Modern slavery statement 2017

We want to explain our approach and processes to ensure that Legal & General Group Plc and all our subsidiaries are slavery free within our supply chains. This statement is made in accordance with the provisions of the UK Modern Slavery Act.

These disclosures are on top of the high standards by which we operate our own business including being a Living Wage Employer, a signatory to the UN Global Compact and having a long term partnership agreement with Unite the Union all designed to make sure that our own employees are well supported.

This Modern Slavery statement is overseen by Nigel Wilson, Group CEO of Legal & General Group and delivered by the Legal & General Resources Board chaired by Emma Hardaker-Jones. Risk monitors around our supplier's workforce standards are in our Group Risk data pack for our Executive to oversee slavery risk.

This statement is designed to ensure that slavery and human trafficking is not taking place within any part of the Legal & General Group or our supply chains. On the positive side this is also about providing quality jobs of a good standard as a direct employer and within our suppliers who supply us with goods and services.

Our business

We are a $1.2 trillion fund management, insurance and savings business with responsibility for financial safety nets for over 10 million customers and over 3,500 institutional investors. In running our businesses in the UK and USA we employ approximately 10,000 people to provide service to our customers and procure around £500m worth of products and services per annum to deliver our promises to these customers at their point of need.

What do we know about Modern Slavery where we trade?

There are an estimated 13,000 people in the UK classed as modern slaves because of their restricted working conditions. As a UK listed financial services company we rarely come into contact with these industries but we recognize that we can play a key role with our suppliers to make sure that we keep pushing for quality jobs to be created through our procurement activities.

In a typical year we will spend around £500 million in asking other companies to deliver products or services to our customers and business on our behalf. During our adoption of the UK Modern Slavery Act we have decided to go above and beyond what we have to do to design a new set of data sets, scenarios and conversations that we expect to have with all of our suppliers to reduce slavery risk and increase the number of quality jobs.

Modern Slavery Risk Assessment

Whilst due to the nature of our business we consider that Legal & General remains low risk from a modern slavery perspective we remain vigilant and are paying particular attention to the following parts of our business in our assessment of Modern Slavery Risk.

- Our UK direct supply chain which is 100% UK procured but does result in services such as IT support and Software development being delivered from overseas locations.
- In our Home Insurance business due to the increased use of third parties when putting our customers’ homes back together through the building trade.
- We are also a major commercial property landlord via Legal & General Real Assets who are responsible for approximately £21bn of commercial property. We are often responsible for those buildings and how they are run for services such as security, cleaning and catering.
- In our own offices, where we bring in expert firms such as security, catering and cleaning to keep our business running.
- We are increasingly using employment agencies to bring in employees as our business grows on a full time and temporary basis.

In 2018 our increased move into direct construction in the building of houses through L&G Homes and L&G Communities meant that our Modern Slavery Governance has had to cover the built environment which is a higher risk to mitigate than just being a financial services company.
**What has our recent focus been?**

We have focussed upon two major aspects to mitigate our slavery risk within the organisation.

1. Widening awareness of how modern slavery can be spotted and reported within our employees
2. Developing a new set of supplier governance questions with our Tier 1 suppliers

**Widening Awareness of Modern Slavery**

We have provided communications for employees on how to spot signs of slavery in a UK context. We have also reminded them that our ‘Speak Up’ service is the way that they can report signs of modern slavery, should employees suspect an issue, in an anonymous way.

**A new breed of conversation with suppliers**

We have worked with Anti-Slavery International and the Responsible 100 networks to develop a new set of governance questions and conversations with our suppliers. This involved a number of key audiences:

- Senior HR managers from across the Group
- Supplier Relationship and Procurement Managers for all of our suppliers

We asked our Anti-Slavery International, to run workshops to help us really understand how slavery plays out in a UK context and how we would practically spot signs of slavery day-in, day-out when working with our suppliers. The effort was led at the time by Anti-Slavery International Director, Dr. Aidan McQuade, who was behind the original legislation in the UK.

We were pleased to also host companies such as Whistl, Crown records Management, TCS, IBM, L&G Homes, Communisis, CH & Co, Lusso Catering and JLL to name but a few.

The workshop covered the application of the legislation, our obligations under the act and the various ways in which Modern Slavery can manifest itself, particularly in the UK.

**Outcomes from the workshop**

What became clear early on is that the signs of Modern Slavery, especially in the UK aren’t always obvious; they are subtle and often hidden. It is everyone’s responsibility in the business to be vigilant, look out for signs of Modern Slavery and report them accordingly. The UK Modern Slavery Act is putting companies under pressure to prove that they create quality jobs and improved working conditions.

**Our updated common expectations for our suppliers**

Working with our suppliers we have come up with a number of indicators, questions and conversations we will be having with them in relation to their direction of working standards and quality jobs. These are currently being integrated into our supplier code of conduct.

This starts with questions about external standards of operation:

- Are you a signatory to the Living Wage Foundation?
- Are you fully compliant with the UK Agency Worker Regulation Standards?
- Are you signed up to the ‘Swedish derogation model’ of operating?
- What is your HMRC risk rating for the past three years?

There are also a number of pieces of trend data that are useful to understand how your business as a supplier operates around workforce standards:

- CEO to average worker pay ratio (excluding bonuses) for whole business
- Permanent to Temp / Contractor ratio working on Legal & General contracts over the past 12 months.
- Migrant to non-migrant workers ratio working on Legal & General contracts over the past 12 months.
- Percentage of workforce getting paid on time every week over past 12 months.

And finally we also have a few scenario based questions. These give us an insight to understand how our suppliers cope when the pressure is on to deliver our specific contracts:
We believe that the proactive asking of these questions will provide a better understanding of how our suppliers across the Group operating with a particular focus upon social risks and good job development.

Our future focus

There are two areas of focus for us as a Group...

As more of our business is based upon physical construction we will be increasing the scrutiny and education within Legal & General Homes and Legal & General Communities as we grow our supplier based in those businesses to mitigate modern slavery risk.

Further work on Modern Slavery indicators will take place because of a new CSR Sourcing Working Group, led by the central Group function with the Procurement Centres and Business Units to continuing to share and build out best practice regarding addressing Modern Slavery.

Nigel Wilson, Group CEO