark gilt yield plus 4.58% p.a. These notes mature on 27 October 2045.

5.25% US Dollar subordinated notes 2047

On 21 March 2017, Legal & General Group Plc issued \$850m of 5.25% dated subordinated notes. The notes are callable at par on 21 March 2027 and every five years thereafter. If not called, the coupon from 21 March 2027 will be reset to the prevailing US Dollar mid-swap rate plus 3.687% p.a. These notes mature on 21 March 2047.

5.55% US Dollar subordinated notes 2052

On 24 April 2017, Legal & General Group Plc issued \$500m of 5.55% dated subordinated notes. The notes are callable at par on 24 April 2032 and every five years thereafter. If not called, the coupon from 24 April 2032 will be reset to the prevailing US Dollar mid-swap rate plus 4.19% p.a. These notes mature on 24 April 2052.

5.125% Sterling subordinated notes 2048

On 14 November 2018, Legal & General Group Plc issued £400m of 5.125% dated subordinated notes. The notes are callable at par on 14 November 2028 and every five years thereafter. If not called, the coupon from 14 November 2028 will be reset to the prevailing five year benchmark gilt yield plus 4.65% p.a. These notes mature on 14 November 2048.

3.75% Sterling subordinated notes 2049

On 26 November 2019, Legal & General Group Plc issued £600m of 3.75% dated subordinated notes. The notes are callable at par on 26 November 2029 and every five years thereafter. If not called, the coupon from 26 November 2029 will be reset to the prevailing five year benchmark gilt yield plus 4.05% p.a. These notes mature on 26 November 2049.

4.5% Sterling subordinated notes 2050

On 1 May 2020, Legal & General Group Plc issued £500m of 4.5% dated subordinated notes. The notes are callable at par on 1 November 2030 and every five years thereafter. If not called, the coupon from 1 November 2030 will be reset to the prevailing five year benchmark gilt yield plus 5.25% p.a. These notes mature on 1 November 2050.

All of the above subordinated notes are treated as Tier 2 own funds for Solvency II purposes unless stated otherwise.

Senior borrowings

Between 2000 and 2002 Legal & General Finance Plc issued £600m of senior unsecured Sterling medium term notes 2031-2041 at coupons between 5.75% and 5.875%. These notes have various maturity dates between 2031 and 2041.

Balance sheet management continued

23. Borrowings continued

(ii) Analysis by nature continued

(b) Operational borrowings

	Carrying amount 2024 £m	Interest rate 2024 %	Fair value 2024 £m	Carrying amount 2023 £m	Interest rate 2023 %	Fair value 2023 £m
Short-term operational borrowings						
Euro Commercial Paper	50	5.26	50	49	4.73	49
Bank loans and overdrafts	9	–	9	12	–	12
Non-recourse borrowings						
Cala revolving credit facility	–	–	–	149	7.15	149
Class B Surplus Notes	1,411	7.66	1,411	1,176	8.27	1,176
Affordable Homes revolving credit facilities	185	6.06	185	41	7.15	41
Homes Modular revolving credit facility	11	8.02	11	11	8.30	11
Suburban Build to Rent revolving credit facility	68	7.13	68	19	6.00	19
Total operational borrowings¹	1,734	–	1,734	1,457	–	1,457

1. Unit linked borrowings with a carrying value of £1,657m (31 December 2023: £383m) are excluded from the analysis above as the risk is retained by policyholders. Operational borrowings including unit linked borrowings are £3,391m (31 December 2023: £1,840m).

Non-recourse borrowings

- CALA Group (Holdings) Limited's revolving credit facility was secured by way of a bond and floating charge, and guarantees and fixed charges granted by CALA Group Limited and its main subsidiaries (CALA 1999 Limited, CALA Limited, and CALA Management Limited). A number of other bonds and floating charges, fixed securities, debentures and share pledges over land and assets was granted by certain subsidiaries of CALA Group Limited in favour of the lenders. The facility was derecognised following the disposal of Cala during 2024.
- The Class B Surplus Notes have been issued by a US subsidiary of the Group as part of a coinsurance structure for the purpose of US statutory regulations. The notes were issued in exchange for bonds of the same value from an unrelated party, included within Financial investments on the Group's Consolidated Balance Sheet.
- The revolving credit facilities to Affordable Homes are subject to agreed covenants, the breach of which could result in a charge on the land and work in progress of Legal & General Affordable Homes (Development 2) Limited and Legal & General Affordable Homes (Development 3) Limited and charge on investment property on Legal & General Affordable Homes Limited.
- Legal & General Homes Modular Limited's revolving credit facility is secured by way of fixed charges over development properties owned by the company and a fixed charge over the shares in the company.
- Suburban Build to Rent revolving credit facility is secured by way of fixed charges over development properties owned by the company and a fixed charge over the shares in the company.

The carrying value of operational borrowings approximates their fair value. The presented fair values reflect observable market information and have been classified as Level 2 in the fair value hierarchy with the exception of the Affordable Homes revolving credit facilities which have been classified as Level 3.

(iii) Analysis by maturity

As at 31 December 2024	Carrying amount £m	Maturity profile of undiscounted cash flows					Total £m
		Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Subordinated borrowings							
5.5% Sterling subordinated notes 2064 (Tier 2)	590	–	–	–	–	(600)	(600)
5.375% Sterling subordinated notes 2045 (Tier 2)	605	(6)	–	–	(600)	–	(606)
5.25% US Dollar subordinated notes 2047 (Tier 2)	688	(10)	–	–	(700)	–	(710)
5.55% US Dollar subordinated notes 2052 (Tier 2)	403	(4)	–	–	–	(399)	(403)
5.125% Sterling subordinated notes 2048 (Tier 2)	401	(3)	–	–	(400)	–	(403)
3.75% Sterling subordinated notes 2049 (Tier 2)	600	(2)	–	–	–	(600)	(602)
4.5% Sterling subordinated notes 2050 (Tier 2)	501	(4)	–	–	–	(500)	(504)
Client fund holdings of Group debt (Tier 2)	(77)	–	–	–	–	–	–
Senior borrowings							
Sterling medium term notes 2031-2041	609	(11)	–	(590)	(10)	–	(611)
Client fund holdings of Group debt	(12)	–	–	–	–	–	–
Total core borrowings	4,308	(40)	–	(590)	(1,710)	(2,099)	(4,439)
Short-term operational borrowings							
Euro Commercial Paper	50	(50)	–	–	–	–	(50)
Bank loans and overdrafts	9	(9)	–	–	–	–	(9)
Non-recourse borrowings							
Cala revolving credit facility	–	–	–	–	–	–	–
Class B Surplus Notes	1,411	–	–	(769)	(644)	–	(1,413)
Affordable Homes revolving credit facilities	185	(185)	–	–	–	–	(185)
Homes Modular revolving credit facility	11	(11)	–	–	–	–	(11)
Suburban Build to Rent revolving credit facility	68	–	(68)	–	–	–	(68)
Total operational borrowings	1,734	(255)	(68)	(769)	(644)	–	(1,736)
Total borrowings excluding unit linked borrowings¹	6,042	(295)	(68)	(1,359)	(2,354)	(2,099)	(6,175)
Contractual undiscounted interest payments		(332)	(1,318)	(2,781)	(1,849)	(556)	(6,836)
Total contractual undiscounted cash flows		(627)	(1,386)	(4,140)	(4,203)	(2,655)	(13,011)

1. Unit linked borrowings are excluded from the analysis above as the risk is retained by policyholders.

Balance sheet management continued

23. Borrowings continued

(iii) Analysis by maturity continued

	Carrying amount £m	Maturity profile of undiscounted cash flows					Total £m
		Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
As at 31 December 2023							
Subordinated borrowings							
5.5% Sterling subordinated notes 2064 (Tier 2)	590	–	–	–	–	(600)	(600)
5.375% Sterling subordinated notes 2045 (Tier 2)	605	(6)	–	–	(600)	–	(606)
5.25% US Dollar subordinated notes 2047 (Tier 2)	676	(10)	–	–	(668)	–	(678)
5.55% US Dollar subordinated notes 2052 (Tier 2)	396	(4)	–	–	–	(393)	(397)
5.125% Sterling subordinated notes 2048 (Tier 2)	401	(3)	–	–	(400)	–	(403)
3.75% Sterling subordinated notes 2049 (Tier 2)	599	(2)	–	–	–	(600)	(602)
4.5% Sterling subordinated notes 2050 (Tier 2)	501	(4)	–	–	–	(500)	(504)
Client fund holdings of Group debt (Tier 2)	(80)	–	–	–	–	–	–
Senior borrowings							
Sterling medium term notes 2031-2041	609	(11)	–	(590)	(10)	–	(611)
Client fund holdings of Group debt	(17)	–	–	–	–	–	–
Total core borrowings	4,280	(40)	–	(590)	(1,678)	(2,093)	(4,401)
Short-term operational borrowings							
Euro Commercial Paper	49	(49)	–	–	–	–	(49)
Bank loans and overdrafts	12	(12)	–	–	–	–	(12)
Non-recourse borrowings							
Cala revolving credit facility	149	–	(149)	–	–	–	(149)
Class B Surplus Notes	1,176	(4)	–	(543)	(631)	–	(1,178)
Affordable Homes revolving credit facilities	41	(41)	–	–	–	–	(41)
Homes Modular revolving credit facility	11	–	(11)	–	–	–	(11)
Suburban Build to Rent revolving credit facility	19	–	(19)	–	–	–	(19)
Total operational borrowings	1,457	(106)	(179)	(543)	(631)	–	(1,459)
Total borrowings excluding unit linked borrowings¹	5,737	(146)	(179)	(1,133)	(2,309)	(2,093)	(5,860)
Contractual undiscounted interest payments		(316)	(1,276)	(2,786)	(1,913)	(655)	(6,946)
Total contractual undiscounted cash flows		(462)	(1,455)	(3,919)	(4,222)	(2,748)	(12,806)

1. Unit linked borrowings are excluded from the analysis above as the risk is retained by policyholders.

The maturity profile above is calculated on the basis that a facility to refinance a maturing loan is not recognised unless the facility and loan are related. If refinancing under the Group's credit facilities was recognised, then all amounts shown as repayable within one year would be reclassified as repayable between one and five years.

Undiscounted interest payments are estimated based on the year end applicable interest rate and spot exchange rates.

Syndicated credit facility

The Group has in place a £1.5bn syndicated committed revolving credit facility provided by a number of its key relationship banks, maturing in August 2029. No amounts were outstanding at 31 December 2024.

(iv) Movement in borrowings

	2024 £m	2023 £m
As at 1 January	6,120	5,557
Cash movements:		
• Proceeds from borrowings	1,054	1,078
• Repayment of borrowings	(473)	(544)
• Increase in bank loans and overdrafts	1,271	148
• Disposal of Cala	(320)	–
Non-cash movements:		
• Amortisation	3	3
• Foreign exchange rate movements	43	(108)
• Other	1	(14)
Total core and operational borrowings as at 31 December	7,699	6,120

24. Provisions

(i) Analysis of provisions

	Notes	2024 £m	2023 £m
Other provisions	24(ii)	149	244
Retirement benefit obligations	24(iii)	3	14
Total provisions		152	258

(ii) Other provisions

Other provisions include costs that the Asset Management division is committed to incur on the extension of its existing partnership with State Street announced in 2021, to increase the use of Charles River technology across the front office and to deliver middle office services going forward. Costs include the transfer of data and operations to State Street, as well as the implementation of the new operating model. The amounts included in the provision have been determined on a best estimate basis by reference to a range of plausible scenarios, taking into account the multi-year implementation period for the project. As at 31 December 2024, the outstanding provision was £65m (31 December 2023: £108m).

(iii) Retirement benefit obligations

Defined contribution schemes

The Group operates the following principal defined contribution pension schemes in the UK and overseas:

- Legal & General Group Personal Pension Plan (UK)
- Legal & General Staff Stakeholder Pension Scheme (UK)
- Legal & General America Inc. Savings Plan (US).

The Group previously operated the CALA defined contribution pension scheme, until the disposal of Cala completed on 31 October 2024.

Contributions of £109m (2023: £102m) were made during year in respect of defined contribution schemes.

Defined benefit schemes

The Group currently operates the Legal & General America Inc. Cash Balance Plan (US) defined benefit scheme. The last full actuarial valuation was as at 31 December 2024.

The Group previously operated the following defined benefit pension schemes in the UK:

- Legal & General Group UK Pension and Assurance Fund (the Fund). The Fund was closed to new members from January 1995
- Legal & General Group UK Senior Pension Scheme (the Scheme). The Scheme was, with a few exceptions (principally transfers from the Fund), closed to new members from August 2000 and finally closed to new members from April 2007
- CALA Retirement and Death Benefits Scheme (UK). This scheme closed to new members from 31 December 2007 and closed to future accrual on 31 December 2018.

Certain parts of the liabilities of the Fund and the Scheme had previously been secured by way of annuities purchased from the Group, which were not recognised as an asset for IAS 19 purposes. In April 2023, Assured Payment Policies (APPs), previously transacted between the Group's UK defined benefit pension schemes and Legal and General Assurance Society Limited (LGAS), were surrendered at their carrying value of £839m and converted into annuity contracts. An additional top-up consideration of £183m, priced on an arm's length basis, was paid to LGAS by the defined benefit pension schemes as part of the transaction, making a total contribution for new annuities of £1,022m. This resulted in both pension schemes being fully covered by annuity contracts.

The Trustees completed a buyout of the Fund and the Scheme in November 2023, and the existing annuity policies were exchanged for individual policies between LGAS and members. As a result, all the Group's obligations under the pension schemes were fully extinguished, and the defined benefit obligation as at the settlement date of £1,470m was therefore derecognised. On the same date, the Group recognised the direct liability to the members within insurance contract liabilities. The difference between the defined benefit obligation at this date and the fair value of the insurance contract liabilities recognised under IFRS 17 resulted in £167m being recognised in the Consolidated Income Statement in 2023 as settlement costs. This reflects measurement differences between IFRS 17 and IAS 19, principally comprising of the associated CSM and risk adjustment.

The Fund and the Scheme still hold minimal residual assets which are expected to meet the cost of wind-up expenses. The Fund expects to complete their wind-up in 2025 and the Scheme in 2026.

Balance sheet management continued

24. Provisions continued

(iii) Retirement benefit obligations continued

Defined benefit schemes continued

Following the disposal of Cala, which completed on 31 October 2024, the Group no longer operates the CALA Retirement and Death Benefits Scheme.

	Fund and Scheme 2024 £m	Cala and US 2024 £m	Fund and Scheme 2023 £m	Cala and US 2023 £m
Movement in present value of defined benefit obligations				
As at 1 January	–	(115)	(1,480)	(105)
Current service cost	–	(4)	(3)	(4)
Interest expense	–	(2)	(64)	(5)
Actuarial remeasurement (recognised in the Consolidated Statement of Comprehensive Income)				
• Change in financial assumptions	–	2	70	(5)
• Change in demographic assumptions	–	–	(20)	2
• Experience	–	(2)	(37)	(5)
Benefits paid	–	2	64	5
Exchange differences	–	(1)	–	2
Disposal of Cala	–	63	–	–
Settlement	–	–	1,470	–
As at 31 December	–	(57)	–	(115)
Movement in fair value of plan assets				
As at 1 January	–	101	868	100
Expected return on plan assets at liability discount rate	–	2	38	5
Actuarial remeasurement (recognised in the Consolidated Statement of Comprehensive Income)	–	9	53	(4)
Employer contributions	–	7	127	7
Benefits paid	–	(2)	(64)	(5)
Exchange differences	–	1	–	(2)
Disposal of Cala	–	(64)	–	–
Purchase of non-plan asset annuities	–	–	(1,022)	–
As at 31 December	–	54	–	101
Gross defined benefit pension deficit included in provisions	–	(3)	–	(14)
Deferred tax on defined benefit pension deficit	–	1	–	3
Net defined benefit pension deficit	–	(2)	–	(11)

The fair value of the plan assets at the end of the year is made up as follows:

	Valuation based on quoted market price		Valuation based on other than quoted market price	
	Fund and Scheme £m	Cala and US ¹ £m	Fund and Scheme £m	Cala and US ¹ £m
As at 31 December 2024				
Equities	–	26	–	–
Bonds	–	6	–	–
Investment funds	–	–	–	5
Cash and cash equivalents	–	17	–	–
Fair value of plan assets	–	49	–	5

1. Cala and US reflects the Legal & General America Inc. Cash Balance Plan assets following the disposal of Cala.

	Valuation based on quoted market price		Valuation based on other than quoted market price	
	Fund and Scheme £m	Cala and US £m	Fund and Scheme £m	Cala and US £m
As at 31 December 2023				
Equities	–	27	–	–
Bonds	–	6	–	–
Investment funds	–	42	–	4
Cash and cash equivalents	–	22	–	–
Fair value of plan assets	–	97	–	4

The following amounts have been charged to the income statement:

	Fund and Scheme 2024 £m	Cala and US 2024 £m	Fund and Scheme 2023 £m	Cala and US 2023 £m
Current service costs	–	4	3	4
Net interest expense	–	–	26	–
Total amounts included in other expenses	–	4	29	4

Balance sheet management continued

25. Payables and other financial liabilities

	2024 £m	2023 £m
Derivative liabilities	57,873	43,821
Repurchase agreements ¹	22,117	25,452
Other financial liabilities ²	7,372	9,166
Total payables and other financial liabilities	87,362	78,439
Due within 12 months	28,124	38,175
Due after 12 months	59,238	40,264

1. Repurchase agreements are presented gross, however they and their related assets (included within debt securities) are subject to master netting arrangements. The significant majority of repurchase agreements are unit linked.
2. Other financial liabilities include trail commission, lease liabilities, FX spots and the value of short positions taken out to cover reverse repurchase agreements. The value of short positions as at 31 December 2024 was £1,614m (2023: £2,647m).

Fair value hierarchy

As at 31 December 2024	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost ¹ £m
Derivative liabilities	57,873	522	57,318	33	–
Repurchase agreements	22,117	–	22,117	–	–
Other financial liabilities	7,372	2,797	53	–	4,522
Total payables and other financial liabilities	87,362	3,319	79,488	33	4,522

As at 31 December 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost ¹ £m
Derivative liabilities	43,821	627	43,147	47	–
Repurchase agreements	25,452	–	25,452	–	–
Other financial liabilities	9,166	3,103	59	–	6,004
Total payables and other financial liabilities	78,439	3,730	68,658	47	6,004

1. The carrying value of payables and other financial liabilities at amortised cost approximates its fair value.

Derivative liabilities and repurchase agreements are measured at fair value, with changes in fair value recognised in profit or loss.

The fair value of derivative liabilities is derived using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Repurchase agreements are valued based on the discounted cash flows expected to be paid, using an observable market interest rate, in line with the value of the underlying security.

Within other financial liabilities, trail commission is measured at fair value through profit or loss. The balance represents a liability for the present value of future commission costs on distribution agreements with intermediaries, recognised in the balance sheet on inception of the contract and remeasured at subsequent reporting dates.

Collateral repayable on short position reverse repurchase agreements and other financial liabilities balances, including FX spots, broker and other payables, are measured at amortised cost. The carrying value of these liabilities approximates their fair value.

Significant transfers between levels

There have been no significant transfers of liabilities between Levels 1, 2 and 3 for the year ended 31 December 2024 (2023: no significant transfers).

26. Leases

(i) Group as a lessee

The Group leases offices, vehicles, IT equipment and investment properties under non-cancellable operating lease agreements. Note 11 Property, plant and equipment shows movements in right-of-use assets recognised on the Consolidated Balance Sheet within Property, plant and equipment, broken down by class of underlying asset.

The maturity profile and movement of lease liabilities are presented in the tables below¹. Lease liabilities are included within Payables and other financial liabilities (see Note 25).

As at 31 December	Undiscounted lease payments 2024 £m	Unpaid finance charge 2024 £m	Present value 2024 £m	Undiscounted lease payments 2023 £m	Unpaid finance charge 2023 £m	Present value 2023 £m
Within 1 year	35	(7)	28	38	(8)	30
1-2 years	31	(5)	26	36	(7)	29
2-3 years	23	(4)	19	32	(5)	27
3-4 years	12	(3)	9	23	(4)	19
4-5 years	12	(3)	9	11	(3)	8
After 5 years	154	(99)	55	173	(112)	61
Total lease liabilities	267	(121)	146	313	(139)	174

	2024 £m	2023 £m
As at 1 January	(174)	(178)
Additions	(9)	(22)
Interest expense	(7)	(7)
Lease payments	35	32
Foreign exchange rate movements	(1)	2
Disposals	10	–
Other	–	(1)
Total lease liability as at 31 December	(146)	(174)

1. Includes investment property lease liability.

Depreciation and impairment of right-of-use assets are included in other expenses and interest expenses on leases are included in other finance costs. No other material amounts in relation to arrangements for which the Group is a lessee have been recognised in the Consolidated Income Statement.

The remaining terms on the Group's leases range from 1 to 233 years (2023: 1 to 234 years), with approximately 2% of the leases (2023: 24%) having extension options and 79% of these leases (2023: 69%) having termination options. Extension and termination options are included in various leases across the Group and are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Group has no lease contracts that contain variable payments.

At 31 December 2024 the Group had committed to a 15-year lease for a new head office building in London, with an expected commencement date of January 2026. Total lease commitment is £237m (2023: committed to no additional leases).

(ii) Group as a lessor

Finance income for the year on finance leases and sub leases was £11m (2023: £8m), while income on operating leases was £439m (2023: £433m).

The future minimum lease payments receivable under finance lease arrangement, together with the present value, are disclosed in Note 14(i). The future undiscounted minimum lease payments receivable under operating lease arrangements are disclosed in Note 39(ii).

Balance sheet management continued

27. Management of capital resources

Solvency II

The Group measures and monitors its capital resources in line with the UK implementation of the Solvency II requirements as set out in the Prudential Regulation Authority (PRA) Rulebook. The Solvency II regulations were amended in the UK in December 2023 to introduce a change to the calculation of Risk Margin, in June 2024 to change the calculation of the Matching Adjustment and Fundamental Spread. In December 2024, the final regulations were implemented, and these introduce a number of changes to the Solvency II calculations, the most significant being the Matching Adjustment Attestation requirements, which increase the Fundamental Spread on assets where the Group believes there to be risks which are not sufficiently captured in existing deductions.

The Group calculates its Solvency II capital requirements using a Partial Internal Model. The majority of the risk to which the Group is exposed is assessed on the Internal Model basis approved by the PRA. Capital requirements for a few smaller entities are assessed using the Standard Formula basis on materiality grounds. The Group's US insurance businesses and Legal & General Reinsurance Company No. 2 are valued on a local statutory basis, following the PRA's approval to use Calculation Method 2 for including these businesses in the Group solvency calculation.

The table below is unaudited and shows the Group Own Funds, Solvency Capital Requirement (SCR) and Surplus Own Funds, based on the Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP) as at 31 December 2024.

As at 31 December 2024, and on the above basis, the Group had a surplus of £9,012m (31 December 2023: £9,167m) over its Solvency Capital Requirement, corresponding to a Solvency II capital coverage ratio of 232% (31 December 2023: 224%). The Solvency II capital position is as follows:

	2024 £m	2023 £m
Unrestricted Tier 1 Own Funds	11,988	12,845
Restricted Tier 1 Own Funds ¹	495	495
Tier 2 Subordinated liabilities	3,404	3,460
Eligibility restrictions	(27)	(244)
Solvency II Own Funds^{2,3}	15,860	16,556
Solvency Capital Requirement	(6,848)	(7,389)
Solvency II surplus	9,012	9,167
SCR Coverage ratio	232%	224%

1. Restricted Tier 1 Own Funds represent Perpetual restricted Tier 1 contingent convertible notes.

2. Solvency II Own Funds do not include an accrual for the final dividend of £902m (31 December 2023: final dividend of £871m) declared after balance sheet date.

3. Solvency II Own Funds allow for a Risk Margin of £1,041m (31 December 2023: £1,191m) and TMTP of £685m (31 December 2023: £970m).

A reconciliation of the Group's IFRS shareholders' equity to Solvency II Own Funds is given below:

	2024 £m	2023 £m
IFRS equity¹	3,548	4,826
CSM net of tax ²	10,287	10,048
IFRS equity plus CSM net of tax	13,835	14,874
Remove DAC, goodwill and other intangible assets and associated liabilities	(473)	(525)
Add IFRS carrying value of subordinated borrowings ³	3,788	3,768
Insurance contract valuation differences ⁴	(626)	(622)
Financial investments valuation differences ⁴	(1,118)	(845)
Difference in value of net deferred tax liabilities ^{2,4}	491	203
Other ⁴	(10)	(53)
Eligibility restrictions ⁴	(27)	(244)
Solvency II Own Funds^{4,5}	15,860	16,556

1. IFRS equity represents equity attributable to owners of the parent and restricted Tier 1 convertible debt note as per the Consolidated Balance Sheet.

2. On 31 December 2023, CSM net of tax and difference in value of net deferred tax liabilities were restated to reflect the introduction of the new corporate income tax regime in Bermuda, which was enacted in December 2023.

3. Treated as available capital on the Solvency II balance sheet as the liabilities are subordinate to policyholder claims.

4. These balances are unaudited.

5. Solvency II Own Funds do not include an accrual for the final dividend of £902m (31 December 2023: final dividend of £871m) declared after the balance sheet date.

Sensitivity analysis (unaudited)

The following sensitivities are provided to give an indication of how the Group's Solvency II surplus as at 31 December 2024 would have changed in a variety of adverse events. These are all independent stresses to a single risk. In practice, the balance sheet is impacted by combinations of stresses and the combined impact can be larger than adding together the impacts of the same stresses in isolation. It is expected that, particularly for market risks, adverse stresses will happen together.

	Impact on net of tax Solvency II capital surplus 2024 £bn	Impact on net of tax Solvency II coverage ratio 2024 %	Impact on net of tax Solvency II capital surplus 2023 £bn	Impact on net of tax Solvency II coverage ratio 2023 %
100bps increase in risk-free rates	(0.0)	11	0.1	10
100bps decrease in risk-free rates ¹	(0.2)	(14)	(0.2)	(11)
Credit spreads widen by 100bps assuming an escalating addition to ratings ^{2,3}	0.2	9	0.4	14
Credit spreads widen by 100bps assuming a flat addition to ratings ²	0.2	13	0.5	15
Credit spreads narrow by 100bps assuming a flat deduction from ratings ^{2,4}	(0.6)	(18)	(0.7)	(18)
Credit spreads of sub-investment grade assets widen by 100bps assuming a level addition to ratings ^{2,5}	(0.1)	(3)	(0.2)	(7)
Credit migration ⁶	(0.5)	(8)	(0.7)	(10)
25% fall in equity markets ⁷	(0.5)	(5)	(0.4)	(3)
15% fall in property markets ⁸	(0.8)	(10)	(0.9)	(10)
50bps increase in future inflation expectations	0.1	(1)	(0.1)	(3)
10% increase in maintenance expenses ⁹	(0.3)	(5)	(0.3)	(4)

1. In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.
2. The spread sensitivity applies to the Group's corporate bond (and similar) holdings, with no change in long-term default expectations. Restructured lifetime mortgages are excluded as the underlying exposure is mostly to property.
3. The stress for AA bonds is twice that for AAA bonds, for A bonds it is three times, for BBB four times and so on, such that the weighted average spread stress for the portfolio is 100 basis points. To give a 100bps increase on the total portfolio, the spread stress increases in steps of 32bps, i.e. 32bps for AAA, 64bps for AA etc.
4. The spread narrowing stress has changed from assuming an escalating deduction from ratings to a flat deduction. The previous disclosed stress is no longer suitable due to the low spread differentials between ratings under the base economic conditions at 31 December 2024.
5. No stress for bonds rated BBB and above. For bonds rated BB and below the stress is 100bps. The spread widening on the total portfolio is smaller than 1bps as the Group holds less than 1% in bonds rated BB and below. The impact is primarily an increase in SCR arising from the modelled cost of trading downgraded bonds back to a higher rating in the stress scenarios in the SCR calculation.
6. Credit migration stress covers the cost of an immediate big letter downgrade on 20% of all assets where the capital treatment depends on a credit rating (including corporate bonds, and sale and leaseback rental strips; lifetime mortgage senior notes are excluded). Downgraded assets in our annuities portfolio are assumed to be traded to their original credit rating, so the impact is primarily a reduction in Own Funds from the loss of value on downgrade. The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet date.
7. This relates primarily to equity exposure held by the Group but will also include equity-based mutual funds and other investments that receive an equity stress (for example, certain investments in subsidiaries). Some assets have factors that increase or decrease the stress relative to general equity levels via a beta factor.
8. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.
9. A 10% increase in the assumed unit costs and future costs of investment management across all long-term insurance business lines.

The above sensitivity analysis does not reflect all management actions which could be taken to reduce the impacts. In practice, the Group actively manages its asset and liability positions to respond to market movements. Allowance is made for the recalculation of the Loss Absorbing Capacity of Deferred Tax for all stresses, assuming full capacity remains available post stress.

The impacts of these stresses are not linear therefore these results should not be used to interpolate or extrapolate the impact of a smaller or larger stress. The results of these tests are indicative of the market conditions prevailing at the balance sheet date. The results would be different if performed at an alternative reporting date.

Capital management policies and objectives

The Group aims to manage its capital resources to maintain financial strength, policyholder security and relative external ratings advantage. The Group also seeks to maximise its financial flexibility by maintaining strong liquidity and by utilising a range of alternative sources of capital including equity, senior debt, subordinated debt and reinsurance.

Capital measures

The Group measures its capital on a number of different bases, including those which comply with the regulatory frameworks within which the Group operates and those which the directors consider most appropriate for managing the business. The measures used by the Group include:

Accounting and economic bases

Management use financial information prepared on both an IFRS and risk-based capital basis to manage capital and cash flow usage and to determine dividend paying capacity.

The Group maintains a risk-based capital model that is used to support the management of risk within the Group. This modelling framework, suitably adjusted for regulatory constraints, also meets the needs of the Solvency II regime.

27. Management of capital resources continued

Sensitivity analysis (unaudited) continued

Regulatory bases

The financial strength of the Group's insurance subsidiaries is measured under various local regulatory requirements (see below).

Basis of regulatory capital and corresponding regulatory capital requirements

In each country in which the Group operates, the local insurance regulator specifies rules and guidance for the minimum amount and type of capital which must be held by insurance subsidiaries in excess of their insurance liabilities. The minimum capital requirements have been maintained at all times throughout the year. This helps to ensure that payments to policyholders can be made as they fall due.

The required capital is calculated by either assessing the additional assets which would be required to meet the insurance company's liabilities in specified, stressed financial conditions, or by applying fixed percentages to the insurance company's liabilities and risk exposures. The requirements in the different jurisdictions in which the Group operates are detailed below:

Group regulatory basis

The Group is required to comply with the Solvency II capital requirements calculated using the Group's Partial Internal Model. The vast majority of the risk to which the Group is exposed is assessed on the Internal Model basis approved by the PRA. The Group capital requirements for a handful of smaller entities are assessed using the Standard Formula basis on materiality grounds. The Group's capital requirements in respect of its US insurance businesses and Legal & General Reinsurance Company No. 2 (L&G Re 2) are valued on a local statutory basis, following PRA approval of the Group's application to use Calculation Method 2 for including these businesses in the Group solvency calculation.

UK regulatory basis

At the balance sheet date, required capital for the life business was based on the UK Implementation of Solvency II, as set out in the PRA Rulebook. All material UK insurance firms, including Legal and General Assurance Society Limited, and Legal and General Assurance (Pensions Management) Limited (Asset Management's insurance subsidiary) are required to hold eligible own funds in excess of their SCR, calculated on a Partial Internal Model basis. These firms, as well as the non-UK insurance firm (Legal & General Reinsurance Company Limited based in Bermuda) contribute over 90% of the Group's SCR.

US regulatory basis

Required capital is determined to be the Company Action Level Risk Based Capital (RBC) based on the National Association of Insurance Commissioners RBC model. RBC is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations, taking into account its size and risk profile. The calculation is based on applying factors to various asset, premium, claims, expense and reserve items, with higher factors used for those items with greater underlying risk and lower factors for less risky items.

Bermudan regulatory basis

Bermudan regulated insurers are required to hold sufficient capital to meet the Bermudan Solvency Capital Requirement (BSCR). The BSCR model follows a Standard Formula framework; capital attributed to each risk is calculated by applying specified stresses to the assets and liabilities. The individual risk elements (excluding operational risk) are combined using a covariance matrix and then added to an operational risk charge.

28. Disposals

Cala

On 18 September 2024 the Group announced the disposal of 100% of the share capital of Cala to Ferguson Bidco Limited. The transaction completed on 31 October 2024.

Based on an estimated enterprise value of £1,350m, total consideration of £1,063m was agreed for the transaction. Proceeds of £487m were received in cash upon closing. The settlement of the remaining £576m was deferred to pre-agreed tranches between 2025 and 2029. As at the completion date the fair value of the deferred consideration recognised on the Consolidated Balance Sheet was £508m, after taking into consideration the effect of discounting the agreed future cash flows to present value.

Based on a carrying value upon disposal of £1,072m, the transaction generated a pre-tax loss of £99m on completion, including transaction costs and the effect of discounting the deferred consideration described above. The effect of the discounting will unwind back into the Consolidated Income Statement over time.

The following table summarises the net assets disposed of and the calculation of the pre-tax loss on disposal arising from the transaction.

(i) Carrying value of net assets disposed of

	2024 £m
Goodwill	36
Intangible assets	25
Investment in associates and joint ventures accounted for using the equity method	3
Property, plant and equipment	20
Inventories	1,737
Defined benefit pension scheme surplus	1
Other assets	140
Cash and cash equivalents	32
Total assets	1,994
Operational borrowings	320
Deferred tax liabilities	12
Lease liabilities	10
Payables and other financial liabilities	580
Total liabilities	922
Total carrying value of net assets disposed of	1,072

(ii) Loss on disposal

	2024 £m
Total carrying value of net assets disposed of¹	1,072
Consideration received upfront	487
Fair value of deferred proceeds ²	508
Total fair value of proceeds on disposal	995
Loss on disposal before transaction costs	(77)
Transaction costs	(22)
Total loss on disposal after transaction costs	(99)

1. The total carrying value of net assets disposed of is net of other transaction costs of £23m borne by Cala.

2. Agreed deferred proceeds are £576m. Their fair value as at the date of completion includes a reduction of £68m to take into account the effect of discounting.

The loss on disposal has been recognised in the results of the Group's Corporate Investments segment, and, in line with the Group methodology for the determination of operating profit, outside both adjusted operating profit and core operating profit.

Additional financial information

29. Investment return

The Group earns an investment return from holdings in financial instruments and property investments, held to either back insurance and investment contracts on behalf of policyholders or to deliver returns on Group capital.

For the year ended 31 December 2024	Annuities £m	Protection £m	Other assets £m	Total £m
Dividend income	25	–	5,081	5,106
Interest income on financial investments at fair value through profit or loss	2,862	54	4,475	7,391
Interest income on financial investments at fair value through other comprehensive income	66	15	–	81
Interest income on financial investments at amortised cost	284	101	1	386
Other investment (expense)/income ¹	(481)	11	199	(271)
(Losses)/gains on financial investments at fair value through profit or loss ²	(3,045)	(30)	12,954	9,879
Losses on derivative instruments at fair value through profit or loss ²	(1,178)	–	(198)	(1,376)
Realised losses on financial assets measured at fair value through other comprehensive income	–	(7)	–	(7)
Financial investment return	(1,467)	144	22,512	21,189
Rental income	251	–	262	513
Net fair value (losses)/gains on properties	(49)	–	91	42
Property investment return	202	–	353	555
Total investment return recognised in profit or loss	(1,265)	144	22,865	21,744
Net movement in financial investments designated at fair value through other comprehensive income	(246)	(12)	–	(258)
Total investment return	(1,511)	132	22,865	21,486
Finance income and expense recognised in profit or loss³				
Finance income/(expense) from insurance contracts issued	1,196	(140)	–	1,056
Finance (expense)/income from reinsurance contracts issued	(114)	84	–	(30)
Total finance income and expense recognised in profit or loss	1,082	(56)	–	1,026
Finance income and expense recognised in OCI³				
Finance income from insurance contracts issued	–	428	–	428
Finance expense from reinsurance contracts issued	–	(204)	–	(204)
Total finance income recognised in OCI	–	224	–	224

1. Other investment (expense)/income primarily comprises interest, gains and losses from derivative and other financial instruments.

2. Mandatorily measured at fair value through profit or loss.

3. The analysis of investment return and finance income/expense has been split between insurance contract portfolios. For annuity insurance liabilities, changes in the discount rate are reflected in profit or loss. The backing portfolio of assets is selected to match the liabilities and is predominantly accounted for as FVTPL. A portfolio of assets backing annuity business are accounted for at either amortised cost or FVOCI as they are in surplus to the IFRS 17 best estimate liability and risk adjustment. Protection insurance liabilities have applied the IFRS 17 OCI option. Changes in discount rate are therefore reported in OCI, whilst backing assets are classified as either FVOCI or amortised cost.

For the year ended 31 December 2023	Annuities £m	Protection £m	Other assets £m	Total £m
Dividend income	11	–	4,149	4,160
Interest income on financial investments at fair value through profit or loss	2,411	49	4,134	6,594
Interest income on financial investments at fair value through other comprehensive income	22	16	–	38
Interest income on financial investments at amortised cost	196	80	–	276
Other investment (expense)/income ¹	(408)	6	270	(132)
Gains on financial investments at fair value through profit or loss ²	1,194	16	18,933	20,143
Gains on derivative instruments at fair value through profit or loss ²	2,100	–	239	2,339
Realised (losses)/gains on financial assets measured at fair value through other comprehensive income	–	(2)	12	10
Financial investment return	5,526	165	27,737	33,428
Rental income	237	–	233	470
Net fair value losses on properties	(579)	–	(346)	(925)
Property investment return	(342)	–	(113)	(455)
Total investment return recognised in profit or loss	5,184	165	27,624	32,973
Net movement in financial investments designated at fair value through other comprehensive income	62	13	–	75
Total investment return	5,246	178	27,624	33,048
Finance income and expense recognised in profit or loss ³				
Finance (expense)/income from insurance contracts issued	(5,841)	11	–	(5,830)
Finance income/(expense) from reinsurance contracts issued	625	(41)	–	584
Total finance income and expense recognised in profit or loss	(5,216)	(30)	–	(5,246)
Finance income and expense recognised in OCI ³				
Finance expense from insurance contracts issued	–	(73)	–	(73)
Finance income from reinsurance contracts issued	–	43	–	43
Total finance income and expense recognised in OCI	–	(30)	–	(30)

1. Other investment (expense)/income primarily comprises interest, gains and losses from derivative and other financial instruments.

2. Mandatorily measured at fair value through profit or loss.

3. The analysis of investment return and finance income/expense has been split between insurance contract portfolios. For annuity insurance liabilities, changes in the discount rate are reflected in profit or loss. The backing portfolio of assets is selected to match the liabilities and is predominantly accounted for as FVTPL. A portfolio of assets backing annuity business are accounted for at either amortised cost or FVOCI as they are in surplus to the IFRS 17 best estimate liability and risk adjustment. Protection insurance liabilities have applied the IFRS 17 OCI option. Changes in discount rate are therefore reported in OCI, whilst backing assets are classified as either FVOCI or amortised cost.

Additional financial information continued

30. Tax

The table below provides a summary of the standard corporate income tax rates of the main territories we operate in.

	2024	2023
UK	25.0%	23.5%
USA	21.0%	21.0%
Bermuda	0.0%	0.0%
Ireland	12.5%	12.5%

The tax shown in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income comprises current and deferred tax.

(i) Implementation of the global minimum tax regime

The UK has enacted legislation with effect from 1 January 2024 to apply a global minimum tax (Pillar II) in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD). The Group has applied the temporary mandatory exception from deferred tax accounting for the impacts of the UK top-up tax and will account for it as a current tax when it is incurred. The Group is expected to be liable to UK top-up tax in 2024 at 15% in respect of profits arising in our global reinsurance hub in Bermuda and has included a £35m multinational top-up tax charge within its current year tax charge of £252m in respect of this which is due to be paid by 30 June 2026. From 2025, the Group's Bermudan profits will be liable to local Bermudan corporate income tax (CIT) at 15%.

The OECD issued an update to its Administrative Guidance on Article 9.1 of the Global Anti-base Erosion Model Rules on 15 January 2025 to clarify application of the Pillar II rules to certain deferred tax assets existing on transition to the new rules. This update does not of itself change the recognition of the £340m deferred tax asset under Bermuda CIT at year end 2023. The guidance changes the Pillar II treatment of the remaining deferred tax asset balance from 1 January 2027 such that for 2027 onwards it would no longer be considered valid in the calculation of covered taxes for Pillar II purposes. It is not possible to estimate the financial impact of this change. However, it is likely to result in additional UK top-up tax charges and a higher overall effective tax rate on Bermuda profits from 2027 or a material reduction in the £340m Bermuda deferred tax asset in 2025. This new guidance does not represent an adjusting post balance sheet event under IAS 10.

(ii) Tax expense/(credit) in the Consolidated Income Statement

	2024 £m	2023 £m
Current tax	252	120
Deferred tax		
• Origination or reversal of temporary differences in the year	96	(356)
• Impact of revaluation of deferred tax balances	–	(1)
Total deferred tax	96	(357)
Adjustment to equity holders' tax in respect of prior years	(1)	(11)
Total tax expense/(credit)	347	(248)
Less: tax attributable to policyholder returns	(210)	(119)
Total tax expense/(credit) attributable to equity holders	137	(367)

The tax expense attributable to equity holders differs from the tax calculated on profit before tax at the standard UK corporation tax rate as follows:

	2024 £m	2023 £m
Profit before tax attributable to equity holders	332	76
Tax calculated at 25% (2023: 23.5%)	83	18
Adjusted for the effects of:		
Recurring reconciling items:		
Different rate of tax on profits and losses taxed overseas ¹	(30)	(68)
Income not subject to tax	(3)	(4)
Non-deductible expenses ²	32	27
Differences between taxable and accounting investment gains ³	32	(9)
Other taxes on property and foreign income	7	4
Unrecognised tax losses	(1)	19
Double tax relief	(1)	(2)
Non-recurring reconciling items:		
Differences between taxable and accounting investment gains ⁴	19	–
Adjustments in respect of prior years	(1)	(11)
Impact of the revaluation of deferred tax balances	–	(1)
Impact of law changes on deferred tax balances ⁵	–	(340)
Tax expense/(credit) attributable to equity holders	137	(367)
Equity holders' effective tax rate	41%	(483)%

1. The lower rate of tax on overseas profits and losses is principally driven by the 0% rate of tax applying in Bermuda on the profits of our Bermudan reinsurance company, the impact of which is reduced by 15% UK top-up tax on Bermuda profits, estimated to be £35m for 2024. This also includes the impact of our US operations which are taxed at 21%.
2. Non-deductible expenses relate to costs which are not deductible for tax purposes including expenses in respect of acquisitions and disposals as well as certain restructuring costs.
3. Differences between taxable and accounting investment gains includes adjustments to the carrying value of investments which are not taxable.
4. This is in respect of the disposal of Cala which is not taxable due to substantial shareholding exemption. See Note 28 for full details.
5. The 2023 tax credit relates to the introduction of a new corporate income tax regime in Bermuda, which was enacted in December 2023.

Additional financial information continued

30. Tax continued

(iii) Deferred tax – Consolidated Balance Sheet

Deferred tax assets and liabilities have been recognised/(provided) for temporary differences and unused tax losses. The recognition of deferred tax assets in respect of temporary differences and tax losses are supported by management's best estimate of future taxable profits to absorb the losses in future years. Deferred tax assets and liabilities presented on the Consolidated Balance Sheet have been offset to the extent it is permissible under the relevant accounting standards. The net movement in deferred tax assets and liabilities during the year is as follows:

	Net tax asset as at 1 January 2024 £m	Tax (charged)/ credited to the income statement £m	Tax (charged)/ credited to OCI or equity £m	Acquisitions/ disposals/ transfers £m	Net tax asset as at 31 December 2024 £m
Deferred tax assets/(liabilities)					
Overseas deferred acquisition expenses ¹	121	13	2	–	136
Difference between the tax and accounting value of insurance contracts	736	(315)	(41)	237	617
• UK	1,149	(129)	1	237	1,258
• US	(753)	(186)	(42)	–	(981)
• Bermuda ²	340	–	–	–	340
Realised and unrealised gains on investments ³	72	68	65	(237)	(32)
Excess of depreciation over capital allowances	17	(28)	–	(2)	(13)
Accounting provisions and other	52	(29)	(26)	14	11
Trading losses	609	205	11	–	825
• UK	76	94	–	–	170
• US ⁴	533	111	11	–	655
Net deferred tax assets/(liabilities)	1,607	(86)	11	12	1,544
• Deferred tax assets	1,714	15	12	–	1,741
• Deferred tax liabilities ⁵	(107)	(101)	(1)	12	(197)
Net deferred tax assets/(liabilities)	1,607	(86)	11	12	1,544

	Net tax asset as at 1 January 2023 £m	Tax (charged)/ credited to the income statement £m	Tax (charged)/ credited to OCI or equity £m	Acquisitions/ disposals/ transfers £m	Net tax asset as at 31 December 2023 £m
Deferred tax assets/(liabilities)					
Overseas deferred acquisition expenses ¹	116	11	(6)	–	121
Difference between the tax and accounting value of insurance contracts	458	248	6	24	736
• UK	1,237	(71)	(41)	24	1,149
• US	(779)	(21)	47	–	(753)
• Bermuda ²	–	340	–	–	340
Realised and unrealised gains on investments	145	(49)	(24)	–	72
Excess of depreciation over capital allowances	21	(4)	–	–	17
Accounting provisions and other	59	8	9	(24)	52
Trading losses	463	172	(26)	–	609
• UK	–	76	–	–	76
• US ⁴	463	96	(26)	–	533
Pension fund deficit	(26)	(15)	44	–	3
Acquired intangibles	(2)	(1)	–	–	(3)
Net deferred tax assets/(liabilities)	1,234	370	3	–	1,607
• Deferred tax assets	1,440	265	9	–	1,714
• Deferred tax liabilities ⁵	(206)	105	(6)	–	(107)
Net deferred tax assets/(liabilities)	1,234	370	3	–	1,607

1. Deferred tax assets arising on deferred acquisition expenses relate solely to US balances.

2. The Bermuda deferred tax asset relates to the introduction of a new corporate income tax regime in Bermuda, which was enacted in December 2023.

3. A deferred tax liability arising on IFRS 9 transitional adjustments has been reclassified from difference between the tax and accounting value of insurance contracts to realised and unrealised gains on investments.

4. This deferred tax asset relates to US operating losses. The losses are not time restricted, and we expect to recover them over a period of 15 to 20 years, commensurate with the lifecycle of the underlying insurance contracts. In reaching this conclusion, we have considered past results, the different basis under which US companies are taxed, temporary differences that are expected to generate future profits against which the deferred tax can be offset, management actions, and future profit forecasts. The recoverability of deferred tax assets is routinely reviewed by management.

5. The deferred tax liability is comprised of balances of £197m relating to the US (2023: £107m) which is not capable of being offset against other deferred tax assets.

Unrecognised deferred tax assets

The Group has the following unrelieved tax losses and deductible temporary differences carried forward as at 31 December 2024. No deferred tax asset has been recognised in respect of these as at 31 December 2024 (or 31 December 2023), as it is not probable that there will be suitable taxable profits emerging in future periods against which to relieve them. These tax assets will only be recognised if it becomes probable that suitable taxable profits will arise in future periods.

	Gross 2024 £m	Tax 2024 £m	Gross 2023 £m	Tax 2023 £m
Trading losses ¹	297	67	330	67
Capital losses	166	37	157	34
Excess management expense	9	3	9	2
Unrelieved interest payments on debt instruments	14	4	14	4
Other unrecognised deferred tax	18	5	3	1
Unrecognised deferred tax assets	504	116	513	108

1. Trading losses includes £94m (2023: £68m) related to the US business which are expected to expire between 2026 and 2032.

(iv) Current tax – Consolidated Balance Sheet

	2024 £m	2023 £m
Tax recoverable within 12 months	38	75
Tax recoverable after 12 months	819	810
Current tax assets¹	857	885

1. Of the total current tax asset, £819m (2023: £805m) relates to amounts recoverable in respect of withholding tax reclaims attributable to unit linked funds.

	2024 £m	2023 £m
Tax due within 12 months	2	2
Tax due after 12 months	116	75
Current tax liabilities	118	77

(v) Tax (credited)/charged directly in equity

	2024 £m	2023 £m
Current tax	(7)	(7)
Deferred tax	(2)	(1)
Tax (credit)/charge recognised directly in equity	(9)	(8)

Additional financial information continued

31. Auditor's remuneration

	2024 £m	2023 £m
Remuneration receivable by the Company's auditors for the audit of the consolidated and Company financial statements	2.2	3.5
Remuneration receivable by the Company's auditors and its associates for the supply of other services to the Company and its associates, including remuneration for the audit of the financial statements of the Company's subsidiaries:		
The audit of the Company's subsidiaries	13.5	16.1
Audit related assurance services – required by national or EU legislation	1.8	1.6
Audit related assurance services – other	1.2	1.0
Other assurance services	1.1	0.9
Total remuneration	19.8	23.1

32. Employee information

	2024	2023
Monthly average number of staff employed during the year:		
UK	10,512	10,670
USA	1,202	1,132
Europe	71	66
Other	91	88
Worldwide employees¹	11,876	11,956

	Notes	2024 £m	2023 £m
Wages and salaries		1,012	1,004
Social security costs		112	111
Share-based incentive awards	33	72	59
Defined benefit pension costs	24	4	33
Defined contribution pension costs	24	109	102
Total employee related expenses		1,309	1,309

1. 11,876 worldwide employees reflects average headcounts. This does not reflect Full Time Equivalents (FTEs) calculated based on the number of days worked per head.

33. Share-based payments

(i) Description of plans

The Group provides a number of equity settled share-based long-term incentive plans for directors and eligible employees.

The Savings Related Share Option Plan (ShareSave) allows employees to enter into a regular savings contract over three and/or five years, coupled with a corresponding option over shares of the Group. The grant price is equal to 80% of the quoted market price of the Group shares on the invitation date.

Nil-cost options can be granted to senior managers under the Performance Share Plan (PSP), based upon individual and Company performance. Performance conditions attached to awards before 2024 result in the number of options that vest being equally dependent on the Group's relative total shareholder return (TSR) and earnings per share (EPS) growth (subject to Solvency II objectives). The majority of awards vest after the end of the three year performance period and become exercisable in thirds in year three, four and five. Awards granted to Executive Directors and Persons Delivering Managerial Responsibilities vest after three years but any options that vest will not become exercisable until year five. Additional performance conditions have been attached to awards from 2024, and the number of options that vest are dependent on the Group's relative TSR (40%), EPS (40%) and progress against published commitments in our Climate transition plan (20%).

The Share Bonus Plan (SBP) awards conditional shares, restricted shares, combined awards of CSOP options and restricted shares and combined awards of CSOP options and nil-cost options. Recipients of restricted shares are entitled to both vote and receive dividends. Fair value is calculated as the market value on the grant date, adjusted to reflect the eligibility for dividend payments. Conditional Share awards, which include awards to Executive Directors, do not have voting or dividend rights.

Under the HMRC tax-advantaged Employee Share Plan (ESP), UK employees may elect to purchase Group shares from the market at the prevailing market price on a monthly basis. The Group supplements the number of shares purchased by giving employees one free matching share for every one share purchased up to the first £20 of the employees' contributions and one free matching share for every two shares purchased with contributions between £20 and £125. There is currently no match on contributions between £125 and £150. From time to time, the Group may make an award of free shares. Both the free and matching shares must be held in trust for three years. The fair value of awarded shares is equal to the market value on award date.

The weighted average fair value of ShareSave options calculated by using the Black-Scholes model were 49.5p and PSP awards estimated by using Monte Carlo simulations were 191.1p.

The fair values of the share awards made during the year have been calculated using the following assumptions:

	ShareSave	PSP
Award date	April 2024	April 2024
Weighted average share price (pence)	252.7	252.7
Weighted average exercise price (pence)	196.0	N/A
Expected volatility	25.8%–36.2%	26.3%
Expected life	3–5 years	5 years
Risk free investment rate	3.88%–4.06%	4.11%
Dividend yield	8.1%	N/A

Additional financial information continued

33. Share-based payments continued

(ii) Total recognised expense

The total recognised expense relating to share-based payments in 2024 was £72m (2023: £59m) before tax, all of which related to equity settled share schemes. This is broken down between the Group's plans as detailed below:

	2024 £m	2023 £m
Share bonus plan (SBP)	56	42
Performance share plan (PSP)	9	13
Employee share plan (ESP)	3	2
Savings related share option plan (ShareSave)	4	2
Total share-based payment expense	72	59

(iii) Outstanding share options

	ShareSave options 2024	Weighted average exercise price 2024 p	CSOP options 2024	Weighted average exercise price 2024 p	Nil-cost options 2024	Weighted average exercise price 2024 p
Outstanding at 1 January	21,803,958	210	3,649,295	280	32,406,031	–
Granted during the year	9,398,286	196	–	–	6,607,333	–
Forfeited during the year	(3,610,501)	209	–	–	–	–
Exercised during the year	(2,436,776)	222	–	–	(6,127,082)	–
Expired during the year	(1,180,469)	213	(1,309,149)	294	(4,126,739)	–
Outstanding at 31 December	23,974,498	203	2,340,146	272	28,759,543	–
Exercisable at 31 December	64,104	228	–	–	2,094,055	–
Weighted average remaining contractual life (years)	2		–		4	

	ShareSave options 2023	Weighted average exercise price 2023 p	CSOP options 2023	Weighted average exercise price 2023 p	Nil-cost options 2023	Weighted average exercise price 2023 p
Outstanding at 1 January	23,983,860	207	5,513,503	258	35,717,751	–
Granted during the year	7,740,104	211	–	–	6,685,541	–
Forfeited during the year	(2,613,099)	211	(262,301)	263	(30,066)	–
Exercised during the year	(6,324,780)	200	(1,296,635)	204	(3,819,125)	–
Expired during the year	(982,127)	210	(305,272)	227	(6,148,070)	–
Outstanding at 31 December	21,803,958	210	3,649,295	280	32,406,031	–
Exercisable at 31 December	75,957	199	–	–	1,088,693	–
Weighted average remaining contractual life (years)	2		1		4	

(iv) Total options

Options over 55,074,187 shares are outstanding under ShareSave, CSOP and PSP as at 31 December 2024 (2023: 57,859,284 shares). These options have a range of exercise prices between 0p and 295p (2023: 0p and 295p) and maximum remaining contractual life up to 2032 (2023: 2032).

34. Share capital, share premium and employee scheme treasury shares

(i) Share capital and share premium

	2024 Number of shares	2024 £m	2023 Number of shares	2023 £m
Authorised share capital				
At 31 December: ordinary shares of 2.5p each	9,200,000,000	230	9,200,000,000	230
Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m	
As at 1 January 2024	5,979,578,280	149	1,030	
Cancellation of shares under share buyback programme ¹	(88,835,417)	(2)	–	
Options exercised under share option schemes	2,436,776	–	6	
As at 31 December 2024	5,893,179,639	147	1,036	
Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m	
As at 1 January 2023	5,973,253,500	149	1,018	
Options exercised under share option schemes	6,324,780	–	12	
As at 31 December 2023	5,979,578,280	149	1,030	

1. During the year, 88,835,417 shares were repurchased and cancelled under the share buyback programme representing 1.5% of opening issued share capital at a cost of £201m including stamp duty.

There is one class of ordinary shares of 2.5p each. All shares issued carry equal voting rights.

The holders of the Company's ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the Company.

(ii) Employee share plans

The Group uses the Employees' Share Ownership Trust (ESOT) and the Legal & General Group Employee Share Plan (ESP) to purchase and hold shares of the Group for delivery to employees under various employee share plans. Shares owned by these vehicles are included at cost in the Consolidated Balance Sheet and are shown as a deduction from shareholders' equity. They are disclosed as employee plan shares until they vest to employees. Share-based liabilities to employees may also be settled via purchases directly from the market or by the issue of new shares.

The ESOT has waived its voting rights and its rights to some of the dividends payable on the shares it holds. Employees are entitled to dividends on the shares held on their behalf within the ESP.

	2024 Number of shares	2024 £m	2023 Number of shares	2023 £m
As at 1 January	62,178,791	147	60,807,213	144
Shares purchased	14,428,772	33	8,093,113	18
Shares vested	(7,190,290)	(17)	(6,721,535)	(15)
As at 31 December	69,417,273	163	62,178,791	147

Additional financial information continued

35. Restricted Tier 1 convertible notes

On 24 June 2020, Legal & General Group Plc issued £500m of 5.625% perpetual restricted Tier 1 contingent convertible notes. The notes are callable at par between 24 March 2031 and 24 September 2031 (the First Reset Date) inclusive and every 5 years after the First Reset Date. If not called, the coupon from 24 September 2031 will be reset to the prevailing five year benchmark gilt yield plus 5.378%.

The notes have no fixed maturity date. Optional cancellation of coupon payments is at the discretion of the issuer and mandatory cancellation is upon the occurrence of certain conditions. The Tier 1 notes are therefore treated as equity and coupon payments are recognised directly in equity when paid. During the year coupon payments of £28m were made (2023: £28m). The notes rank junior to all other liabilities and senior to equity attributable to owners of the parent. On the occurrence of certain conversion trigger events the notes are convertible into ordinary shares of the issuer at the prevailing conversion price.

The notes are treated as restricted Tier 1 own funds for Solvency II purposes.

36. Other liabilities

	2024 £m	2023 £m
Accruals	597	508
Deferred income	12	29
Other	341	143
Total other liabilities	950	680
Due within 12 months	922	673
Due after 12 months	28	7

37. Related party transactions

(i) Key management personnel transactions and compensation

There were no material transactions between key management and the L&G group of companies during the year. All transactions between the Group and its key management are on commercial terms which are no more favourable than those available to employees in general. Contributions to the post-employment defined benefit plans were £7m (31 December 2023: £134m) for all employees.

At 31 December 2024 and 31 December 2023 there were no loans outstanding to officers of the Company.

The aggregate compensation for key management personnel, including executive directors, non-executive directors and the members of the Group Management Committee is as follows:

	2024 £m	2023 £m
Salaries	14	12
Share-based incentive awards	10	8
Key management personnel compensation	24	20

The Group Management Committee was established on 1 January 2024. The comparatives incorporate the members of the Group Executive Committee which existed under the Group's previous governance framework.

(ii) Services provided to and by related parties

All transactions between the Group and associates, joint ventures and other related parties during the year are on commercial terms which are no more favourable than those available to companies in general.

Loans and commitments to related parties are made in the normal course of business. As at 31 December 2024, the Group had:

- loans outstanding from related parties of £21m (2023: £49m), with a further commitment of £8m (2023: £7m)
- total other commitments of £1,547m to related parties (2023: £1,347m), of which £1,264m has been drawn (2023: £1,108m).

In 2023, a number of transactions occurred between the Group's UK defined benefit pension schemes and Legal and General Assurance Society Limited (LGAS). These include the surrender of Assured Payment Policies (APPs) and their conversion into annuities, as well as a buyout of the schemes completed by the Trustees, where existing annuity policies were exchanged for individual policies between LGAS and members. Further details are provided in Note 24. Total payments by LGAS to the pension schemes for insured pension benefits in 2023 were £55m.

38. Contingent liabilities, guarantees and indemnities

Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance between actual experience from that assumed may result in those liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of policyholder contracts, or the circumstances in which policyholders have entered into them. The extent of these liabilities is influenced by a number of factors including the actions and requirements of the PRA, FCA, ombudsman rulings, industry compensation schemes and court judgments.

Various Group companies receive claims and become involved in actual or threatened litigation and regulatory issues from time to time. The relevant members of the Group ensure that they make prudent provision as and when circumstances calling for such provision become clear, and that each has adequate capital and reserves to meet reasonably foreseeable eventualities. The provisions made are regularly reviewed. It is not possible to predict, with certainty, the extent and the timing of the financial impact of these claims, litigation or issues.

Group companies have given warranties, indemnities and guarantees as a normal part of their business and operating activities or in relation to capital market transactions or corporate disposals. Legal & General Group Plc has provided indemnities and guarantees in respect of the liabilities of Group companies in support of their business activities. Legal and General Assurance Society Limited has provided indemnities, a liquidity and expense risk agreement, a deed of support and a cash and securities liquidity facility in respect of the liabilities of Group companies to facilitate the Group's matching adjustment reorganisation pursuant to Solvency II.

Additional financial information continued

39. Commitments

(i) Capital commitments

	2024 £m	2023 £m
Authorised and contracted commitments not provided for in respect of investment property development, payable after 31 December:		
• Long-term business	323	720

(ii) Lease commitment receivable – payments to be received under operating leases

Where the Group is a lessor, the future undiscounted minimum lease payments under operating lease arrangements are disclosed below:

	Total future payments 2024 £m	Total future payments 2023 £m
Within 1 year	429	418
1-2 years	406	401
2-3 years	383	381
3-4 years	367	366
4-5 years	352	354
After 5 years	3,917	4,459
Total lease commitment receivable	5,854	6,379

Lease commitments payable are disclosed as part of the leases disclosure in Note 26.

40. Associates and joint ventures

Summarised financial information for associates and joint ventures accounted for under the equity method is shown below:

	Associates 2024 £m	Joint ventures 2024 £m	Associates 2023 £m	Joint ventures 2023 £m
Current assets	83	428	106	486
Non-current assets	1,722	740	1,638	403
Current liabilities	61	143	216	133
Non-current liabilities	1,056	–	867	24
(Loss)/profit from continuing operations – total	(95)	(27)	(76)	(88)
(Loss)/profit from continuing operations – Group's share	(40)	(14)	(28)	(34)
Total comprehensive income – total	(95)	(27)	(76)	(88)
Total comprehensive income – Group's share	(40)	(14)	(28)	(34)

The associates and joint ventures have no significant contingent liabilities to which the Group is exposed. The Group has no commitments to provide funding to associates and joint ventures other than the ones included in Note 39.

During the year, the total value of Investment in associates and joint ventures accounted for using the equity method on the Group's Consolidated Balance Sheet increased to £872m (2023: £616m), reflecting a number of additions and disposals, as well as the Group's share of the profits and losses of the respective associates and joint ventures.

41. Related undertakings

The Companies Act 2006 requires disclosure of information about the Group's subsidiaries, associates, joint ventures and other significant holdings. Significant holdings are entities in which the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

(i) Subsidiaries

The particulars of the Company's subsidiaries, mutual funds and partnerships that have been consolidated as at 31 December 2024 are listed below, grouped by registered office address. The main territory of operation of subsidiaries incorporated in England and Wales is the UK. For overseas subsidiaries the principal country of operation is the same as the country of incorporation. All subsidiaries are 100% owned, unless stated otherwise. All subsidiaries are held through intermediate holding companies unless noted that they are held direct by the Company. Subsidiaries that are consolidated where the Group owns less than 50% of the ordinary share capital, are consolidated based on an assessment of control normally arising from special rights attaching to the class of share owned, other contractual arrangements and factors such as the purpose of the investee, the nature of its relevant activities, voting rights (including potential voting rights) and substantive and protective rights.

The Group reassesses the appropriateness of the consolidation of an investee whenever facts and circumstances indicate that there has been a change in the relationship between the Group and the investee which affects control.

Additional financial information continued

41. Related undertakings continued

(i) Subsidiaries continued

Company name	Country of incorporation	Share class	% of equity shares held by the Group
One Coleman Street, London, EC2R 5AA			
30-31 Golden Square GP LLP	England and Wales	Partnership	100.0
30-31 Golden Square LP	England and Wales	Partnership	100.0
30-31 Golden Square Nominee 1 Limited	England and Wales	Ordinary	100.0
30-31 Golden Square Nominee 2 Limited	England and Wales	Ordinary	100.0
Antham 1 Limited	England and Wales	Ordinary	100.0
Begbroke Oxford Limited	England and Wales	Ordinary	100.0
Bonnington Residents Management Company Limited	England and Wales	Limited by guarantee	100.0
BQN Limited	England and Wales	Ordinary	100.0
Cardiff Interchange Limited	England and Wales	Ordinary	100.0
Cardiff Interchange ManCo Limited	England and Wales	Ordinary	66.7
Cardiff Interchange NomineeCo Limited	England and Wales	Ordinary	100.0
City & Urban Developments Limited	England and Wales	Ordinary	100.0
Court Place Gardens Holdings LLP	England and Wales	Partnership	100.0
Court Place Gardens Oxford Limited	England and Wales	Ordinary	100.0
Finovation UK Limited	England and Wales	Ordinary	100.0
Haut Investments 2 Limited	England and Wales	Ordinary	100.0
Haut Investments Limited	England and Wales	Ordinary	100.0
Interchange Central Square (General Partner) Limited	England and Wales	Ordinary	100.0
Interchange Central Square Limited Partnership	England and Wales	Partnership	100.0
Investment Discounts On Line Limited	England and Wales	Ordinary	100.0
IPIF Trade General Partner Limited	England and Wales	Ordinary	100.0
IPIF Trade Nominee Limited	England and Wales	Ordinary	100.0
IXDS Limited	England and Wales	Ordinary	70.0
L&G Affordable Housing Access GP Limited	England and Wales	Ordinary	100.0
L&G Affordable Housing Access LGPS LP	England and Wales	Partnership	100.0
L&G Affordable Housing GP Limited	England and Wales	Ordinary	100.0
L&G Affordable Housing Northern GP Limited	England and Wales	Ordinary	100.0
L&G Affordable Housing Northern LGPS LP	England and Wales	Ordinary	100.0
L&G Cash Trust	England and Wales	Unit	41.9
L&G Digital Infrastructure Co-Invest Holding 1 Ltd	England and Wales	Ordinary	100.0
L&G Future World Global Opportunities	England and Wales	Unit	48.2
L&G Herne Hill Holdco GP LLP	England and Wales	Partnership	100.0
L&G Herne Hill Holdco Nominee Limited	England and Wales	Ordinary	100.0
L&G Hillview Place Propco Limited	England and Wales	Ordinary	100.0
L&G Lower Gilmore Place Propco Ltd	England and Wales	Ordinary	100.0
L&G Multi Asset Core 20 Fund	England and Wales	Unit	94.7
L&G Multi Asset Core 45 Fund	England and Wales	Unit	72.9
L&G Multi Asset Core 75 Fund	England and Wales	Unit	73.9
L&G Multi-Asset Target Return Fund	England and Wales	Unit	47.2
L&G Multifamily LLP	England and Wales	Partnership	100.0
L&G UK Smaller Companies Trust	England and Wales	Unit	32.9
Legal & General (Portfolio Management Services) Limited	England and Wales	Ordinary	100.0
Legal & General (Portfolio Management Services) Nominees Limited	England and Wales	Ordinary	100.0
Legal & General (Strategic Land Harpenden) Limited	England and Wales	Ordinary	100.0
Legal & General (Strategic Land North Horsham) Limited	England and Wales	Ordinary	100.0
Legal & General (Strategic Land) Limited	England and Wales	Ordinary	100.0
Legal & General (Unit Trust Managers) Limited	England and Wales	Ordinary	100.0
Legal & General (Unit Trust Managers) Nominees Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (AR) LLP	England and Wales	Partnership	100.0
Legal & General Affordable Homes (Development 2) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Development 4) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Development) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Investment 1) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Investment 2) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Investment 3) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (Operations) Limited	England and Wales	Ordinary	100.0
Legal & General Affordable Homes (SO) LLP	England and Wales	Partnership	100.0
Legal & General Affordable Homes Limited	England and Wales	Ordinary	100.0
Legal & General Bristol Temple Island Estate Management Company Limited	England and Wales	Ordinary	100.0
Legal & General Capital Investments Limited	England and Wales	Ordinary	100.0
Legal & General Co Sec Limited [#]	England and Wales	Ordinary	100.0
Legal & General Development Assets Holdings Limited [#]	England and Wales	Ordinary	100.0
Legal & General Digital Solutions Limited	England and Wales	Ordinary	100.0
Legal & General Employee Benefits Administration Limited	England and Wales	Ordinary	100.0

[#] Directly held by the Company.

Company name	Country of incorporation	Share class	% of equity shares held by the Group
Legal & General Estate Agencies Limited [#]	England and Wales	Ordinary	100.0
Legal & General Euro Mortgage No.1 SPV Limited	England and Wales	Ordinary	100.0
Legal & General Euro Mortgage SPV LLP	England and Wales	Partnership	100.0
Legal & General Everest UK Holdco Limited	England and Wales	Ordinary	100.0
Legal & General Finance PLC [#]	England and Wales	Ordinary	100.0
Legal & General Financial Advice Limited	England and Wales	Ordinary	100.0
Legal & General FX Structuring (SPV) Limited	England and Wales	Ordinary	100.0
Legal & General GP LLP	England and Wales	Partnership	100.0
Legal & General Heat Pumps Limited	England and Wales	Ordinary	100.0
Legal & General Home Finance Holding Company Limited	England and Wales	Ordinary	100.0
Legal & General Home Finance Limited	England and Wales	Ordinary	100.0
Legal & General Homes (Services Co) Limited	England and Wales	Ordinary	100.0
Legal & General Homes Holdings Limited	England and Wales	Ordinary	100.0
Legal & General Homes Modular Limited	England and Wales	Ordinary	100.0
Legal & General Insurance Holdings Limited	England and Wales	Ordinary	100.0
Legal & General Insurance Holdings No. 2 Limited [#]	England and Wales	Ordinary	100.0
Legal & General Investment Management (Holdings) Limited ^{#,~}	England and Wales	Ordinary	100.0
Legal & General Investment Management Limited	England and Wales	Ordinary	100.0
Legal & General Later Living Limited	England and Wales	Ordinary	100.0
Legal & General Leisure Fund Trustee Limited	England and Wales	Ordinary	100.0
Legal & General Life Fund Limited Partnership	England and Wales	Partnership	100.0
Legal & General LTM Structuring (SPV) Limited	England and Wales	Ordinary	100.0
Legal & General Middle East Limited [#]	England and Wales	Ordinary	100.0
Legal & General Overseas Operations Limited [#]	England and Wales	Ordinary	100.0
Legal & General Partnership Holdings Limited [#]	England and Wales	Ordinary	100.0
Legal & General Partnership Services Limited	England and Wales	Ordinary	100.0
Legal & General Pension Fund Trustee Limited	England and Wales	Ordinary	100.0
Legal & General Pension Scheme Trustee Limited	England and Wales	Ordinary	100.0
Legal & General Pensions Limited	England and Wales	Ordinary	100.0
Legal & General Property Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (Industrial Fund) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (Industrial) Nominees Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (IPIF GP) LLP	England and Wales	Partnership	100.0
Legal & General Property Partners (Leisure GP) LLP	England and Wales	Partnership	100.0
Legal & General Property Partners (Leisure) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (Life Fund) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (Life Fund) Nominee Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (UK PIF Geared) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (UK PIF) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (UKPIF Geared Two) Limited	England and Wales	Ordinary	100.0
Legal & General Property Partners (UKPIF Two) Limited	England and Wales	Ordinary	100.0
Legal & General Re Holdings Limited [#]	England and Wales	Ordinary	100.0
Legal & General Residential (Holdco) Limited	England and Wales	Ordinary	100.0
Legal & General Resources Limited [#]	England and Wales	Ordinary	100.0
Legal & General Retail Investments (Holdings) Limited [#]	England and Wales	Ordinary	100.0
Legal & General SBTR (Ashdown House 1) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Ashdown House 2) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Crowthorne 1) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Crowthorne 2) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Keresley 1) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Keresley 2) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Sandy Lane 1) Limited	England and Wales	Ordinary	100.0

[#] Directly held by the Company.

[~] Legal & General Investment Management (Holdings) Limited was renamed to L&G – Asset Management Limited on 7 March 2025.

Additional financial information continued

41. Related undertakings continued

(i) Subsidiaries continued

Company name	Country of incorporation	Share class	% of equity shares held by the Group
Legal & General SBTR (Sandy Lane 2) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (St Neots) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Stanton Cross 1) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Stanton Cross 2) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Stanton Cross 3) Limited	England and Wales	Ordinary	100.0
Legal & General SBTR (Stanton Cross 4) Limited	England and Wales	Ordinary	100.0
Legal & General Science and Tech (Holdings) Limited	England and Wales	Ordinary	100.0
Legal & General Senior Living Limited	England and Wales	Ordinary	100.0
Legal & General SPV (HoldCo) Limited	England and Wales	Ordinary	100.0
Legal & General Student Living LLP	England and Wales	Partnership	100.0
Legal & General Suburban BTR (Development 2) Limited	England and Wales	Ordinary	100.0
Legal & General Suburban BTR (Development) Limited	England and Wales	Ordinary	100.0
Legal & General Suburban BTR (Operations) Limited	England and Wales	Ordinary	100.0
Legal & General Suburban BTR (Property) LLP	England and Wales	Partnership	100.0
Legal & General Surveying Services Limited	England and Wales	Ordinary	100.0
Legal & General Trustees Limited	England and Wales	Ordinary	100.0
Legal & General UK BTR GP LLP	England and Wales	Partnership	100.0
Legal & General UK BTR GP Three LLP	England and Wales	Partnership	100.0
Legal & General UK BTR Investment GP LLP	England and Wales	Partnership	100.0
Legal & General UK BTR Investment Nominee Limited	England and Wales	Ordinary	100.0
Legal & General UK PIF Two GP LLP	England and Wales	Partnership	100.0
Legal & General UK Solar Investments (Holdings) Limited	England and Wales	Ordinary	100.0
Legal & General UK Structuring SPV LLP	England and Wales	Partnership	100.0
Legal and General Affordable Homes (Development 3) Limited	England and Wales	Ordinary	100.0
Legal and General Assurance (Pensions Management) Limited	England and Wales	Ordinary	100.0
Legal and General Assurance Society Limited	England and Wales	Ordinary	100.0
Legal and General Bristol Temple Island Limited	England and Wales	Ordinary	100.0
Legal and General Capital IM Company Limited	England and Wales	Ordinary	100.0
Legal and General Residential (BTR) 1 LLP	England and Wales	Partnership	100.0
Legal and General Residential (BTR) 2 LLP	England and Wales	Partnership	100.0
LGC 150 Richmond UK Holdco Limited	England and Wales	Ordinary	100.0
LGC 265 S. Orange UK Holdco Limited	England and Wales	Ordinary	100.0
LGC Overseas Holdco Limited	England and Wales	Ordinary	100.0
LGC TEP UK Holdco Limited	England and Wales	Ordinary	100.0
LGGP ECF (GP) LLP	England and Wales	Partnership	100.0
LGGP ECF 1 L.P.	England and Wales	Partnership	100.0
LGGP Holdings Limited	England and Wales	Ordinary	100.0
LGGP Investments 1 Limited	England and Wales	Ordinary	100.0
LGGP Management Limited	England and Wales	Ordinary	100.0
LGGP Nominee 1 Limited	England and Wales	Ordinary	100.0
LGGP Nominee 2 Limited	England and Wales	Ordinary	100.0
LGIM Commercial Lending Limited	England and Wales	Ordinary	100.0
LGIM International Limited	England and Wales	Ordinary	100.0
LGIM Real Assets (Operator) Limited	England and Wales	Ordinary	100.0
LGIM Real Assets Limited	England and Wales	Ordinary	100.0
LGIM Sustainable DC Property Fund	England and Wales	Ordinary	100.0
LGP Newco Limited	England and Wales	Ordinary	100.0
LGPL No.2 Ltd	England and Wales	Ordinary	100.0
Life and Mind Building Oxford Limited	England and Wales	Ordinary	100.0
Life Fund Limited Partnership	England and Wales	Partnership	100.0
LPI Fund	England and Wales	Ordinary	100.0
Managed Property Fund	England and Wales	Ordinary	100.0
Nest Residential GP LLP	England and Wales	Partnership	100.0
NSC Building A Limited	England and Wales	Ordinary	100.0
NSC Building B Limited	England and Wales	Ordinary	100.0
Parity Energy Storage Limited	England and Wales	Ordinary	80.0
Performance Retail (General Partner) Limited	England and Wales	Ordinary	100.0
Performance Retail (Nominee) Limited	England and Wales	Ordinary	100.0
Performance Retail Limited Partnership	England and Wales	Partnership	100.0
PRLP GP LLP	England and Wales	Partnership	100.0
Rowley Lane Borehamwood Limited	England and Wales	Ordinary	100.0
Sapphire Campus Management Company Limited	England and Wales	Ordinary and convertible	9.5
Senior Living Medici Holdco Limited	England and Wales	Ordinary	100.0
Senior Living Medici Limited	England and Wales	Ordinary	100.0
Senior Living Urban (Bath) Limited	England and Wales	Ordinary	100.0
Senior Living Urban (Epsom) Limited	England and Wales	Ordinary	100.0
Senior Living Urban (Uxbridge) Limited	England and Wales	Ordinary	100.0

Company name	Country of incorporation	Share class	% of equity shares held by the Group
Senior Living Urban (Walton) Limited	England and Wales	Ordinary	100.0
Stratford City Offices (No. 2) General Partner Limited	England and Wales	Partnership	100.0
Stratford City Offices (No. 2) Limited Partnership	England and Wales	Partnership	100.0
Student Operations (Clifford) Limited	England and Wales	Ordinary	100.0
Student Operations (Scotway) Limited	England and Wales	Ordinary	100.0
Sunderland Vaux 1 Limited	England and Wales	Ordinary	100.0
The Springs Thorpe Park Limited	England and Wales	Ordinary	100.0
West Bar Square Limited	England and Wales	Ordinary	100.0
108 Lakeland Avenue, Dover, County of Kent, Delaware, DE 19901, United States			
Ancora 265 S. Orange Holdings, LLC	USA	Membership interests	99.0
12 Castle Street, St. Helier, Jersey, JE2 3RT			
Borehamwood Property Unit Trust	Jersey	Unit	100.0
15 Boulevard F.W. Raiffeisen, Luxembourg, Grand Duchy of Luxembourg, L-2411			
L&G Carried Interest Digital Infrastructure GP S.a.r.l.	Luxembourg	Ordinary	100.0
L&G Carried Interest Digital Infrastructure SCSp	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure Co-Invest 1 GP S.a.r.l.	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure Co-Invest 1 SCSp	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure Co-Invest 3 GP S.a.r.l.	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure Co-Invest 3 SCSp	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure GP S.a.r.l.	Luxembourg	Ordinary	100.0
L&G Digital Infrastructure SCSp	Luxembourg	Ordinary	100.0
L&G Private Markets SV S.à.r.l.	Luxembourg	Ordinary	100.0
L&G Short Term Alternative Finance Fund II	Luxembourg	Ordinary	100.0
L&G Umbrella GP S.à.r.l.	Luxembourg	Ordinary	100.0
19 Par La Ville Road, Hamilton, Bermuda, HM08			
Legal & General America Reinsurance Limited	Bermuda	Ordinary	100.0
Legal & General Reinsurance Company Limited	Bermuda	Ordinary	100.0
Legal & General Reinsurance Company No.2 Limited	Bermuda	Ordinary	100.0
Legal & General Resources Bermuda Limited	Bermuda	Ordinary	100.0
2 Grand Canal Square, Dublin 2, Ireland, D02 A342			
L&G ESG GBP Corporate Bond 0-5 Year UCITS ETF	Ireland	Ordinary	42.6
L&G ESG USD Corporate Bond UCITS ETF	Ireland	Ordinary	61.3
L&G India INR Government Bond UCITS ETF	Ireland	Ordinary	26.3
22 Grenville Street, St. Helier, Jersey, JE4 8PX			
Clifford Limited	Jersey	Ordinary	100.0
Legal & General Student Living Limited	Jersey	Ordinary	100.0
Scotway Limited	Jersey	Ordinary	100.0
22F Toranomon Kotohira Tower, 1-2-8 Toranomon, Minato-ku, Tokyo, Japan, 105-0001			
Legal & General Investment Management Japan KK	Japan	Ordinary	100.0
23 Church Street, Level 7, Units 718-19 and 785, Capital Square, Singapore, 049481			
LGIM Singapore Pte. Limited	Singapore	Ordinary	100.0
2-4, Rue Eugene Ruppert, Luxembourg, Grand Duchy of Luxembourg, L-2453			
L&G Absolute Return Bond Fund	Luxembourg	Ordinary	91.0
L&G Alternative Risk Premia Fund	Luxembourg	Ordinary	85.7
L&G Buy & Maintain Credit Fund	Luxembourg	Ordinary	97.8
L&G Climate Action Global Equity Fund	Luxembourg	Ordinary	100.0
L&G Commodity Index Fund	Luxembourg	Ordinary	67.9
L&G Emerging Markets High Yield Bond Fund	Luxembourg	Ordinary	98.0
L&G Emerging Markets Investment Grade Hard Currency Corporate Bond Fund	Luxembourg	Ordinary	68.9
L&G Euro High Yield Bond Fund	Luxembourg	Ordinary	100.0
L&G Global Diversified Credit Fund	Luxembourg	Ordinary	55.9
L&G Net Zero Global Corporate Bond Fund	Luxembourg	Ordinary	58.4
L&G Net Zero Short Dated Corporate Bond Fund	Luxembourg	Ordinary	97.4
L&G UK Core Plus Bond Fund	Luxembourg	Ordinary	100.0
L&G US High Yield Bond Fund	Luxembourg	Ordinary	99.6
L&G US Securitised Fund	Luxembourg	Ordinary	100.0
L&G US Securitised Plus Fund	Luxembourg	Ordinary	100.0
28 Esplanade, St. Helier, Jersey, JE2 3QA			
30-31 Golden Square UT	Jersey	Unit	100.0

Additional financial information continued

41. Related undertakings continued

(i) Subsidiaries continued

Company name	Country of incorporation	Share class	% of equity shares held by the Group
3275 Bennett Creek Avenue, Frederick, MD 21704, United States			
Banner Life Insurance Company	USA	Ordinary	100.0
33 Sir John Rogerson's Quay, Dublin 2, Ireland, D02 XK09			
Euro Liquidity Fund	Ireland	Ordinary	51.4
L&G ESG Global High Yield Bond Index Fund	Ireland	Ordinary	40.7
L&G Frontier Markets Equity Fund	Ireland	Ordinary	42.7
L&G Future World ESG Emerging Markets Government Bond USD Index Fund	Ireland	Ordinary	100.0
L&G Future World Global Credit Fund – UK	Ireland	Ordinary	100.0
L&G Future World Net Zero Maturing Buy & Maintain Fund 23-32	Ireland	Ordinary	100.0
L&G Future World Net Zero Maturing Buy & Maintain Fund 33-42	Ireland	Ordinary	100.0
L&G Global Government Bond Fund	Ireland	Ordinary	100.0
L&G Net Zero Sterling Corporate Bond Fund	Ireland	Ordinary	100.0
LGIM 2025 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2025 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2025 Real Fund	Ireland	Ordinary	100.0
LGIM 2030 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2030 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2030 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2030 Real Fund	Ireland	Ordinary	100.0
LGIM 2034 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2034 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2035 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2035 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2035 Real Fund	Ireland	Ordinary	100.0
LGIM 2037 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2038 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2040 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2040 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2040 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2040 Real Fund	Ireland	Ordinary	100.0
LGIM 2042 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2042 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2045 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2045 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2045 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2045 Real Fund	Ireland	Ordinary	100.0
LGIM 2047 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2049 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2050 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2050 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2050 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2050 Real Fund	Ireland	Ordinary	100.0
LGIM 2055 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2055 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2055 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2055 Real Fund	Ireland	Ordinary	100.0
LGIM 2060 Fixed Fund	Ireland	Ordinary	100.0
LGIM 2060 Inflation Fund	Ireland	Ordinary	100.0
LGIM 2060 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2060 Real Fund	Ireland	Ordinary	100.0
LGIM 2062 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2068 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2068 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM 2073 Leveraged Gilt Fund	Ireland	Ordinary	100.0
LGIM 2073 Leveraged Index Linked Gilt Fund	Ireland	Ordinary	100.0
LGIM Bespoke Fund 1	Ireland	Ordinary	50.0
LGIM Credit and Liquidity – Fund BM	Ireland	Ordinary	100.0
LGIM Credit and Liquidity – Fund BN	Ireland	Ordinary	100.0
LGIM Euro 2030 Real Fund	Ireland	Ordinary	100.0
LGIM Fixed Long Duration Fund	Ireland	Ordinary	100.0
LGIM Fixed Short Duration Fund	Ireland	Ordinary	100.0
LGIM Hedging Fund AC	Ireland	Ordinary	100.0
LGIM Hedging Fund AI	Ireland	Ordinary	100.0
LGIM Hedging Fund AO	Ireland	Ordinary	100.0
LGIM Hedging Fund AR	Ireland	Ordinary	100.0
LGIM Hedging Fund AS	Ireland	Ordinary	100.0
LGIM Hedging Fund AT	Ireland	Ordinary	100.0

Company name	Country of incorporation	Share class	% of equity shares held by the Group
LGIM Hedging Fund AW	Ireland	Ordinary	100.0
LGIM Hedging Fund AZ	Ireland	Ordinary	100.0
LGIM Hedging Fund BB	Ireland	Ordinary	100.0
LGIM Hedging Fund BG	Ireland	Ordinary	100.0
LGIM Hedging Fund BJ	Ireland	Ordinary	100.0
LGIM Hedging Fund BL	Ireland	Ordinary	100.0
LGIM Hedging Fund BT	Ireland	Ordinary	100.0
LGIM Hedging Fund BV	Ireland	Ordinary	100.0
LGIM Hedging Fund CJ	Ireland	Ordinary	100.0
LGIM Hedging Fund CK	Ireland	Ordinary	100.0
LGIM Hedging Fund CL	Ireland	Ordinary	100.0
LGIM Hedging Fund DC	Ireland	Ordinary	100.0
LGIM Hedging Fund DJ	Ireland	Ordinary	100.0
LGIM Hedging Fund DK	Ireland	Ordinary	100.0
LGIM Hedging Fund DO	Ireland	Ordinary	100.0
LGIM Hedging Fund L	Ireland	Ordinary	100.0
LGIM Hedging Fund O	Ireland	Ordinary	100.0
LGIM Hedging Fund Q	Ireland	Ordinary	100.0
LGIM Hedging Fund WH	Ireland	Ordinary	100.0
LGIM Hedging Fund WS	Ireland	Ordinary	100.0
LGIM Hedging Fund WT	Ireland	Ordinary	100.0
LGIM Hedging Fund ZZ	Ireland	Ordinary	100.0
LGIM Leveraged Synthetic Equity Fund	Ireland	Ordinary	100.0
LGIM Leveraged Synthetic Equity Fund – GBP Currency Hedged Fund	Ireland	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2020-2024	Ireland	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2025-2029	Ireland	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2030-2034	Ireland	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2035-2039	Ireland	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2040-2054	Ireland	Ordinary	100.0
LGIM Real Long Duration Fund	Ireland	Ordinary	100.0
LGIM Real Short Duration Fund	Ireland	Ordinary	100.0
LGIM Solutions Fund AO	Ireland	Ordinary	100.0
LGIM Solutions Fund BB	Ireland	Ordinary	100.0
LGIM Solutions Fund BK	Ireland	Ordinary	100.0
LGIM Solutions Fund BW	Ireland	Ordinary	100.0
LGIM Solutions Fund CA	Ireland	Ordinary	100.0
LGIM Solutions Fund CB	Ireland	Ordinary	100.0
LGIM Solutions Fund CC	Ireland	Ordinary	100.0
LGIM Solutions Fund CF	Ireland	Ordinary	100.0
LGIM Solutions Fund CG	Ireland	Ordinary	100.0
LGIM Solutions Fund CH	Ireland	Ordinary	100.0
LGIM Solutions Fund CP	Ireland	Ordinary	100.0
LGIM Solutions Fund CQ	Ireland	Ordinary	100.0
LGIM Solutions Fund CS	Ireland	Ordinary	100.0
LGIM Solutions Fund CT	Ireland	Ordinary	100.0
LGIM Solutions Fund DB	Ireland	Ordinary	100.0
LGIM Solutions Fund DE	Ireland	Ordinary	100.0
LGIM Solutions Fund DF	Ireland	Ordinary	100.0
LGIM Solutions Fund DH	Ireland	Ordinary	100.0
LGIM Solutions Fund DM	Ireland	Ordinary	100.0
LGIM Solutions Fund DN	Ireland	Ordinary	100.0
LGIM Solutions Fund DQ	Ireland	Ordinary	100.0
LGIM Solutions Fund DR	Ireland	Ordinary	100.0
LGIM Solutions Fund DU	Ireland	Ordinary	100.0
LGIM Solutions Fund DV	Ireland	Ordinary	100.0
LGIM Solutions Fund DY	Ireland	Ordinary	100.0
LGIM Solutions Fund DZ	Ireland	Ordinary	100.0
LGIM Solutions Fund EA	Ireland	Ordinary	100.0
LGIM Solutions Fund EB	Ireland	Ordinary	75.0
LGIM Solutions Fund EE	Ireland	Ordinary	50.0
LGIM Solutions Fund EG	Ireland	Ordinary	100.0
LGIM Solutions Fund EH	Ireland	Ordinary	100.0
LGIM Solutions Fund EI	Ireland	Ordinary	100.0
LGIM Solutions Fund M	Ireland	Ordinary	100.0
LGIM Synthetic Leveraged Credit Fund	Ireland	Ordinary	100.0
LGIM Unleveraged Defensive Synthetic Equity Fund	Ireland	Ordinary	100.0
Sterling Liquidity Fund	Ireland	Ordinary	48.4
Sterling Liquidity Plus	Ireland	Ordinary	30.6
US Dollar Liquidity Fund	Ireland	Ordinary	53.9
3500 South Dupont Highway, City of Dover, County of Kent, Delaware, USA, 19901			
Potomac Ventures Number 1 Inc.	USA	Ordinary	100.0

Additional financial information continued

41. Related undertakings continued

(i) Subsidiaries continued

Company name	Country of incorporation	Share class	% of equity shares held by the Group
3rd Floor, 37 Esplanade, St. Helier, Jersey, JE1 1AD			
L&G Affordable Housing Northern Holdco Limited	Jersey	Ordinary	100.0
L&G Managed Fund Holdco Limited	Jersey	Ordinary	100.0
47 Esplanade, St Helier, Jersey, JE1 0BD			
Performance Retail Unit Trust	Jersey	Unit	100.0
4th Floor, 1 Ariel Way, London, W12 7SL			
Stratford City Offices LP	England and Wales	Partnership	100.0
5 New Street Square, London, EC4A 3TW			
Alfreton Solar Limited	England and Wales	Ordinary	100.0
Beavor Grange Solar Limited	England and Wales	Ordinary	100.0
Low Farm Solar Limited	England and Wales	Ordinary	100.0
Siddington Solar Farm Limited	England and Wales	Ordinary	100.0
50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ			
L&G UK Universities Ventures (Carry) GP LLP	Scotland	Partnership	100.0
L&G UK Universities Ventures (Carry) LP	Scotland	Partnership	100.0
L&G UK Universities Ventures GP LLP	Scotland	Partnership	100.0
L&G UK Universities Ventures LP	Scotland	Partnership	100.0
UK PIF FGP LLP	Scotland	Partnership	100.0
UK PIF Two Founder Partner, LP	Scotland	Partnership	100.0
UKPIF Two Founder GP Limited	Scotland	Partnership	100.0
70 East Sunrise Highway, Suite 500, Valley Stream, New York 11581, United States			
William Penn Life Insurance Company of New York Inc	USA	Ordinary	100.0
70 Sir John Rogerson Quay, Dublin 2, Ireland, D02 R296			
Finovation Limited	Ireland	Ordinary and convertible	100.0
L&G ESG Paris Aligned World Equity Index Fund	Ireland	Ordinary	75.6
L&G Private Markets LTAF	Ireland	Ordinary	100.0
L&G Rafi Multi-Factor Climate Transition Index Fund	Ireland	Ordinary	99.7
LGIM Managers (Europe) Limited	Ireland	Ordinary	100.0
8 Rue Lou Hemmer, Senningerberg, Grand Duchy of Luxembourg, L-1748			
L&G NTR Clean Power GP S.à.r.l.	Luxembourg	Ordinary	100.0
LGIM Clean Power General Partner S.à.r.l.	Luxembourg	Ordinary	100.0
838 Walker Road, Suite 21-2, Dover, DE 19904, United States			
Ancora 150 Richmond Holdings, LLC	USA	Membership interests	98.5
Ancora 150 Richmond JV, LLC	USA	Class A and B membership Interests	98.5
Ancora 265 S. Orange JV, LLC	USA	Class A and B membership Interests	99.0
Ancora Investments, LLC	USA	Ordinary	50.0
Ancora L&G, LLC	USA	Ordinary	50.0
Ancora Partners, LLC	USA	Ordinary	50.0
Ancora TEP Holdings, LLC	USA	Ordinary	99.8
Ancora TEP JV, LLC	USA	Class A and Class B shares	99.8
PVD Incubator, LLC	USA	Membership interests	100.0
850 New Burton Road, Suite 201, Dover, Delaware 19904, United States			
Ancora Community Impact CDE LLC	USA	Ordinary	50.0
Chesapeake Ventures, LLC	USA	Ordinary	100.0
FBV Financing-1, LLC	USA	Ordinary	100.0
FBV Financing-2, LLC	USA	Ordinary	100.0
FBV Financing-3, LLC	USA	Ordinary	100.0
FBV Financing-4, LLC	USA	Membership interests	100.0
FBV Financing-5, LLC	USA	Membership interests	100.0
L&G 765 Adams Holdings LLC	USA	Membership interests	100.0
L&G 765 Adams LLC	USA	Membership interests	100.0
Legal & General US Real Estate Equity Holding, LLC	USA	Membership interests	100.0
Apex Group, IFC 5, St. Helier, Jersey, JE1 1ST			
Bishopsgate Long Term Property Fund General Partner Limited	Jersey	Ordinary	100.0
Aztec Group House, IFC6, The Esplanade, St. Helier, Jersey, JE4 0QH			
Access Development General Partner Limited	Jersey	Ordinary	100.0
Access Development II General Partner Limited	Jersey	Ordinary	100.0
Vantage General Partner Limited	Jersey	Partnership	100.0
Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801, United States			
Legal & General America Inc.	USA	Ordinary	100.0
Legal & General Investment Management America Inc.	USA	Ordinary	100.0
Legal & General Investment Management United States (Holdings), Inc.	USA	Ordinary	100.0
LGC 150 Richmond US Holdco, LLC	USA	Membership interests	100.0
LGC 265 S. Orange US Holdco, LLC	USA	Membership interests	100.0
LGC US Holdco 1 Inc.	USA	Ordinary	100.0

Company name	Country of incorporation	Share class	% of equity shares held by the Group
LGC US Holdco 2 Inc.	USA	Ordinary	100.0
Europa House, 20 Esplanade, Scarborough, North Yorkshire, YO11 2AQ			
T P Property Services Limited	England and Wales	Ordinary	52.6
Thorpe Park 3175 Limited	England and Wales	Ordinary	52.6
Thorpe Park Developments Limited	England and Wales	Ordinary	52.6
Thorpe Park Holdings Limited	England and Wales	Ordinary and deferred	52.6
Lime Grove House, Green Street, St Helier, Jersey, JE1 2ST			
SCBD S6 Trust	Jersey	Unit	100.0
Stratford City Offices Jersey Unit Trust	Jersey	Unit	100.0
Stratford City Offices Jersey Unit Trust (No. 2)	Jersey	Unit	100.0
Marsh Management Services Inc., 463 Mountain View Drive, Suite 301, 3rd Floor, Colchester, Vermont 05446, United States			
First British Vermont Reinsurance Company II, Limited	USA	Ordinary	100.0
First British Vermont Reinsurance Company III, Limited	USA	Ordinary	100.0
First British Vermont Reinsurance Company IV Limited	USA	Ordinary	100.0
North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, SY1 3BF			
Portholme Residents Management Company Limited	England and Wales	Limited by guarantee	100.0
Room 902, 9th Floor, Chinachem Tower, 34-37 Connaught Road Central, Hong Kong			
Legal & General Investment Management Asia Limited	Hong Kong	Ordinary	100.0
Southwest Room, Floor 3, No. 2123 Pudong Avenue, China (Shanghai) Pilot Free Trade Zone (Bonded Area), Pudong District, Shanghai, China			
Legal & General Business Consulting (Shanghai) Limited	China	Ownership dictated by subscribed capital	100.0
The Old Post Office Station Road, Congresbury, Bristol, BS49 5DY			
London Distribution Park Management Company Limited	England and Wales	Ordinary	68.0
Unit 3, Edwalton Business Park, Landmere Lane, Edwalton, Nottingham, NG12 4JL			
Inspired Villages Group Limited	England and Wales	Ordinary	46.5
Inspired Works Limited	England and Wales	Ordinary	46.5
Renaissance Villages Limited	England and Wales	Ordinary	46.5

Additional financial information continued

41. Related undertakings continued

(ii) Associates and joint ventures

The Group has the following significant holdings classified as associates and joint ventures which have been included as financial investments, and investments in associates and joint ventures accounted for using the equity method. The gross assets of these companies are in part funded by borrowings which are non-recourse to the Group.

Company name	Country of incorporation	Accounting treatment	Investment type	Share class	% of equity shares held by the Group
245 Hammersmith Road (General Partner) Limited	England and Wales	Equity method	Joint venture	Partnership	50.0%
245 Hammersmith Road Limited Partnership	England and Wales	Equity method	Joint venture	Partnership	50.0%
245 HR GP LLP	England and Wales	Equity method	Joint venture	Partnership	50.0%
Access Development II Limited Partnership	Jersey	Equity method	Associate	Ordinary	25.0%
Access Development Limited Partnership	Jersey	Equity method	Joint venture	Ordinary	50.0%
Bracknell General Partner Limited	Jersey	Equity method	Joint venture	Ordinary	50.0%
Bracknell Property Unit Trust	Jersey	Equity method	Joint venture	Units	50.8%
Bruntwood Science Management Services Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Bruntwood SciTech Limited	England and Wales	Equity method	Associate	Ordinary	43.9%
Congenica Limited	England and Wales	Equity method	Associate	Ordinary	8.3%
ECF (General Partner) Limited	England and Wales	Equity method	Joint venture	Ordinary	33.3%
ECV Partnerships Tattenhall Limited	England and Wales	Equity method	Joint venture	Ordinary	26.3%
ECV Partnerships Warwick Limited	England and Wales	Equity method	Joint venture	Ordinary	26.3%
English Cities Fund	England and Wales	FVTPL	Associate	Partnership	30.2%
Gravesend Coldharbour Road Management Company Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Household Capital Pty Limited	Australia	Equity method	Associate	Ordinary	38.1%
Imagine Mortgages Limited (Generation Home)	England and Wales	FVTPL	Associate	Preferred	15.7%
ImpactA Global Holding Limited	England and Wales	Equity method	Associate	Ordinary	44.4%
Kao Data Limited	England and Wales	FVTPL	Associate	Ordinary	32.5%
Kensa Group Limited	England and Wales	FVTPL	Associate	Ordinary	32.0%
Newcastle Helix Developments LLP	England and Wales	FVTPL	Associate	Partnership	33.3%
NTR Asset Management Europe DAC	Ireland	Equity method	Associate	Ordinary	25.0%
Oxford University Property Development Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Pemberton Asset Management Holdings Limited	Jersey	FVTPL	Associate	Ordinary	40.0%
Salary Direct Holdings Limited	Jersey	FVTPL	Associate	Ordinary	53.5%
Senior Living (Albourne) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Boston Spa) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%

Company name	Country of incorporation	Accounting treatment	Investment type	Share class	% of equity shares held by the Group
Senior Living (Broadbridge Heath) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Caddington) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Chandlers Ford) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Comberton) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Dore) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Edenbridge) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Elstree) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Farnhams) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Freelands) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Great Leighs) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Halstead) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Hemel Hempstead) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Horndean) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Knowle) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Ledian Farm) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Liphook) Limited	Jersey	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Matchams) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Sonning Common) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Stamford) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Sunbury-on-Thames) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Tattenhall) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Tunbridge Wells) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Turvey) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Walkern) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living (Warwick Gates) Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Senior Living Finance 1 Limited	England and Wales	Equity method	Joint venture	Ordinary	50.0%
Sennen Finance Designated Activity Company	Ireland	Equity method	Joint venture	N/A	0.0%
Sero Technologies Limited	England and Wales	FVTPL	Associate	Ordinary	21.5%
Smartr365 Finance Limited	England and Wales	FVTPL	Associate	Ordinary & Anti-dilution	35.2%
SOJV LLP	England and Wales	Equity method	Joint venture	Partnership	50.0%
Techficient Holdings LLC	USA	Equity method	Associate	N/A	45.0%

42. Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominating factor in deciding who controls the entity, such as when voting rights might relate to administrative tasks only and the relevant activities are directed by means of contractual arrangement. The Group has interests in investment vehicles which, depending upon their status, are classified as either consolidated or unconsolidated structured entities as described below:

- debt securities, consisting of traditional asset backed securities, together with securitisation and debentures and collateralised debt obligations (CDOs)
- investment funds, largely being unit trusts
- specialised investment vehicles, analysed between Irish Collective Asset-management Vehicles (ICAVs), Open Ended Investment Companies (OEICs), Sociétés d'Investissement à Capital Variables (SICAVs), Specialised Investment Funds (SIFs), Authorised Contractual Schemes (ACSs), Qualifying Investor Alternative Investment Fund (QIAIF), liquidity funds, Common Contractual Fund (CCF), and property unit trusts.

All of the Group's holdings in the above vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. The investment manager makes investment decisions after extensive due diligence of the underlying investment vehicle, including consideration of its strategy and the overall quality of the underlying investment vehicle's manager.

All of the investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance related incentive fee, and is reflected in the valuation of the investment vehicles.

(i) Interests in consolidated structured entities

The Group has determined that where it has control over an investment vehicle, that investment is a consolidated structured entity. The Group has not provided, and has no intention to provide, financial or other support to any other structured entities which it does not consolidate.

(ii) Interests in unconsolidated structured entities

As part of its investment activities, the Group also invests in unconsolidated structured entities. As at 31 December 2024, the Group's interest in such entities reflected on the Group's Consolidated Balance Sheet and classified as financial investments held at fair value through profit or loss was £25,015m (2023: £23,454m). A summary of the Group's interests in unconsolidated structured entities is provided below:

	Financial investments 2024 £m	Financial investments 2023 £m
Debt securities		
Analysed as:		
Asset backed securities	4,024	3,575
Securitisations and debentures	962	150
CDOs	66	69
Investment funds and specialised investment vehicles		
Analysed as:		
Unit trusts	13,991	12,382
Property limited partnerships	806	881
Exchange traded funds	209	385
Liquidity funds	22	750
ICAVs	279	189
OEICs	411	481
SICAVs	569	386
SIFs	3,650	4,100
Property unit trusts	26	106
Total	25,015	23,454

Management fees received for investments that the Group manages also represent interests in unconsolidated structured entities, and the Group always maintains an interest in those funds which it manages. Where the Group does not manage the investments, its maximum exposure to loss is the carrying amount in the Group Consolidated Balance Sheet. Where the Group does manage these investments, the maximum exposure is the underlying balance sheet value, together with future management fees.

The table below shows the assets under management of those structured entities which the Group manages, together with investment management fees received from external parties.

	AUM 2024 £m	Investment management fees 2024 £m	AUM 2023 £m	Investment management fees 2023 £m
Investment funds	103,510	131	91,256	124
Specialised investment vehicles	29,688	54	30,624	61
Analysed as:				
ACS	2,538	1	2,530	1
OEICs	222	1	276	2
SICAVs	2,358	3	1,960	2
Property limited partnerships	3,289	13	3,380	16
Exchange traded funds	9,463	25	11,127	29
ICAVs	6,522	8	7,434	8
QIAIF	967	1	852	1
Liquidity funds	–	–	303	1
CCF	4,329	2	2,762	1
Total	133,198	185	121,880	185

No significant sponsorship has been provided to any of the above entities. The Group has not, and has no intention, to provide any significant financial or other support to any other structured entities which it does not consolidate.

In addition to the above, the Group has an exposure of £260m (2023: £239m) related to special purpose vehicles classified as joint ventures and accounted for using the equity method, with a carrying value on the Group Consolidated Balance Sheet as at 31 December 2024 of £nil (2023: £nil).

Company financial statements

Company Balance Sheet

As at 31 December 2024	Notes	2024 £m	2023 £m
Non-current assets			
Investments in subsidiaries	7	11,113	10,982
Non-current loans and receivables	7	365	337
Deferred tax asset ¹		156	93
Current assets			
Current receivables	8	442	754
Derivative assets	11	155	120
Other financial investments		31	26
Cash and cash equivalents		2	4
Total assets		12,264	12,316
Non-current liabilities			
Non-current payables	9	4,665	4,650
Current liabilities			
Current payables	10	527	483
Derivative liabilities	11	128	114
Total liabilities		5,320	5,247
Net assets		6,944	7,069
Equity			
Share capital	13	147	149
Share premium	13	1,036	1,030
Revaluation reserve		2,459	2,459
Capital redemption and other reserves		177	152
Retained earnings		2,630	2,784
Attributable to ordinary shareholders		6,449	6,574
Restricted Tier 1 convertible notes	14	495	495
Total equity		6,944	7,069

1. The presentation of deferred tax asset in 2023 has been corrected to reflect the balance as a non-current asset.

The notes on pages 240 to 245 form an integral part of these financial statements.

The financial statements on pages 238 to 245 were approved by the directors on 11 March 2025 and were signed on their behalf by:



Sir John Kingman
Chairman



António Simões
Group Chief Executive Officer



Stuart Jeffrey Davies
Group Chief Financial Officer

Company Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Share-based payment reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity attributable to ordinary shareholders £m	Restricted Tier 1 convertible notes £m	Total equity £m
For the year ended 31 December										
As at 1 January 2024	149	1,030	17	46	89	2,459	2,784	6,574	495	7,069
Profit for the financial year	–	–	–	–	–	–	1,303	1,303	–	1,303
Net movement in cross-currency hedge	–	–	–	2	–	–	–	2	–	2
Options exercised under share option schemes	–	6	–	–	–	–	–	6	–	6
Shares vested and transferred from share-based payment reserve	–	–	–	–	(51)	–	(5)	(56)	–	(56)
Employee scheme treasury shares: – Value of employee services	–	–	–	–	72	–	–	72	–	72
Share buyback ¹	(2)	–	2	–	–	–	(201)	(201)	–	(201)
Dividends	–	–	–	–	–	–	(1,230)	(1,230)	–	(1,230)
Coupon payable in respect of restricted Tier 1 convertible notes net of tax relief	–	–	–	–	–	–	(21)	(21)	–	(21)
As at 31 December 2024	147	1,036	19	48	110	2,459	2,630	6,449	495	6,944

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Share-based payment reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity attributable to ordinary shareholders £m	Restricted Tier 1 convertible notes £m	Total equity £m
For the year ended 31 December										
As at 1 January 2023	149	1,018	17	78	99	2,459	2,824	6,644	495	7,139
Profit for the financial year	–	–	–	–	–	–	1,130	1,130	–	1,130
Net movement in cross-currency hedge	–	–	–	(32)	–	–	–	(32)	–	(32)
Options exercised under share option schemes	–	12	–	–	–	–	–	12	–	12
Shares vested and transferred from share-based payment reserve	–	–	–	–	(69)	–	24	(45)	–	(45)
Employee scheme treasury shares: – Value of employee services	–	–	–	–	59	–	–	59	–	59
Dividends	–	–	–	–	–	–	(1,172)	(1,172)	–	(1,172)
Coupon payable in respect of restricted Tier 1 convertible notes net of tax relief	–	–	–	–	–	–	(22)	(22)	–	(22)
As at 31 December 2023	149	1,030	17	46	89	2,459	2,784	6,574	495	7,069

1. On 13 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £201m (including stamp duty) of ordinary shares for cancellation. The programme completed on 8 November 2024, with a total number of shares acquired and cancelled of 88,835,417.

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through other comprehensive income (FVOCI), and certain assets and financial liabilities (including derivative instruments) at fair value through profit or loss (FVTPL).

There were no material critical accounting estimates used or judgements made by management in the preparation of these financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined)
- The requirement of paragraphs 91 to 99 of IFRS 13 'Fair value measurement', where equivalent disclosures are included in the consolidated financial statements of the Group
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10 (f) and 40A (presentation of a 3rd balance sheet)
 - 16 (a statement of compliance with all IFRS)
 - 38 in respect of paragraph 79(a)(iv) (outstanding shares comparative)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- IFRS 7, 'Financial Instrument Disclosures'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group and key management compensation.

The Company's financial statements have been prepared in compliance with Section 394 and 396 of the Companies Act 2006 adopting the exemption of omitting the income statement conferred by Section 408 of that Act.

The Company's financial statements have been prepared on a going concern basis. See Note 1 of the Group consolidated financial statements for further information on the Directors' assessment of the going concern basis.

Financial assets

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, FVOCI or FVTPL. The classification depends on two criteria:

- (i) the business model within which financial assets are managed
- (ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

A loan or debt instrument is measured at amortised cost, using the effective interest method, if it meets the following conditions:

- (i) it is held within a business model that has an objective to hold financial assets to collect contractual cash flows
- (ii) the contractual terms of the financial asset result in cash flows that are SPPI on the principal amount outstanding.

A loan or debt security is measured at FVOCI if it meets the following conditions:

- (i) it is held for collection of contractual cash flows and for selling the financial assets
- (ii) the asset's cash flows represent SPPI.

Interest income on these securities is calculated using the effective interest method. Foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

All other assets, including derivative assets which are held for trading are measured at FVTPL. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in cash flow hedges.

The Company has no equity instruments other than investments in subsidiaries.

Receivables are initially recognised at fair value and subsequently accounted for at amortised cost.

Financial assets include a loan with the ESOT with the purpose of funding the purchase of the Company's equity share capital. The purchase of shares in the market by the ESOT has no effect on the Company's financial statements.

Impairment of financial assets

For financial assets held at amortised cost or FVOCI the Company reviews the carrying value of its assets at each balance sheet date. For such assets, the Company determines forward-looking expected credit losses (ECL), based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for financial assets that are determined to have low credit risk at the reporting date and other debt securities for which credit risk has not increased significantly since initial recognition. In these cases, ECLs are based on the 12-month ECL, which is the ECL that results from a possible default up to 12 months after the reporting date. The Company has adopted a simplified approach for receivables, which allows measurement of lifetime ECLs only, thereby removing the need to identify significant increases in credit risk. For these balances, the Company makes use of provision matrices in order to calculate such lifetime ECLs. This is a practical expedient allowed by IFRS 9 whereby historical credit loss experience and fixed loss rates are applied to the balances outstanding. Historical loss rates are adjusted to allow for forward-looking information.

Investment income

Investment income includes unrealised fair value gains and losses on financial investments at FVTPL, realised gains and losses, dividends, rent and interest. Dividends are accrued on an ex-dividend basis. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Interest income for financial assets which are not classified as FVTPL is recognised using the effective interest method.

Distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

Interest expense

Interest expense reflects the underlying cost of borrowing, based on the effective interest method and includes payments and receipts made under derivative instruments which are amortised over the interest period to which they relate.

Investment in subsidiary undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses. Where the carrying amount of an investment in a subsidiary, or of the cash-generating unit to which the investment belongs, is greater than its recoverable amount, an impairment loss is recognised in profit or loss.

Derivatives and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivatives such as foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Changes in the fair value of derivative instruments, other than those designated as hedging instruments in cash flow or net investment hedges, are recognised immediately in the income statement. Currently, the Company hedges foreign exchange translation and interest rate risks on its fixed rate USD denominated borrowings (the hedged items), using cross currency interest rate swaps (the hedging items). It recognises the effective portion of the gain or loss on the hedging items in a separate reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings classified as liabilities are subsequently stated at amortised cost. The difference between the net proceeds and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Company financial statements continued

1. Accounting policies continued

Deferred tax continued

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items are maintained at historic rates. Exchange gains or losses are recognised in the income statement.

Pension costs

The Company contributes to defined contribution schemes. The Company charges the costs of its pension schemes against profit as incurred. Any difference between the cumulative amounts charged against profits and contribution amounts paid is included as a provision or prepayment in the balance sheet.

The assets of the defined contribution schemes are held in separate trustee administered funds, which have been subject to regular valuation every three years and updated by formal reviews at reporting dates by qualified actuaries.

Share-based payments

The Company operates a number of share-based payment plans on behalf of its subsidiaries. Full disclosure of these plans is given in Note 33 of the Group consolidated financial statements. The costs associated with these plans are borne by all the participating Group businesses where they relate to their employees and, where relevant, the Company bears an appropriate charge. As the majority of the charge to the Company relates to awards and options issued to the directors, for which full disclosure is made in the Directors' report on remuneration, no further disclosure is provided here.

2. Dividends

	Dividend 2024 £m	Per share ¹ 2024 p	Dividend 2023 £m	Per share ¹ 2023 p
Ordinary dividends paid and charged to equity in the year:				
– Final 2022 dividend paid in June 2023	–	–	831	13.93
– Interim 2023 dividend paid in September 2023	–	–	341	5.71
– Final 2023 dividend paid in June 2024 ²	874	14.63	–	–
– Interim 2024 dividend paid in September 2024	356	6.00	–	–
Total dividends	1,230	20.63	1,172	19.64

1. The dividend per share calculation is based on the number of equity shares registered on the ex-dividend date.

2. The dividend proposed at 31 December 2023 was £871m based on the current number of eligible equity shares at that date.

Subsequent to 31 December 2024, the directors declared a final dividend for 2024 of 15.36 pence per ordinary share. This dividend will be paid on 5 June 2025. It will be accounted for as an appropriation of retained earnings in the year ended 31 December 2025 and is not included as a liability in the Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2024.

3. Directors' emoluments and other employee information

Full disclosures of Legal & General Group Plc directors' emoluments are contained within those parts of the Directors' report on remuneration which are described as having been audited. At 31 December 2024 there were no remuneration payments outstanding with directors of the Company (2023: £nil). The Company has no other employees (2023: nil).

For purposes of the disclosure required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the total aggregate emoluments of the directors in respect of 2024 was £4.5m (2023: £3.3m). The aggregate net value of share awards granted to the directors in the period was £10.0m (2023: £5.5m). During the year, the aggregate gains made by directors on the exercise of share options was £1.1m (2023: £0.9m).

4. Tax

From 1 January 2024 a global minimum tax rate of 15% applies to multinational businesses headquartered in the UK, as well as a new domestic UK minimum tax rate of 15%, in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD).

The Company has included £35m multinational top-up tax charge (MTT) within its total tax credit of £58m which is attributable to Bermuda and due to be paid by 30 June 2026. MTT has increased the Company's effective tax rate by 2% for 2024. The Company is not expected to be subject to MTT in 2025 following the implementation of the Bermudan Corporation Tax regime from 1 January 2025. A summary of the impact on the Group is disclosed in Note 30 of the Group's consolidated financial statements.

5. Pensions

The Company participates in the following pension schemes in the UK, which are operated by the Group:

- Legal & General Group Personal Pension Plan
- Legal & General Staff Stakeholder Pension Scheme.

These schemes operate within the UK pensions' regulatory framework.

There were no contributions prepaid or outstanding at either 31 December 2024 or 31 December 2023 in respect of these schemes.

The Company also previously participated in the following defined benefit schemes in the UK, operated by the Group:

- Legal & General Group UK Pension and Assurance Fund (the Fund). The Fund was closed to new members from January 1995
- Legal & General Group UK Senior Pension Scheme (the Scheme). The Scheme was, with a few exceptions (principally transfers from the Fund), closed to new members from August 2000 and finally closed to new members from April 2007.

The Trustees completed a buyout of the Fund and the Scheme in November 2023.

6. Auditor's remuneration

Remuneration receivable by the Company's auditors for the audit of the Company's financial statements is not presented. The Group's consolidated financial statements disclose the aggregate remuneration receivable by the Company's auditors for the audit of the Group's financial statements, which include the Company's financial statements, in Note 31.

The disclosure of fees payable to the auditors and its associates for other (non-audit) services has not been made because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

7. Non-current assets

	Investments in subsidiaries 2024 £m	Non-current loans and receivables ² 2024 £m	Total 2024 £m	Investments in subsidiaries 2023 £m	Non-current loans and receivables ² 2023 £m	Total 2023 £m
As at 1 January	10,982	337	11,319	10,740	244	10,984
Additions ¹	206	28	234	251	93	344
Impairment	(75)	–	(75)	(9)	–	(9)
As at 31 December	11,113	365	11,478	10,982	337	11,319

1. Additions primarily represent capital injections into Group undertakings.

2. Non-current loans and receivables includes a £291m (2023: £261m) loan with the Employee Share Ownership Trust (ESOT). The loan is interest free and repayable at the request of either party.

Full disclosure of the Company's investments in subsidiary undertakings is contained in Note 41 of the Group's consolidated financial statements.

8. Current receivables

	2024 £m	2023 £m
Amounts owed by Group undertakings ¹	411	718
Corporation tax	29	34
Other receivables	2	2
Current receivables	442	754

1. Amount owed by Group undertakings fall due after one year, are repayable at the request of either party and include a £329m (2023: £574m) interest bearing balance with a current interest rate of SONIA-12.5 bps, floored at zero.

9. Non-current payables

	Note	2024 £m	2023 £m
Subordinated borrowings	12	3,759	3,739
Amounts owed to Group undertakings ¹		906	911
Non-current payables		4,665	4,650

1. Amounts owed to Group undertakings fall due after more than one year, are unsecured and include £901m (2023: £901m) of interest bearing balances with current interest rates between 2.39% and 6.12% (2023: 2.39% and 6.12%).

10. Current payables

	Note	2024 £m	2023 £m
Amounts owed to Group undertakings ¹		465	315
Subordinated borrowings	12	29	29
Other payables		33	139
Current payables		527	483

1. Amounts owed to Group undertakings fall due within one year, are interest free and repayable at the request of either party.

11. Derivative assets and liabilities

	Fair values	
	Assets 2024 £m	Liabilities 2024 £m
Currency swap contracts – held for trading	113	128
Currency swap contracts – cash flow hedge	42	–
Derivative assets and liabilities	155	128

	Fair values	
	Assets 2023 £m	Liabilities 2023 £m
Currency swap contracts – held for trading	96	111
Currency swap contracts – cash flow hedge	24	3
Derivative assets and liabilities	120	114

A description of each type of derivative is given in Note 13 of the Group's consolidated financial statements.

12. Borrowings

	Carrying amount 2024 ¹ £m	Coupon rate 2024 %	Fair value 2024 £m	Carrying amount 2023 ¹ £m	Coupon rate 2023 %	Fair value 2023 £m
Subordinated borrowings²						
5.5% Sterling subordinated notes 2064 (Tier 2)	590	5.50	565	590	5.50	600
5.375% Sterling subordinated notes 2045 (Tier 2)	605	5.38	606	605	5.38	603
5.25% US Dollar subordinated notes 2047 (Tier 2)	688	5.25	684	676	5.25	656
5.55% US Dollar subordinated notes 2052 (Tier 2)	403	5.55	408	396	5.55	382
5.125% Sterling subordinated notes 2048 (Tier 2)	401	5.13	398	401	5.13	395
3.75% Sterling subordinated notes 2049 (Tier 2)	600	3.75	555	599	3.75	545
4.5% Sterling subordinated notes 2050 (Tier 2)	501	4.50	473	501	4.50	467
Total subordinated borrowings	3,788	–	3,689	3,768	–	3,648

1. Includes accrued interest on subordinated borrowings of £29m (2023: £29m).

2. Further details on the subordinated borrowings of the Company are provided in Note 23 of the Group's consolidated financial statements.

13. Share capital and share premium

A summary of the Company's ordinary share capital, share premium and options over the Company's ordinary share capital are disclosed in Note 34 of the Group's consolidated financial statements.

14. Restricted Tier 1 convertible notes

On 24 June 2020, Legal & General Group Plc issued £500m of 5.625% perpetual restricted Tier 1 contingent convertible notes. The notes are callable at par between 24 March 2031 and 24 September 2031 (the First Reset Date) inclusive and every 5 years after the First Reset Date. If not called, the coupon from 24 September 2031 will be reset to the prevailing five year benchmark gilt yield plus 5.378%.

The notes have no fixed maturity date. Optional cancellation of coupon payments is at the discretion of the issuer and mandatory cancellation is upon the occurrence of certain conditions. The Tier 1 notes are therefore treated as equity and coupon payments are recognised directly in equity when paid. During the year coupon payments of £28m were made (2023: £28m). The notes rank junior to all other liabilities and senior to equity attributable to owners of the parent. On the occurrence of certain conversion trigger events the notes are convertible into ordinary shares of the issuer at the prevailing conversion price.

Directors' report and additional statutory and regulatory information

The directors submit their Annual report and accounts for Legal & General Group Plc, together with the consolidated financial statements of the L&G Group of companies, for the year ended 31 December 2024. The Directors' report required under the Companies Act 2006 comprises this section and certain other disclosures in the Governance report, the Directors' report on remuneration, Strategic report and the notes to the Group consolidated financial statements, including:

An outline of important events that have occurred during the year	Pages 14 to 53
An indication of likely future developments	Pages 14 to 53
Engagement with employees	Pages 41 and 73
Directors' biographies	Pages 58 to 59
Stakeholders	Pages 42 to 43
Section 172(1) statement	Pages 70 to 73
Monitoring and assessing culture	Page 64
Greenhouse emissions data and methodology	Page 39
Post balance sheet events	Page 51

Annual General Meeting (AGM)

The Company intends to hold this year's AGM on Thursday 22 May 2025, at 11am at The British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, with facilities to join virtually. Full details of the business to be considered at the meeting will be included in the Notice of AGM.

Board and directors

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. The Company's Articles of Association were last amended at its AGM held on 20 May 2021.

Conflicts of interest

In accordance with the Companies Act 2006, the Board has adopted a policy and procedure for the disclosure and authorisation (if appropriate) of conflicts of interest, and these have been followed during 2024. The Board confirms that it has reviewed the schedule of directors' conflicts of interest during the year and that the procedures in place operated effectively in 2024. None of the directors had an interest in any contract of significance with the Company or any of its subsidiaries during 2024.

Powers of directors

The directors (as detailed on pages 58 to 59) may exercise all powers of the Company subject to applicable legislation and regulation and the Company's Articles of Association.

Appointment and removal of directors

With regards to the appointment and removal of directors, the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. Directors may be appointed by an ordinary resolution of the Company or by the Board, in each case subject to the provisions of the Company's Articles of Association. The Company may, by way of special resolution, remove any director before the expiration of that director's period of office and may by ordinary resolution appoint another director to act as a replacement. The Company's Articles of Association (in line with the UK Corporate Governance Code) require all the directors to retire from office at each AGM of the Company, and stand for re-election. Details of the directors standing for re-election at the AGM will be detailed in the Notice of Meeting.

Directors' interests

The Directors' report on remuneration on pages 88 to 113 provides details of the share interests of each director, including details of current incentive schemes and long-term incentive schemes.

Indemnities

The Company has agreed to indemnify, to the extent permitted by law, each of the directors against any liability incurred by a director in respect of acts or omissions arising in the course of their office. Qualifying pension scheme indemnities (as defined in section 235 of the Companies Act 2006) apply, to the extent permitted by law, to certain directors of the Company's pension schemes. The indemnities were in force throughout 2024 and remain so. Copies of the deeds containing the relevant indemnity are available for inspection at the Company's registered office and will also be available at the AGM.

Insurance

The Company has arranged appropriate directors' and officers' liability insurance for directors. This is reviewed annually.

Change of control

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) in the event of a takeover bid, except for those relating to normal notice periods. The rules of the Company's share plans contain provisions under which options and awards to participants, including executive directors, may vest on a takeover or change of control of the Company or transfer of undertaking. The Company has a committed £1.5 billion bank syndicated credit facility which is terminable if revised terms cannot be agreed with the syndicate of banks in a 30-day period following a change of control. As at 10 March 2024, the Company has no borrowings under this facility. There are no change of control conditions in the terms of any of the Company's outstanding debt securities. The terms of the Company's agreements with its banking counterparties, under which derivative transactions are undertaken, include in some instances the provision for termination of transactions upon takeover/merger depending on the rating of the merged entity. The Company does not have any other committed banking arrangements, either drawn or undrawn, which incorporate any unilateral change of control conditions.

Related party transactions

Details of related party transactions are set out in Note 37 to the Group consolidated financial statements.

Shares and dividend information

Share capital

As at 31 December 2024, the Company's issued share capital comprised 5,893,179,639 ordinary shares each with a nominal value of 2.5 pence. Details of the ordinary share capital can be found in Note 34 to the Group consolidated financial statements.

At the 2024 AGM, the Company was granted authority by shareholders to purchase up to 597,971,439 ordinary shares, being 10% of the issued share capital of the Company as at 25 March 2024. In the year to 31 December 2024, 88,835,417 shares were purchased for cancellation by the Company at an average price of 225.14 pence per share for a total consideration of £200 million, by way of a share buyback programme. The purpose of the buyback programme was to enhance returns to shareholders by reducing the Company's number of outstanding ordinary shares. The authority to repurchase shares will expire at the 2025 AGM. As such, a resolution is proposed in the Notice of AGM seeking shareholder approval to renew this authority. On 12 March 2025, the Company announced that it would undertake a further share buyback of £500 million in 2025.

At the 2024 AGM, the directors were given the power to allot shares up to an amount of £49,830,953, being approximately one-third of the issued share capital of the Company as at 25 March 2024. The authority to allot shares will expire at the 2025 AGM. As such, a resolution is proposed in the Notice of AGM seeking shareholder approval to renew this authority.

Further resolutions are proposed, as set out in the Notice of AGM, that will, if approved by shareholders, authorise the directors to issue shares up to the equivalent of 10% of the Company's issued share capital as at 26 March 2025 for cash without offering the shares first to existing shareholders in proportion to their holdings. Detailed explanatory notes to these resolutions are set out in the Notice of AGM.

Other than the above, the directors have no current intention of issuing further share capital.

Interests in voting rights

Information on major interests in shares provided to the Company under the Disclosure Guidance and Transparency Rules (DTR 5) of the UK Listing Authority is published via a Regulatory Information Service and on the Company's website: group.legalandgeneral.com. As at 31 December 2024, the Company had been advised of the following significant direct and indirect interests in the issued share capital of the Company:

	Number of ordinary shares of 2.5p	% of capital ¹
BlackRock Inc.	298,315,445	5.06

1. Using the voting rights figure as at 31 December 2024, as announced to the London Stock Exchange on 2 January 2025, of 5,893,179,639.

On 7 February 2025, Meiji Yasuda Life Insurance Company (MYL) acquired voting rights to 294,664,836 ordinary shares of 2.5 pence in the Company. As at 3 March 2025, its interest in voting rights was 4.999912%. The Company was also notified by Morgan Stanley (MS) that it held over 5% of voting rights through financial instruments as at 7 February 2025. As at 28 February 2025, MS' interest in voting rights through financial instruments was 5.287326%. The Company understands that such instruments were entered into to facilitate the acquisition by MYL of its shares in the Company (as separately disclosed by MYL). No additional material changes to the interests have been disclosed between 31 December 2024 and 10 March 2025.

Dividend

The Company may, by ordinary resolution in a general meeting, declare dividends in accordance with the respective rights of the members, but no dividend can exceed the amount recommended by the Board. The directors propose a final dividend for the year ended 31 December 2024 of 15.36 pence per ordinary share which, together with the interim dividend of 6.00 pence per ordinary share paid to shareholders on 27 September 2024, will make a total dividend for the year of 21.36 pence (2023: 20.34 pence). Subject to shareholder approval at the AGM, the final dividend will be paid on 5 June 2025 to shareholders on the share register on 25 April 2025, provided that the Board may cancel payment of the dividend at any time prior to payment in accordance with the Articles of Association, if it considers it necessary to do so for regulatory or capital purposes. Our dividend policy is set out on page 4.

Rights and obligations attaching to shares

The rights and obligations relating to the Company's ordinary shares are set out in the Articles of Association. A copy of the Articles of Association can be requested from the Company Secretary at the Company's registered office. Holders of ordinary shares are entitled to attend, speak and vote at general meetings. In a vote on a show of hands, every member present in person or every proxy present, who has been duly appointed by a member, will have one vote and on a poll every member present in person or by proxy shall have one vote for every ordinary share held. These rights are subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of the Company's Articles of Association. Under the Companies Act 2006 and the Articles of Association, directors have the power to suspend voting rights and, in certain circumstances, the right to receive dividends in respect of shares where the holder of those shares fails to comply with a notice issued under section 793 of the Companies Act 2006.

The Board can decline to register a transfer of any share which is not a fully paid share. In addition, registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules and where the number of joint holders exceeds four. The Board may also refuse to register the transfer of a certificated share unless:

- the instrument of transfer is duly stamped and is left at the Company's registered office or such other place as the Board may from time to time determine, accompanied by the certificate for the share to which it relates and such evidence as the Board may reasonably require to show the right of the transfer or to make the transfer
- the instrument of transfer is in respect of only one class of share
- the number of joint holders does not exceed four.

Subject to the provisions of the Companies Act 2006, all or any of the rights attaching to an existing class of shares may be varied from time to time, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Directors' report and additional statutory and regulatory information continued

Shares acquired through the employee share plans rank equally with all other ordinary shares in issue. Zedra Trust Company (Guernsey) Limited, as trustee of the L&G Employees' Share Ownership Trust, held 1% of the issued share capital of the Company as at 10 March 2024 in trust for the benefit of the executive directors, senior executives and employees of the Group. The trustee of L&G Employees' Share Ownership Trust has waived the right of that trust to receive dividends on unallocated shares it holds. The voting rights in relation to these shares are exercised by the trustee. The trustee may vote or abstain from voting, or accept or reject any offer relating to shares, in any way it sees fit, without incurring any liability and without being required to give reasons for its decision. Under the rules of the L&G Group Employee Share Plan (the 'Plan'), eligible employees are entitled to acquire shares in the Company. Plan shares are held in trust for participants by MUFG Corporate Markets Trustees (UK) Limited, which held 0.34% of the issued share capital of the Company as at 10 March 2024. Voting rights are exercised by the trustees on receipt of the participants' instructions. If a participant does not submit an instruction to the trustees, no vote is registered. In addition, the trustees do not vote on any unallocated shares held in the trust. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities and/or voting rights.

Required disclosures

Requirements of Listing Rule 6.6.1

Information to be included in the Annual report and accounts under Listing Rule 6.6.1 may be found as follows:

Relevant Listing Rule	Page
LR 6.6.1R (1)	198 to 202
LR 6.6.1R (11)	247
LR 6.6.1R (12)	247

Additional information required under Listing Rule 6.6.6

Additional information to be included in the Annual report and accounts of a listed company incorporated in the United Kingdom that cannot be found in the Directors' report:

Relevant Listing Rule	Page
LR 6.6.6R (1)	107
LR 6.6.6R (5) & (6)	61
LR 6.6.6R (7)	107
LR 6.6.6R (8)	35 to 39
LR 6.6.6R (9), (10) & (11)	83

Disability

We give full and fair consideration to applications for employment made by disabled persons. Our policies support the employment, promotion, and career development of disabled persons, as well as supporting employees who become disabled during the course of their employment. We make reasonable adjustments, as required under the Equality Act 2010, for disabled employees, including seeking redeployment in the event that reasonable adjustments are not possible. We offer appropriate training, including training in relation to equality, and will make adjustments to this training where required.

Political donations

No political donations were made during 2024.

Research and development

In the ordinary course of business, the Group develops new products and services in each of its business divisions.

Branches

Our Asset Management business has branches in Australia, Germany, Italy, the Netherlands, Sweden, and Switzerland.

Corporate governance

During the year we were required to measure ourselves against the 2018 UK Corporate Governance Code. More details on our compliance with the Code, including our 2024 Compliance Statement, can be found on page 61. Information on the Group's control and risk management systems can be found on pages 44 to 47, 75 and 86 to 87. A summary of our D&I Policy can be found on page 83.

Financial reports and disclosures

Use of financial instruments

Information on the Group's risk management process is set out on pages 44 to 47. More details on risk management and the financial instruments used are set out in Notes 16 to 18 of the Group consolidated financial statements.

Independent auditors

The Company's auditor has expressed its willingness to continue in office and the Audit Committee has recommended its reappointment to the Board. Resolutions to reappoint KPMG LLP as auditor to the Company and to authorise the Audit Committee, on behalf of the Board, to determine its remuneration are proposed for the forthcoming AGM.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and accounts (Group and parent company), including the Directors' report on remuneration and the financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for the relevant period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report, Directors' report, Directors' report on remuneration and Corporate governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.15R, the annual financial report has been prepared in Extensible Hypertext Markup Language (XHTML) format. Consolidated financial statements have also been prepared in accordance with Disclosure Guidance and Transparency Rule 4.1.16R – 4.1.18R, including the requirement to use Extensible Business Reporting Language (XBRL) markup language. The Auditor's report on these financial statements provides no assurance over the XHTML or XBRL format.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors of the Company and their functions are listed on pages 58 to 59.

Fair, balanced and understandable

In accordance with the principles of the 2018 UK Corporate Governance Code, we have processes and procedures in place to ensure that the information presented in the Annual report and accounts is fair, balanced and understandable. We describe these processes and procedures on page 75.

On the advice of the Audit Committee, the Board considers that the Annual report and accounts, as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Critical accounting estimates, key judgements and significant accounting policies

Our critical accounting estimates, key judgements and significant accounting policies conform with UK-adopted international accounting standards and are set out on pages 134 to 136 of the consolidated financial statements. The directors have reviewed these policies and applicable estimation techniques and have confirmed them to be appropriate for the preparation of the 2024 consolidated financial statements.

Disclosure of information to auditors

As far as each of the directors in office at the date of this Directors' report is aware, there is no relevant audit information (as defined by section 418 (3) of the Companies Act 2006) of which the Company's auditors are unaware, and each such director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Strategic report on pages 1 to 53 of this report includes information on the Group structure and business principles, the performance of the business areas, the impact of regulation and principal risks and uncertainties.

The Group performance detailed on page 14 and pages 18 to 19 includes information on the Group financial results, financial outlook, cash flow and balance sheet position. The consolidated financial statements include information on the Group financial investments and investment property (Note 12), derivatives (Note 13), cash and cash equivalents (Note 15), asset risk (Note 8), market, credit and insurance risks (Notes 16 to 18) and borrowings (Note 23).

In line with IAS 1 'Presentation of financial statements', and revised FRC guidance on 'risk management, internal control and related financial and business reporting', and as set out in the Basis of preparation (Note 1), management has taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of the financial statements when assessing the Group's ability to continue as a going concern.

Details of the main risks affecting the Group and how we manage and mitigate them are set out in 'Managing risk' on pages 44 to 47. Having assessed the main risks and other matters discussed in connection with the Group Board viability statement set out on page 48, in accordance with the 2018 UK Corporate Governance Code and the FRC guidance, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

The Directors' report and Strategic report were approved by the Board on 11 March 2025 and signed on its behalf.

By order of the Board



G J Timms
Group General Counsel and Company Secretary

Shareholder information

Annual General Meeting (AGM)

The Board regards the AGM as an important opportunity to communicate directly with private investors. Full details of the business to be considered at the meeting will be included in the Notice of AGM. The Notice of Meeting and all other details for the AGM will be available at: group.legalandgeneral.com/AGM.

Location: The British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, with facilities to join virtually.

Date: Thursday 22 May 2025

Time: 11am

Dividend information

This year the directors are recommending the payment of a final dividend of 15.36 pence per share. If you add this to your interim dividend of 6.00 pence per share, the total dividend recommended for 2024 will be 21.36 pence per share (2023: 20.34 pence per share). The key dates for the payment of dividends are set out in the important dates section on the adjacent page.

Shareholder enquiries

Registrar

Computershare Investor Services PLC (Computershare) has been appointed by Legal & General Group Plc to act as our Registrar and offers many services to make managing your shareholding easier and more efficient.

Investor Centre

The Investor Centre is a secure online site where you can manage your shareholding. To register for the Investor Centre, just visit investorcentre.co.uk. You will need your Shareholder Reference Number (SRN), which can be found on your dividend voucher or by contacting Computershare. Once registered you can:

- view your shareholding and obtain an indicative valuation
- change your address
- arrange to have dividends paid into your bank account or join the Dividend Reinvestment Plan (DRIP)
- request to receive shareholder communications by email rather than post
- view your dividend payment history
- sell or buy shares
- download a variety of forms, including a stock transfer form.

Registrar contact information

For any queries regarding your shareholding, please contact Computershare:

By phone: +44 (0) 370 707 1399*

By email: webcorres@computershare.co.uk

In writing: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

* Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open 8.30am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Sign up to electronic communications

Help us save paper and get your shareholder information quickly and securely by signing up to receive your shareholder communications by email. You can register for electronic communications via the Investor Centre.

Dividend payment options

Have your dividends paid into your bank account

Once registered on Investor Centre, you can choose to receive your dividends directly into your bank account. Just select 'View/update your bank details' and follow the simple instructions. Alternatively, you can contact Computershare for a bank mandate form. By opting to receive your dividends electronically, your dividend will reach your bank account on the dividend payment date. Alternatively, you can choose to receive your dividends via a cheque payment.

Reinvest your dividends

The dividend reinvestment plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional ordinary shares. The plan is provided by Computershare who are authorised and regulated by the FCA.

The fees associated with your dividend reinvestment plan will increase with effect from the final dividend payable 5 June 2025. To view the revised terms and conditions please visit www.computershare.co.uk/drip.

International Fund Transfer

If you don't have access to a UK bank or building society account, you can elect to join the International Fund Transfer (IFT) and receive cash dividends direct to your bank account in your local currency (a small fee and terms and conditions apply).

You can find further details regarding these payment options through your Investor Centre account or by contacting our Registrar, Computershare, on the contact details opposite.

It is important to remember that the value of shares and income from them can fall as well as rise and you may not recover the amount of money you invest. Past performance should not be seen as indicative of future performance. This arrangement should be considered as part of a diversified portfolio. Please consult an independent advisor if you need any assistance with financial matters.

Annual dividend confirmation

From September 2023, L&G has adopted an annual dividend confirmation process in relation to future payments. Instead of issuing separate payment advices for each dividend, an annual dividend confirmation will be issued with the interim dividend, usually paid in September, detailing the dividend payments made throughout the tax year.

Asset reunification

L&G has continued its shareholder tracing programme with the aim of reuniting 'lost' shareholders, or their estates, with unclaimed entitlements in respect of Legal & General Group Plc shares. We want to reunite as many shareholders as possible with their unclaimed entitlements and have therefore appointed Georgeson, a specialist tracing company, to help us trace shareholders with unclaimed assets. If you have received a claim form from Georgeson and have any questions, please contact them directly:

By phone: 0800 953 0077

By International Phone: +44 (0) 370 703 0067

By email: assetreunification@georgeson.com

By website: georgeson.com/unclaimed

Buy and sell shares

Simple and competitively priced services to buy and sell shares are available online. Further information can be found here: investorcentre.co.uk. Shareholders will be required to complete Anti-Money Laundering (AML) checks in advance of dealing in shares and it is therefore advisable to register your account in advance if you wish to buy or sell shares.

Once registered and AML checks have been completed, shareholders can choose to deal online or to download a dealing form and trade via a postal dealing service. Any holder of certificated shares will be required to send Computershare their original share certificate and an authorisation letter before a trade can be executed.

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply.

Corporate sponsored nominee

The corporate sponsored nominee allows you to hold shares in the Company without the need for a share certificate and enables you to benefit from shorter market settlement periods. The corporate sponsored nominee also offers lower rate dealing costs. Individual shareholders hold their Legal & General Group Plc shares in a nominee holding registered in the name of Computershare Company Nominees Limited. To join or obtain further information, contact the Registrar. You will be sent a deposit form outlining the terms and conditions under which your shares will be held.

Communication with shareholders

Internet

Information about the Company, including details of the current share price, is available on the website: group.legalandgeneral.com.

Investor relations

Private investors should contact the Registrar with any queries. Institutional investors can contact the Investor Relations team by email: investor.relations@group.landg.com.

Financial reports

The Company's financial reports are available on its website. The Annual report and accounts are sent to those shareholders who have elected to receive paper copies. Alternatively, shareholders may elect to receive notification by email by registering on the Investor Centre. If you receive more than one copy of our communications, it could be because you have more than one record on the share register. To avoid duplicate mailings, please contact the Registrar, who can arrange for your accounts to be amalgamated.

General information

Capital gains tax: For the purpose of calculating UK capital gains tax, the market value on 31 March 1982 of each share was 7.996 pence after adjusting for the 1986 capitalisation issue and the 1996 and 1999 subdivisions, but not reflecting any rights taken up under the 2002 rights issue.

Close company provisions: The Company is not a close company within the terms of the Corporation Tax Act 2010.

Registered office: One Coleman Street, London EC2R 5AA. Registered in England and Wales, No. 01417162.

Shareholder offer line: For details of shareholder offers on L&G products, call 0800 107 6830, or visit legalandgeneral.com/shareholderoffers.

Important dates

	Final	Interim*
Results announcement	12 March 2025	6 August 2025
Ex-dividend date	24 April 2025	21 August 2025
Record date	25 April 2025	22 August 2025
Last day for Dividend Reinvestment Plan elections	14 May 2025	5 September 2025
Annual General Meeting	22 May 2025	N/A
Dividend payment date	5 June 2025	26 September 2025

* These dates are provisional and subject to change.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

Have you been:

Contacted out of the blue

Or promised tempting returns and told the investment is safe?

Called repeatedly

Told the offer is only available for a limited time?
If so, you might have been contacted by fraudsters.

Reject cold calls

If you've been cold called with an offer to buy or sell shares, chances are it's a high-risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

Check the firm on the FS register at fca.org.uk/register

The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

If you suspect that you have been approached by fraudsters, please tell the FCA using the share fraud reporting form at fca.org.uk/scamsmart where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. Alternatively, you can inform Computershare Investor Services, on 0370 707 1399 (Computershare are not able to investigate such incidents themselves, but they will record the details, pass them on to us, and liaise with the FCA).

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at actionfraud.police.uk.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Find out more at fca.org.uk/scamsmart.

Alternative performance measures

An alternative performance measure (APM) is a financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II. APMs offer investors and stakeholders additional information on the Group's performance and the financial effect of one-off events, and the Group uses a range of these metrics to enhance understanding of the Group's performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the figures determined according to other regulations. The APMs used by the Group are listed in this Note, along with their definition/explanation, their closest IFRS or Solvency II measure and, where relevant, the reference to the reconciliations to those measures.

The APMs used by the Group may not be the same as, or comparable to, those used by other companies, both in similar and different industries. The calculation of APMs is consistent with previous periods, unless otherwise stated.

APMs derived from IFRS measures

Adjusted operating profit

Adjusted operating profit is an APM that supports the internal performance management and decision making of the Group's operating businesses, and accordingly underpins the remuneration outcomes of the executive directors and senior management. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

Following the recent refresh of the Group's strategy and the segmentation changes described in Note 2(i), the Group has updated the application of its methodology for the determination of adjusted operating profit for assets allocated to the Asset Management and Corporate Investments segments, in order to simplify and harmonise the methodology across the segments. As part of the update, in order to calculate operating profit for direct investments, a long-term expected investment return is now applied to most private market and non-traded assets. In previous periods, this approach only applied to assets under construction contracted to be sold or for other commercial usage, and early-stage ventures not yet at a steady-state level of earnings. The update has not had a material impact on the comparative adjusted operating profit of each segment, and therefore has not led to a restatement.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the CSM and RA in the period (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

Reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future CSM amortisation is reduced over the duration of the contracts. Additionally, in some circumstances, profitable reinsurance does not mitigate onerous losses on gross contracts whilst the net position remains profitable. Where this is the case, onerous contract profits or losses are also presented below operating profit and the CSM amortisation is adjusted over the remaining duration of the contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in the Asset Management division and, up to its disposal on 31 October 2024, CALA Group (Holdings) Limited (Cala), no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle
- assumptions for fixed interest securities measured at FVTPL are based on asset yields for the assets held, less an adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or FVOCI, the expected investment return comprises interest income on an effective interest rate basis
- for other private market and non-traded assets, the expected return assumption is set in line with our investment objectives. Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

Exceptional income and expenses which arise outside the normal course of business in the year, such as merger and acquisition and start-up costs, are excluded from adjusted operating profit.

Note 2(i) Adjusted operating profit reconciles adjusted operating profit with its closest IFRS measure, which is profit before tax attributable to equity holders. Further details on reconciling items between adjusted operating profit and profit before tax attributable to equity holders are presented in Note 2(iv) Investment and other variances.

Core operating profit

Core operating profit is an APM that measures the operating performance of the Group's core business and is calculated as the Group's adjusted operating profit excluding the operating profit of the Corporate Investments unit. This measure is considered to be relevant for stakeholders in addition to adjusted operating profit, as it focuses on appraising the performance of those areas of the business that management considers to be key to achieving the Group's strategy.

Note 2(i) Adjusted operating profit provides a breakdown of adjusted operating profit and identifies what is represented by core operating profit in line with the definition above.

Core operating earnings per share (Core operating EPS)

Core operating EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year. This APM is therefore a measure of the performance of the Group, on an after allocated tax basis, excluding the contribution of the Corporate Investments unit and the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Note 6 reconciles core operating EPS to basic EPS.

Return on Equity (ROE)

ROE measures the return earned by shareholders on shareholder capital retained within the business. It is a measure of performance of the business, which shows how efficiently we are using our financial resources to generate a return for shareholders. ROE is calculated as IFRS profit after tax divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated Statement of Changes in Equity for the year). In the current year, ROE was quantified using profit attributable to equity holders of £191m (31 December 2023: £457m) and average equity attributable to the owners of the parent of £3,692m (31 December 2023: £4,699m), based on an opening balance of £4,331m and a closing balance of £3,053m (31 December 2023: based on an opening balance of £5,067m and a closing balance of £4,331m).

Operating Return on Equity (Operating ROE)

Operating ROE is calculated as the Group's adjusted operating profit after allocated tax at the standard UK corporate tax rate divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated Statement of Changes in Equity for the year). It therefore measures the after allocated tax return for shareholders generated by the Group, excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. In the current year, operating ROE was quantified using adjusted operating profit after tax of £1,283m (31 December 2023: £1,250m) and average equity attributable to the owners of the parent of £3,692m (31 December 2023: £4,699m), based on an opening balance of £4,331m and a closing balance of £3,053m (31 December 2023: based on an opening balance of £5,067m and a closing balance of £4,331m).

Assets under management (AUM)

Assets under management represent funds which are managed by our fund managers on behalf of investors. It represents the total amount of money investors have trusted with our fund managers to invest across our investment products. AUM include assets which are reported in the Group Consolidated Balance Sheet as well as third-party assets that Asset Management manage on behalf of others, and assets managed by third parties on behalf of the Group.

Following the implementation of the new divisional organisation announced on 12 June 2024, and the creation of a single Asset Management division bringing LGIM and LGC together, the determination of AUM has been updated to also include external assets managed by fund managers classified as associates and joint ventures in line with IAS 28, 'Investments in Associates and Joint Ventures'.

The table below reconciles AUM with Total financial investments, investment property and cash and cash equivalents.

	2024 £m	2023 £m
Total assets under management ¹	1,135	1,172
Derivative notionals ²	(191)	(247)
Third-party assets ³	(480)	(471)
Other ⁴	58	47
Total financial investments, investment property and cash and cash equivalents	522	501

1. These balances are unaudited.

2. Derivative notionals are included in the assets under management measure but are not for IFRS reporting and are thus removed.

3. Third-party assets are those that the Asset Management division manages on behalf of others which are not included on the Group's Consolidated Balance Sheet.

4. Other includes assets that are managed by third parties on behalf of the Group, other assets and liabilities related to financial investments, derivative assets and pooled funds.

Alternative performance measures continued

Adjusted profit before tax attributable to equity holders

Adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders plus the pre-tax results of discontinued operations.

Note 2(i) Adjusted operating profit reconciles adjusted profit before tax attributable to equity holders to profit for the year. In absence of discontinued operations, adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders.

APMs derived from Solvency II measures

The Group is required to measure and monitor its capital resources on a regulatory basis and to comply with the minimum capital requirements of regulators in each territory in which it operates. At a Group level, L&G complies with the UK implementation of Solvency II regulations, as implemented by the PRA Rulebook.

Solvency II surplus

Solvency II surplus is the excess of Eligible Own Funds over the Solvency Capital Requirements (SCR). It represents the amount of capital available to the Group in excess of that required to sustain it in a 1-in-200 year risk event. The Group's Solvency II surplus is based on approvals from the PRA to use a Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP).

Differences between the Solvency II surplus and its related regulatory basis include the impact of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the SCR with Eligible Own Funds.

Further details on Solvency II surplus and its calculation are included in Note 27 Management of capital resources – Solvency II. This note also includes a reconciliation between IFRS equity and Solvency II Own Funds.

Solvency II capital coverage ratio

Solvency II capital coverage ratio is one of the indicators of the Group's balance sheet strength. It is determined as Eligible Own Funds divided by the SCR, and therefore represents the number of times the SCR is covered by Eligible Own Funds. The Group's Solvency II capital coverage ratio is based on approvals from the PRA to use a Partial Internal Model, Matching Adjustment and TMTP.

Differences between the Solvency II capital coverage ratio and its related regulatory basis include the impact of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the SCR with Eligible Own Funds.

Further details on Solvency II capital coverage ratio and its calculation are included in Note 27 Management of capital resources – Solvency II.

Solvency II operational surplus generation

Solvency II operational surplus generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions, and it includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year.

It excludes operating variances, such as the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix. It also excludes market movements, which represent the impact of changes in investment market conditions during the year and changes to future economic assumptions. The Group considers this measure meaningful to stakeholders as it enhances the understanding of its operating performance over time, and serves as an indicator on the longer-term components of the movements in the Group's Solvency II surplus.

Note 27 Management of capital resources – Solvency II includes an analysis of change for the Group's Solvency II surplus, showing the contribution of Solvency II operational surplus generation as well as other items to the Solvency II surplus during the reporting period.

Glossary

* These items represent an alternative performance measure (APM).

Adjusted operating profit*

Refer to the alternative performance measures section.

Adjusted profit before tax attributable to equity holders*

Refer to the alternative performance measures section.

Alternative performance measures (APMs)

A financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II.

Annual premiums

Premiums that are paid regularly over the duration of the contract such as protection policies.

Annualised net new revenue (ANNR)

ANNR provides an insight into the revenue growth of an asset manager, excluding the impact of investment markets. It reflects the combined effect of inflows and outflows to assets under management and the fee rates on those flows. ANNR in respect of acquisitions and disposals will be considered on a case by case basis.

ANNR is calculated as the annualised revenue on new monies invested by our Asset Management clients in the year, minus the annualised revenue on existing monies divested by our clients in the year, plus or minus the annualised revenue on switches between asset classes/strategies by our clients in the year. Annualised revenue is the amount of investment management fees we would expect on the fund flow in one calendar year.

Annuity

Regular payments from an insurance company made for an agreed period of time (usually up to the death of the recipient) in return for either a cash lump sum or a series of premiums which the policyholder has paid to the insurance company during their working lifetime.

Assets under administration (AUA)

Assets administered by L&G, which are beneficially owned by clients and are therefore not reported on the Consolidated Balance Sheet. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sales transactions and record keeping.

Assets under management (AUM)*

Refer to the alternative performance measures section.

Assured Payment Policy (APP)

A long-term contract under which the policyholder (a registered UK pension scheme) pays a day-one premium and in return receives a contractually fixed and/or inflation-linked set of payments over time from the insurer.

Back book acquisition

New business transacted with an insurance company which allows the business to continue to utilise Solvency II transitional measures associated with the business.

CAGR

Compound annual growth rate.

Calculation Method 2

A method of calculating Group solvency on a Solvency II basis, whereby the assets and liabilities of certain entities are excluded from the Group consolidation. The net contribution from those entities to Group Own Funds is included as an asset on the Group's Solvency II balance sheet. Regulatory approval has been provided to recognise the (re)insurance subsidiaries in the US and Bermuda on this basis.

Common Contractual Fund (CCF)

An Irish regulated asset pooling fund structure. It enables institutional investors to pool assets into a single fund vehicle with the aim of achieving cost savings, enhanced returns and operational efficiency through economies of scale. A CCF is an unincorporated body established under a deed where investors are "co-owners" of underlying assets which are held pro rata with their investment. The CCF is authorised and regulated by the Central Bank of Ireland.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services.

Glossary continued

Contractual service margin (CSM)

The CSM represents the unearned profit the Group will recognise for a group of insurance contracts, as it provides services under the insurance contract. It is a component of the asset or liability for the contracts and it results in no income or expense arising from initial recognition of an insurance contract. Therefore, together with the risk adjustment, the CSM provides a view of both stored value of our in-force insurance business, and the growth derived from new business in the current year. A CSM is not set up for groups of contracts assessed as onerous.

The CSM is released as profit as the insurance services are provided.

Core operating earnings per share (Core operating EPS)*

Refer to the alternative performance measures section.

Core operating profit*

Refer to the alternative performance measures section.

Coverage period

The period during which the Group provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Credit rating

A measure of the ability of an individual, organisation or country to repay debt. The highest rating is usually AAA. Ratings are usually issued by a credit rating agency (e.g. Moody's or Standard & Poor's) or a credit bureau.

Defined benefit pension scheme (DB scheme)

A type of pension plan in which an employer/sponsor promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Defined contribution pension scheme (DC scheme)

A type of pension plan where the pension benefits at retirement are determined by agreed levels of contributions paid into the fund by the member and employer. They provide benefits based upon the money held in each individual's plan specifically on behalf of each member. The amount in each plan at retirement will depend upon the investment returns achieved as well as the member and employer contributions.

Derivatives

Contracts usually giving a commitment or right to buy or sell assets on specified conditions, for example on a set date in the future and at a set price. The value of a derivative contract can vary. Derivatives can generally be used with the aim of enhancing the overall investment returns of a fund by taking on an increased risk, or they can be used with the aim of reducing the amount of risk to which a fund is exposed.

Direct investments

Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but exclude hedge funds.

Earnings per share (EPS)

A common financial metric which can be used to measure the profitability and strength of a company over time. It is calculated as total shareholder profit after tax divided by the weighted average number of shares outstanding during the year.

Eligible Own Funds

The capital available to cover the Group's Solvency Capital Requirement. Eligible Own Funds comprise the excess of the value of assets over liabilities, as valued on a Solvency II basis, plus high quality hybrid capital instruments, which are freely available (fungible and transferable) to absorb losses wherever they occur across the Group.

Employee satisfaction index

The employee satisfaction index measures the extent to which employees report that they are happy working at L&G. It is measured as part of our Voice surveys, which also include questions on commitment to the goals of L&G and the overall success of the Group.

ETF

Our Asset Management division's European Exchange Traded Fund platform.

Euro Commercial Paper

Short-term borrowings with maturities of up to 1 year typically issued for working capital purposes.

Expected credit losses (ECL)

For financial assets measured at amortised cost or FVOCI, a loss allowance defined as the present value of the difference between all contractual cash flows that are due and all cash flows expected to be received (i.e. the cash shortfall), weighted based on their probability of occurrence.

Fair value through other comprehensive income (FVOCI)

A financial asset that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Statement of Comprehensive Income as part of the total comprehensive income or expense for the year.

Fair value through profit or loss (FVTPL)

A financial asset or financial liability that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Income Statement as part of the profit or loss for the year.

Fulfilment cash flows

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus the risk adjustment for non-financial risk.

Full year dividend

Full year dividend is the total dividend per share declared for the year (including interim dividend but excluding, where appropriate, any special dividend).

Generally accepted accounting principles (GAAP)

A widely accepted collection of guidelines and principles, established by accounting standard setters and used by the accounting community to report financial information.

Institutional Retirement new business

Single premiums arising from pension risk transfers and the notional size of longevity insurance transactions, based on the present value of the fixed leg cash flows discounted at the SONIA curve.

Insurance new business

New business arising from new policies written on retail protection products and new deals and incremental business on Group protection products.

Irish Collective Asset-Management Vehicle (ICAV)

A legal structure investment fund, based in Ireland and aimed at European investment funds looking for a simple, tax-efficient investment vehicle.

Key performance indicators (KPIs)

These are measures by which the development, performance or position of the business can be measured effectively. The Group Board reviews the KPIs annually and updates them where appropriate.

LGA

Legal & General America.

LGAS

Legal and General Assurance Society Limited.

Liability driven investment (LDI)

A form of investing in which the main goal is to gain sufficient assets to meet all liabilities, both current and future. This form of investing is most prominent in final salary pension plans, whose liabilities can often reach into billions of pounds for the largest of plans.

Lifetime mortgages

An equity release product aimed at people aged 55 years and over. It is a mortgage loan secured against the customer's house. Customers do not make any monthly payments and continue to own and live in their house until they move into long-term care or on death. A no negative equity guarantee exists such that if the house value on repayment is insufficient to cover the outstanding loan, any shortfall is borne by the lender.

Longevity

Measure of how long policyholders will live, which affects the risk profile of pension risk transfer, annuity and protection businesses.

Matching adjustment

An adjustment to the discount rate used for annuity liabilities in Solvency II balance sheets. This adjustment reflects the fact that the profile of assets held is sufficiently well-matched to the profile of the liabilities, that those assets can be held to maturity, and that any excess return over risk-free (that is not related to defaults or downgrades) can be earned regardless of asset value fluctuations after purchase.

Morbidity rate

Rate of illness, influenced by age, gender and health, used in pricing and calculating liabilities for policyholders of life products, which contain morbidity risk.

Glossary continued

Mortality rate

Rate of death, influenced by age, gender and health, used in pricing and calculating liabilities for future policyholders of life and annuity products, which contain mortality risks.

Net zero carbon

Achieving an overall balance between anthropogenic carbon emissions produced and carbon emissions removed from the atmosphere.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition, in total are a net outflow.

Open Ended Investment Company (OEIC)

A type of investment fund domiciled in the United Kingdom that is structured to invest in stocks and other securities, authorised and regulated by the Financial Conduct Authority (FCA).

Operating Return on Equity (Operating ROE)*

Refer to the alternative performance measures section.

Overlay assets

Derivative assets that are managed alongside the physical assets held by the Group's Asset Management's division. These instruments include interest rate swaps, inflation swaps, equity futures and options. These are typically used to hedge risks associated with pension scheme assets during the derisking stage of the pension life cycle.

Paris Agreement

An agreement within the United Nations Framework Convention on Climate Change effective 4 November 2016. The Agreement aims to limit the increase in average global temperatures to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Pension risk transfer (PRT)

Bulk annuities bought by entities that run final salary pension schemes to reduce their responsibilities by closing the schemes to new members and passing the assets and obligations to insurance providers.

Persistency

For insurance, persistency is a measure the rate at which policies are retained over time and therefore continue to contribute premium income and assets under management.

Platform

Online services used by intermediaries and consumers to view and administer their investment portfolios. Platforms usually provide facilities for buying and selling investments (including, in the UK products such as Individual Savings Accounts (ISAs), Self-Invested Personal Pensions (SIPPs) and life insurance) and for viewing an individual's entire portfolio to assess asset allocation and risk exposure.

Present value of future new business premiums (PVNBP)

PVNBP is equivalent to total single premiums plus the discounted value of annual premiums expected to be received over the term of the contracts using the same economic and operating assumptions used for the new business value at the end of the financial period. The discounted value of longevity insurance regular premiums and quota share reinsurance single premiums are calculated on a net of reinsurance basis to enable a more representative margin figure. PVNBP therefore provides an estimate of the present value of the premiums associated with new business written in the year.

Private Markets

Private Markets encompass a wide variety of tangible debt and equity investments, primarily real estate, infrastructure and energy. They have the ability to serve as stable sources of long-term income in weak markets, while also providing capital appreciation opportunities in strong markets.

Proprietary assets

Total investments to which shareholders are directly exposed, minus derivative assets, loans, and cash and cash equivalents.

Qualifying Investor Alternative Investment Fund (QIAIF)

An alternative investment fund regulated in Ireland targeted at sophisticated and institutional investors, with minimum subscription and eligibility requirements. Due to not being subject to many investment or borrowing restrictions, QIAIFs present a high level of flexibility in their investment strategy.

Retail Retirement new business

Single premiums arising from annuity sales and individual annuity back book acquisitions and the volume of lifetime and retirement interest only mortgage lending.

Retirement Interest Only Mortgage (RIO)

A standard retirement mortgage available for non-commercial borrowers above 55 years old. A RIO mortgage is very similar to a standard interest-only mortgage, with two key differences:

- the loan is usually only paid off on death, move into long-term care or sale of the house
- the borrowers only have to prove they can afford the monthly interest repayments and not the capital remaining at the end of the mortgage term.

No repayment solution is required as repayment defaults to sale of property.

Return on Equity (ROE)*

Refer to the alternative performance measures section.

Risk adjustment (RA)

The risk adjustment reflects the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk after diversification. We have calibrated the Group's risk adjustment using a Value at Risk (VAR) methodology. In some cases, the compensation for risk on reinsured business is linked directly to the price paid for reinsurance. The risk adjustment is a component of the insurance contract liability, and it is released as profit if experience plays out as expected.

Risk appetite

The aggregate level and types of risk a company is willing to assume in its exposures and business activities in order to achieve its business objectives.

Single premiums

Single premiums arise on the sale of new contracts where the terms of the policy do not anticipate more than one premium being paid over its lifetime, such as in individual and bulk annuity deals.

Société d'Investissement à Capital Variable (SICAV)

A publicly traded open-end investment fund structure offered in Europe and regulated under European law.

Solvency II

The Group measures its capital resources in line with the UK implementation of Solvency II regulations, as set out in the PRA Rulebook. The UK implementation of the Solvency II regulations determines the amount of capital that UK insurance companies must hold to ensure that they can withstand a 1-in-200 year level of risk. The regulations became effective from 31 December 2024. The previous Solvency II regulations applied from 1 January 2016, as implemented by EIOPA in the Solvency II Framework Directive, and adopted by the UK.

Solvency II capital coverage ratio*

Refer to the alternative performance measures section.

Solvency II capital coverage ratio – regulatory basis

The Eligible Own Funds on a regulatory basis divided by the Group solvency capital requirement. This represents the number of times the SCR is covered by Eligible Own Funds.

Solvency II Fundamental Spread

An amount used in the derivation of the Matching Adjustment. It represents the portion of the spread on a financial instrument that is attributable to the risks of default and downgrade. Prescribed Fundamental Spreads varying by credit rating and currency are provided by PRA. As part of the UK implementation of Solvency II regulations, insurance groups and firms are required to apply an additional Fundamental Spread where the regulatory amounts are believed to be insufficient to reflect all risks in a financial instrument.

Solvency II new business contribution

Reflects present value at the point of sale of expected future Solvency II surplus emerging from new business written in the year using the risk discount rate applicable at the end of the reporting year.

Solvency II Operational Surplus Generation*

Refer to the alternative performance measures section.

Solvency II risk margin

An additional liability required in the Solvency II balance sheet, to ensure the total value of technical provisions is equal to the current amount a (re) insurer would have to pay if it were to transfer its insurance and reinsurance obligations immediately to another (re) insurer. The value of the risk margin represents the cost of providing an amount of Eligible Own Funds equal to the Solvency Capital Requirement (relating to non-market risks) necessary to support the insurance and reinsurance obligations over the lifetime thereof.

Solvency II surplus*

Refer to the alternative performance measures section.

Glossary continued

Solvency II surplus – regulatory basis

The excess of Eligible Own Funds on a regulatory basis over the SCR. This represents the amount of capital available to the Group in excess of that required to sustain it in a 1-in-200 year risk event.

Solvency Capital Requirement (SCR)

The amount of Solvency II capital required to cover the losses occurring in a 1-in-200 year risk event.

Specialised Investment Fund (SIF)

An investment vehicle regulated in Luxembourg targeted to well-informed investors, providing a great degree of flexibility in organization, investment policy and types of underlying assets in which it can invest.

Total shareholder return (TSR)

A measure used to compare the performance of different companies' stocks and shares over time. It combines the share price appreciation and dividends paid to show the total return to the shareholder.

Transitional Measures on Technical Provisions (TMTP)

An adjustment to Solvency II technical provisions, to smooth the transition from the previous regulatory regime to the Solvency II regime over a period of 16 years from 1 January 2016. The TMTP continues to be applied after the change to the UK implementation of Solvency II from 31 December 2024, with some changes to the approach to simplify the ongoing calculation.

Yield

A measure of the income received from an investment compared to the price paid for the investment. It is usually expressed as a percentage.

Forward-looking statements

This Annual report and accounts may contain 'forward-looking statements' with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Company and the Group that are based on management's current expectations or beliefs, as well as assumptions and projections about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'aim', 'ambition', 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue', 'milestones', 'outlook', 'target', 'objectives' or other words of similar meaning. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place undue reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; risks arising out of health crises and pandemics; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Further details of risks, uncertainties and other factors relevant to the business can be found on pages 49 to 53. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a guarantee, warranty or representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Caution about climate information

This Annual report and accounts contains climate and ESG disclosures which use a large number of judgments, assumptions and estimates in connection with involved and complex issues. The ESG disclosures should be treated with special caution, as ESG and climate data, models and methodologies are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, market consensus or globally accepted accounting principals. These judgments, assumptions and estimates are likely to change over time, in particular given the uncertainty around the evolution and impact of climate change and around broader factors, such as impacts and dependencies on nature. In addition, the Group's climate risk analysis and net zero strategy and wider sustainability strategy remain under development and the data underlying the analysis and strategy remain subject to evolution. As a result, certain climate and ESG disclosures made in this report are likely to be amended, updated, recalculated or restated in future reports. This statement should be read together with the Cautionary statement contained in the Group's latest Climate and nature report. The information, statements and opinions contained in this Annual report and accounts do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities or financial instruments nor do they constitute any advice or recommendation with respect to such securities or other financial instruments or any other matter.

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