

Legal & General America 2016 Corporate Responsibility Report



Overview

Our report provides an in depth view on how responsible we have been in delivery of the 2016's Corporate Responsibility (CR) performance at Legal & General America. In this report, we review the social and environmental impacts we make day to day and the role we play in people's lives.

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Message from our CEO, Bernie Hickman

As I write this introduction, I'm reflecting on how much opportunity we have as an organization to better the lives of so many through our growth strategies, business principles, and behaviors.

We are in the business of providing financial security to American families through innovative and affordable protection products. At the heart of our business is a genuine concern about our customers and potential customers. We deeply believe in the value of life insurance protection because we know how beneficial it can be when loved ones are lost.

Our business principles are straightforward:

Customer Led: We develop solutions to build financial resilience and meet their present and future financial goals. We strive to achieve great value and excellent service, responsiveness, with a reputation of being easy to deal with and communicate with.

Economically and Socially Useful: Our long term financial sustainability is for the benefit of our customers, employees, shareholders, suppliers and society at large. Our products, services and investments should show both economic and social value for the future.

Fair and Transparent: We treat our customers, employees, investors, suppliers and regulators with integrity and openness. It should be easy to understand our intentions, provide us with feedback, challenge us and work with us. There is openness and transparency in how we make decisions and manage risks.

Inclusive: We recognize and reward success, investing in the development and wellbeing of our employees. We strive to be a vibrant business that values inclusiveness and embraces difference, where our people are engaged and empowered to deliver outstanding business results.

In 2016, we made good progress towards transforming Legal & General America by focusing on three key strategic themes. Those themes will remain the center piece of our strategy in 2017 and beyond.

1. Digital transformation: automation in all areas to deliver a better customer experience; creation of multiple customer need focused products; and use of big data and new analyses to improve risk selection
2. Distribution diversification: return BGA channel to growth, establish new partnerships and routes to customers, and create new digital distribution channels to reach customers
3. Balance sheet management

We believe that corporate responsibility is a part of who we are, an integral part of how we operate, and is consistent with our broader social purpose. We are committed to ensuring a future where we can continue to help people, families and communities. We will continually set ambitious goals, not just for our financial performance, but in support of those that matter most to us - our customers, employees, environment and society.



Our People



It takes bright, driven, and focused people to do the kinds of innovative work that make a difference in the lives our customers and society – and it takes the right culture to keep them challenged and motivated. We are proud of our culture and recognize that organizations with strong cultures often enjoy a competitive advantage in attracting, retaining, and developing talent, all of which are critical to our business strategy and the success we intend to achieve. Building a talent focused culture starts with our recruiting efforts. We are a trusted brand with a highly engaged staff that are passionate about our purpose which is demonstrated in our ability to attract and retain staff. Defining our culture goes beyond our compensation and benefits programs to also foster diversity and inclusion, developing strong leadership, offering staff opportunities with the autonomy to achieve great results, and providing an environment that allows staff to do their best at work and in life. We know that our success depends on the engagement, talent, passion, innovation and desire of our people to learn and grow.

⇒ Agile and flexible work

⇒ Investing in our people

⇒ An engaged workforce

⇒ Our behaviors

⇒ Wellbeing

⇒ Social Media

Our People



Agile and Flexible Work Environment

In 2016, we expanded our tele-work program to:

- Provide staff with greater opportunity for work-life balance
- Reduce employee commute times, resulting in a beneficial impact on our environment, “Go Green”
- Create a business resiliency solution allowing the company to operate in inclement weather or during other business interruptions
- Allow the workforce to grow without requiring additional office space

To date, the program overall has been a great success with positive feedback.

Staff Feedback

“I am less stressed on my way to work knowing I don’t have to sit in Monday morning traffic. I have no distractions at home and feel that both productivity and quality have been improved since working remote.”

“It’s great having the ability to use my lunch time for an appointment near my home rather than taking half a day off and leaving my co-workers with extra work.”

Management Feedback

“Tele-work has not only helped improve employee productivity, but confidence levels with decision making skills.”

Thirty percent (30%) of our overall workforce work remotely on a full-time basis. Of the remaining workforce, an additional 62% have the option to work remotely 1 to 2 days per week and with special permission, staff in certain positions may work remotely one week per month. As we continue to expand our systems capabilities and security protocols, we expect these numbers to increase.

Our People



Investing in our People

We believe working at Legal & General America creates a positive future where talent can thrive and ambitions are fulfilled. Employees have the opportunity to take charge of their career and steer it in multiple directions. We recognize long-term retention and continue to provide opportunities for people to learn and grow which is fundamental to our success.

Our staff lead busy lives, so we provide a variety of learning options to meet their needs. On-line classes, e-learning videos, on-line business book summaries, industry-sponsored courses, attendance at seminars and conferences, and tuition reimbursement all provide the opportunity for our employees to build their skills on their schedule. Additionally we provide ample opportunities for staff participation in small focused teams to drive our new digital agenda.

Our internal on-line courses are available through The Learning Hub/Open Sesame via our Company Intranet (MyLGA). We offer a variety of topics from Managing Your Career Path, Critical Thinking and Problem Solving, Managing Accountability Remotely and Successful Retirement: Keys to a Balanced Lifestyle. In 2016 there were over 100 on-line courses taken and 5,148 page views on The Learning Hub.

Staff are encouraged to further their knowledge of our industry by taking courses offered through LOMA (Life Office Management Association), CLU (Chartered Life Underwriter), ALU (Academy of Life Underwriting) and Society of Actuaries. These courses provide a way to further their knowledge about the industry in which they work, become credentialed, and potentially advance their careers. In 2016, 165 staff completed over 370 courses with a commendable passing ratio of 96.8%, 105 designations were earned.

With the cost of attendance at universities continuing to escalate, we offer staff a path towards attainment of Associates, Bachelors, and Master's degrees as well as job related certificate programs. Our tuition reimbursement program allows staff to enroll in courses from accredited schools (including on-line programs) and receive reimbursement of tuition fees for passing grades.

Our People



Senior Leaders, in partnership with our Human Resources staff are continually assessing the talent in their areas and across the organization. This approach helps us execute on our longer-term strategy, which is to focus employee growth, accelerate leadership development, enhance career paths and factor diversity into all talent decisions. This approach also allows staff to take greater ownership of their careers by providing guidance as to how they may move or advance within the organization. Through this process, we expect:

- To identify our high potential staff and to create a custom development plan to progress their career;
- To ensure the right people are in our mission critical roles to drive our business strategy;
- To identify potential talent gaps in our organization and devise strategies to remedy; and
- To ensure managers and staff understand how their roles and performance align to our digital and business objectives.

Annually, a Talent Report is presented to our Board of Directors which identifies higher potential staff and leaders, outlines issues/trends in attracting required talent to execute on strategy but also to ensure that programs are in place so enable the organization to continue to grow our talent.

⇒ Average \$570 per employee spent in staff development activities

⇒ 84% of the staff agree that they have an opportunity to learn and develop at work

⇒ 89% of the staff believe their job makes good use of their skills and abilities

Our People



- POOR
- AVERAGE
- GOOD
- EXCELLENT

An Engaged Workforce

Top performing organizations understand that an engaged workforce drives business performance and provides a competitive advantage within their industry. Our own success depends on having all staff focused on achieving our strategic business goals and objectives. In partnership with all of Legal & General Group and an independent consulting organization, an annual engagement survey is provided to all staff allowing them a voice in identifying what we are doing well and where improvements need to be made. The survey also provides our leadership team with an insight as to how well the staff is engaged in our business strategy.

Engagement remains high!

Our Engagement Index score increased to 88% in 2016 (up 3 points from 2015)

- 91% are proud to work for LGA
- 89% believe we offer customers great products and services
- 93% are committed to LGA's vision
- 80% recommend LGA as a great place to work
- 96% understand their role in ensuring LGA is an ethical company
- 89% believe we keep the customer/client at the heart of everything we do
- 88% think LGA respects individual differences (culture, working styles, backgrounds, ideas)

Our People

Our Behaviors

At LGA, we encourage deep thinking and excellent execution. Intellectual honesty – tell me what’s on your mind, not what you think I want to hear – transparency is key and thoughtful leadership is encouraged. Everyone understands that great teamwork delivers successful outcomes. In 2016, as part of articulating our culture in a clear and consistent way for all employees, our behaviors were simplified so that employees would find them easier to apply and more memorable in their day-to-day interactions with each other and our customers. Our behaviors help distinguish our employees from our competitors and connect with our overall social purpose: helping improve the lives of our customers and building a better society for the long-term.

STRAIGHTFORWARD <i>How we communicate</i>	COLLABORATIVE <i>How we work together</i>	PURPOSEFUL <i>How we deliver</i>
<ul style="list-style-type: none"> • Earn trust by being open and honest, demonstrating integrity and doing what you say • Have the courage to ask questions and express your thoughts and ideas (intellectual honesty – don’t just say what you think others want to hear) • Be open to feedback and share it too – celebrate success and learn quickly from mistakes • Use clear and genuine language to convey your message, ensuring it’s appropriate to your audience • Be fair and transparent to encourage meaningful relationships with your colleagues, customers and partnerships 	<ul style="list-style-type: none"> • Work together constructively to create and contribute to high-performing teams • Be inclusive by making best use of different backgrounds, expertise and experience to improve business and customer outcomes • Seek out internal and external connections and networks to share and gather information and opinions • Have confidence to create debate and hear other points of view to improve the quality of decision making • Engage your stakeholders (internal and external) and be conscious of the impact of your decisions when introducing change 	<ul style="list-style-type: none"> • Be ambitious; set higher expectations to deliver successful outcomes • Always do what is right for our business, employees, customers and clients by working in line with our business principles • Put your customer (internal and external) at the heart of everything you do • Demonstrate excellent execution and deliver with pace and energy, take informed risks, be decisive and responsible for the outcome • Be a ‘positive disruptor’ – be curious, think deeply and generate innovative ideas to improve what we do and how we deliver together • Take ownership of your career and development

Our People

Wellbeing

A core part of our engagement and overall corporate strategy is the health and wellbeing of our staff. Our Wellness Programs aim to create an environment where every employee is encouraged to lead a healthy and enriched lifestyle. We want our employees to perform their best and they do this when they are fit and healthy, which carries into their personal lives allowing them to enjoy a more active lifestyle with family and friends. We try to focus on preventative care to resolve health issues before they lead to absence. The programs are lead by the Wellness Committee, a group of employee volunteers. We provide a full-onsite fitness center open to all employees and offer several on-site wellness seminars, fitness challenges and preventative health fairs.

2016 Wellness Programs

<p><u>It's a Weigh of Life</u></p> <ul style="list-style-type: none"> • In partnership with Weight Watchers, the program includes weight loss monitoring and weekly activities or seminars to provide support and motivation 	<p><u>Seminars</u></p> <ul style="list-style-type: none"> • Portion Control • Healthy Fast Food • Emotional Eating vs. Mindful Eating seminar • Blood pressure checks • Thanksgiving Options • Healthy Holiday Treats • Metabolism Goal setting 	<p><u>Instructor Led Classes</u></p> <ul style="list-style-type: none"> • Yoga • Tai Chi • Intro to Krav Maga • Posture and Stretching • Walking/Running with proper form • Awakening Chi 	<p><u>Health Fair</u></p> <ul style="list-style-type: none"> • Over 230 participants • Flu shots provided for employees and spouses • Seated massages to reduce stress • Vision screening
<p><u>Big White Barn</u></p> <ul style="list-style-type: none"> • We partnered with a Community Supported Agriculture (CSA) farm to deliver fresh produce to employees at the office 	<p><u>Wellness Library</u></p> <ul style="list-style-type: none"> • On-site library available to employees consisting of wellness focused books, magazines, cookbooks and DVD's available for check out 	<p><u>Ergonomics</u></p> <ul style="list-style-type: none"> • 22% of our staff had sit-stand desks installed to: <ul style="list-style-type: none"> ○ Reduce back pain from sitting for long periods of time ○ Allow employees to move more, resulting in burning of calories and becoming more energized 	<p><u>Awards</u></p> <ul style="list-style-type: none"> • Wellness At Work - Gold

Our People

Wellbeing: Awards

On Friday, June 10, Van Mitchell, Secretary of the Maryland Department of Health and Mental Hygiene, presented a **gold** Wellness at Work award to Legal & General America in recognition of our exemplary accomplishments in worksite health promotion.

The Wellness at Work Awards are sponsored by Healthiest Maryland Businesses, the state's initiative to support healthy workplaces. Employers may earn a Gold, Silver, Bronze, or On the Path awards. To be eligible for an award, businesses are required to establish leadership support for wellness, create wellness committees, survey the needs and interests of their employees, set health improvement goals, and develop monitoring tools to track their outcomes over time. This is our 3rd year of receiving an award: silver award in 2014 and gold in 2015 and again in 2016.

Richard Brandt, Advanced Product Support Manager, accepted the award on behalf of Legal & General America. He said, "At Legal & General America, I think our employees are our most valuable asset. A good wellness program will help our employees be happier and more productive at work, and also give our employees more energy to give to their family and friends at home."



Our People

Social Media

Recognizing the need to strengthen our employer brand and continuing to reinforce our culture, not only to attract talent, but to retain talent throughout the entire employment lifecycle, we undertook several initiatives to:

- Broaden our exposure in Social Media outlets
- Engage millennials and all generations in our greater social purpose
- Build a culture of collaboration, empowerment and innovation, embracing digital technologies, learning, and diversity and inclusion

ALittleHelp

ALittleHelp is a community fundraising website designed to help people through the short-term financial struggles that can come with the loss of a loved one and also give families a special place to honor the memory of their loved ones. Unlike other crowdfunding sites, ALittleHelp.com is specifically dedicated to memorials and supporting surviving family members and friends in the aftermath of a loss. Even more, ALittleHelp.com will not take any portion of contributions raised on our platform. Setting up a memorial campaign will always be free of charge, and outside of PayPal transaction charges, all of the dollars raised on the platform go directly to the people who need it most.



Great Place to Work

In 2016, LGA became certified as a great workplace by the independent analysts at Great Place to Work®, a global research and consulting firm specializing in creating high-trust, high performing cultures.

- Close to 80% of our employees ranked LGA as a great workplace overall
- Over 90% of our employees said they take great pride in their work and feel good about the company's contributions to the community

Our employees' passion, dedication, innovation, and hard work, as well as our annual charity campaigns, wellness programs, and career development opportunities contribute to creating our workplace culture.



Our People

Glassdoor



Glassdoor, a leading social site for job seekers, employees, and customers to research companies to determine if they are a good place to work and do business with, digitally provides information on company reviews, culture, leadership, benefits and compensation.

Recognizing the importance of this social media outlet, we undertook an initiative to improve our ratings through a complete rewrite of our page and to actively manage and respond to comments. Our overall score rose from 1.5 (on a 5 point scale) in January to an impressive 3.3 just twelve months later. In all major categories, LGA compares favorably to Glassdoor averages.

Comparison Chart

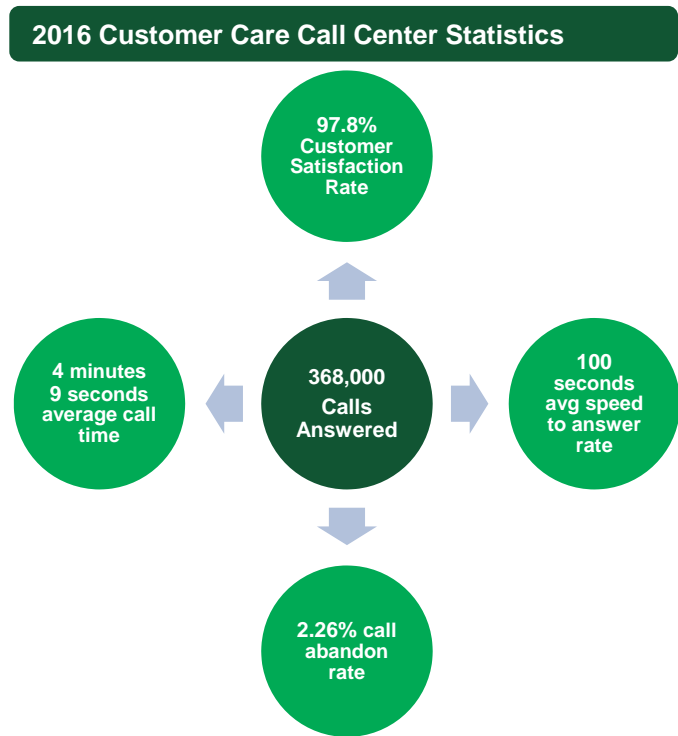
	Glassdoor Avg.	Legal & General America
Number of Reviews	-	23
Overall Rating	3.2	3.3
Career Opportunities	3.0	3.2
Compensation & Benefits	3.2	3.8
Culture & Values	3.2	3.5
Senior Leadership	2.9	3.3
Work Life Balance	3.3	3.2
Recommend to a Friend?	57.5%	60.2%
CEO Approval	68.8%	100.0%
Positive Business Outlook	39.2%	48.7%
Current Employees (%)	57.6%	69.6%
Current Employee Rating	3.4	3.7
Former Employee Rating	2.9	1.8

Customer Led



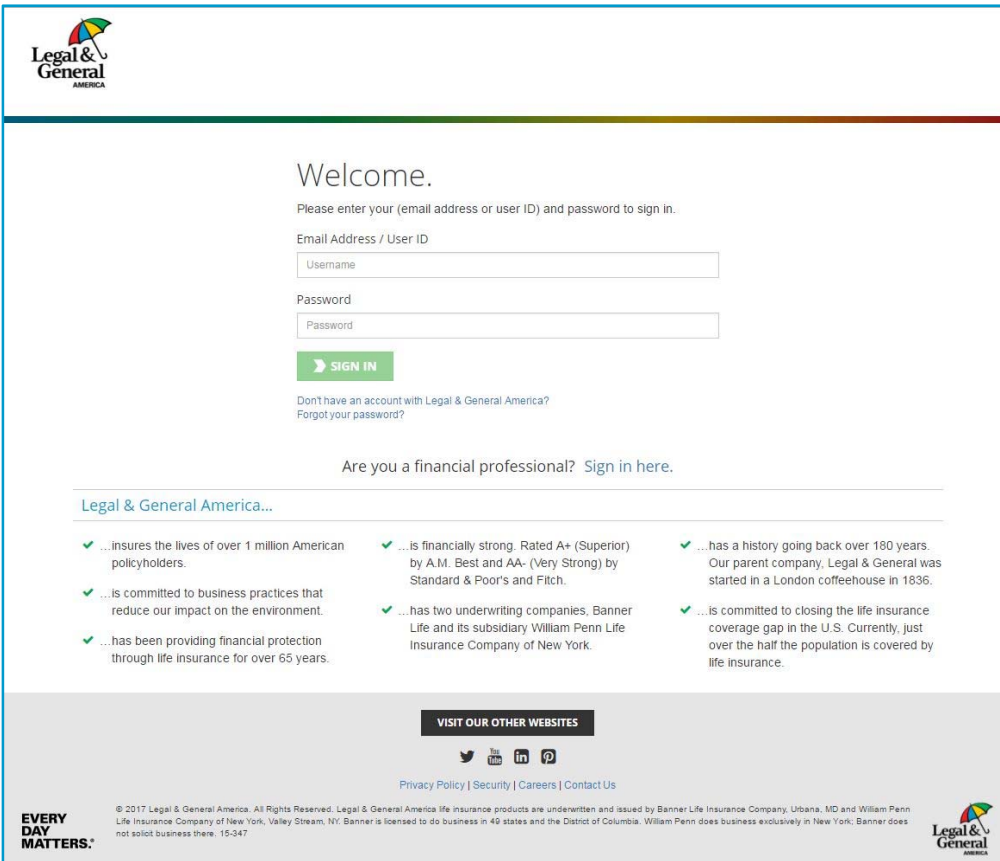
Our customers are at the heart of everything we do. We are committed to maintaining a customer-centric culture – from investing in technology, creating innovative products, protecting customer data – we endeavor to deliver an exceptional customer experience. Knowing what our customers think about their interactions with us is key to developing the best culture where our employees are motivated to succeed. To continue to grow our business, we need to engage our customers in a truly digital way.

Our Customer Care team services over 1.17 million customers.



Customer Led

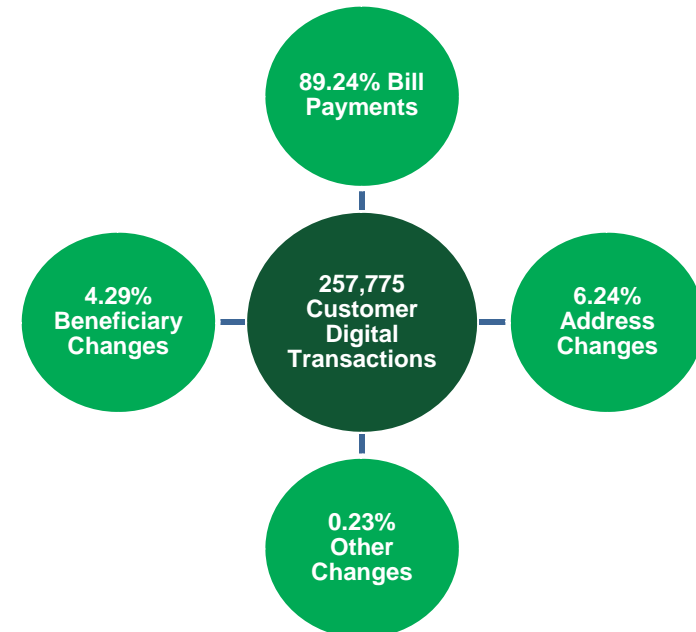
We are always listening to our customers. Our goal is to make their experience with us, whether a phone call or visit to our website, a truly great experience. We offer a variety of options for our customers to interact with us. The growing preferred method of interaction is digital (our website). Improvements are constantly in development to streamline transaction processes to ensure that the experience is quick and easy.



2016 Registered Web/Digital Customers



2016 Customer Web/Digital Transactions



Customer Led

Claims

We know how difficult it is to handle the loss of a loved one. We have tried to make the claims process as easy as possible. Our customers may file a claim on-line or by calling one of our experienced claims staff. Although our staff provides excellent service, we believe that our customers deserve the absolute best, so we asked National Hospice and Palliative Care Organization (NHPCO) to provide grief and sensitivity training. (See page twenty-two (22) for more information on this Non-government Organization (NGO) partnership.

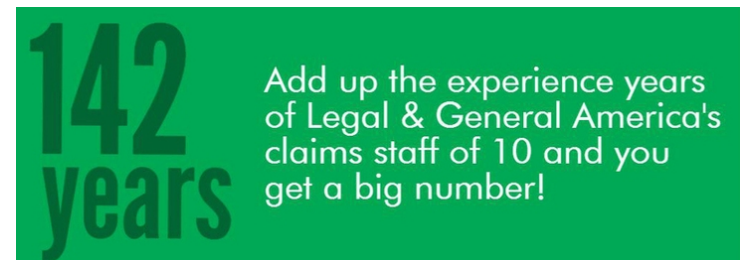
Satisfied customers expressed their thanks....

"You mean I will get the check on Monday? Wow, that was so fast. Since my husband was pleased with this policy, I was waiting to see how smoothly the claim process went to determine if I was going to buy my own policy, and now I am."

"Thank you very much for all your kindness, patience and understanding in getting the forms to me and help in filling out the forms correctly. I received the check in yesterday's mail."

"You understood that most of us only complete this type of paperwork once (maybe twice) in our lifetime when we are in extreme emotional distress."

Our claims are paid in an average of 5-7 business days!

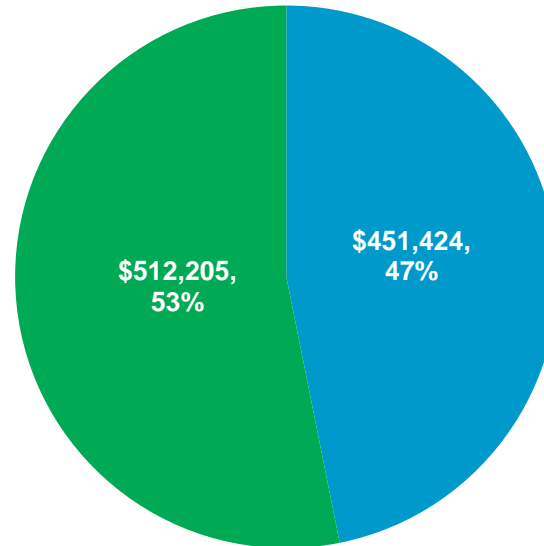


Community and Social Investment

Giving and Volunteerism

As a long-term business, we understand that we make an impact on the communities where our employees live and work. Our purpose is to help families achieve financial security. It is with this purpose in mind that we align our community investments to achieve this goal. We have learned our community is not only encouraged by a monetary donation, but they are truly moved by our employees who volunteer their time. Volunteer opportunities improve engagement and strengthen relationships between the Company and the community. We encourage and applaud our staff in their volunteer efforts. As an additional inducement, we provide paid time off, up to two days per year, for staff to participate in off-site community charity work. The Company also maintains a matching contributions program.

Total Charitable Donations for 2016
\$963,629



- Total Donations by Employees
- Total LGA Donations



Community and Social Investment

Chairman's Awards

We're proud of our colleagues who make a difference in the lives of others. Each year throughout the Legal & General companies, employees are asked to nominate their peers who they believe have made a difference in their local community. The Chairman of Legal & General Group hosts an award ceremony in the UK to recognize these employees. These awards showcase the amazing employees we have in our company who give their time to help others.

Legal & General America was proud to have two employees nominated for the 2016 Chairman's Community Awards: Kirk Marek and Stacie Miller. Both Stacie and Kirk serve as an inspiration to others in giving back to our communities. Well done!!

For more information on the Chairman's Community Awards Ceremony and to read the many inspiring stories of all Legal & General employees, go to [Legal & General > Community Awards](#).



Community and Social Investment

Community Partnerships

Relay for Life 2016

Legal & General America staff and their families teamed up to participate in a 24-hour walking event for the American Cancer Society to honor cancer survivors, those fighting cancer and to remember those who have lost their fight. Our employees and their families have participated in Relay for Life since 2011. The 2016 donations were increased by coordinating a Bubbleball Soccer tournament for employees on-site. It was a triple win: donations were raised for a great cause, staff had great fun all while getting fit!

Goal: \$1,000
Actual: \$7,113



2016 Bubbleball Soccer – Relay for Life



Manna Food Center

Manna is a local food center whose goal is to eliminate hunger through food distribution, education and advocacy. Additionally, local businesses like LGA work with Manna to support elementary schools in helping children at risk for hunger through their [Smart Sack](#) program which provides food to 2,320 school children every Friday to help feed them through the weekend when school supported lunches are unavailable. Our staff volunteer using both paid leave and their own personal time to assist with food distribution and stocking and organizing pantry shelves.

Community and Social Investment

Community Partnerships

R.I.S.E Program

(Relationship, Integrity, Strength, Example)

Legal & General America partners with a local elementary school, Lincoln Elementary, in their R.I.S.E. program. Lincoln is a public school with over 500 students in attendance, approximately 19% are “limited in English proficiency” and 72% participate in the subsidized lunch program and come from low-income homes.

The R.I.S.E program is an after school mentoring program for at risk children in grades 3 – 5. Students are paired with adults in the community who have demonstrated leadership both personally and professionally. Participating children are referred by a teacher or counselor whom they believe need the extra guidance.



Frederick County, Maryland: Animal Partnerships

Animal Welfare League of Frederick County (AWLFC)

Our employees participate in an annual fundraiser held by the AWLFC, Paws and Claws 5K. They encourage each other to register for the 5K (or 1 mile walk) while raising money for AWLFC – all dogs welcome!

House with a Heart Senior Pet Sanctuary

Staff organize an annual fundraising event every February by raising money through a bake sale and selling ‘candy gram’ Valentines, to co-workers. In 2016, over \$2,500 was raised in cash, along with a generous amount of pet food and supplies, all of which were donated to [House with a Heart Senior Pet Sanctuary](#).

Community and Social Investment

Community Partnerships



Weinberg House

In a partnership with [Interfaith Housing Alliance \(IHA\)](#), our employees volunteer at the Weinberg House, a low-income senior apartment complex. One of our most memorable events in 2016 was Holiday Bingo held, of course, in December. Not only did our volunteers prepare a holiday feast for the residents, they also created small gift bags and gave each resident a poinsettia for the holiday. We received a letter from the property manager expressing thanks on behalf of the management and residents.

“WOW! Now, that was how you do BINGO!!!! The Residents were so touched by the time and attention you shared with them. Saying thank you is not enough to let you know the joy you brought to everyone here at the Weinberg House. We are truly grateful. The generosity and thought behind each and everything you did, was above and beyond. The sweet treats, gift bags, bingo prizes were amazing. The special touch of having cards personalized by children from Lincoln Elementary School was heart-warming, as some residents do not have the opportunity to interact with small children.

One resident said that she always loves getting Poinsettias, but was unable to get out to get one due to her limited mobility. This is her first Christmas/Holiday with us and she said, “it feels like home now.” Thank you for sharing your time and kindness with our Residents, you have certainly made a lasting impression on them. I haven’t seen smiles so bright in quite a while; or have had that room full with the sound of laughter; memories were made today.”

With great appreciation,

Terri Rowe
Property Manager Weinberg House
Interfaith Housing Alliance, Inc.

Toys for Tots Drive

Legal & General America continued our participation with the U.S. Marine Corps Reserve Toys for Tots toy drive whose goal is to deliver a new toy at Christmas to less fortunate children. We donated over 200 toys during this drive.



Community and Social Investment

Social Investment

National Hospice Palliative Care Organization (NHPCO)

At Legal & General America, we are in the business of providing financial protection through life insurance for families from coast to coast. When one of our customers passes away and a claim is made by their beneficiary, we want to be as sensitive and supportive as possible in helping that individual through a very difficult time. Providing grief sensitivity training to our staff is part of that commitment. To further enhance our training programs, we collaborated with the [National Hospice and Palliative Care Organization \(NHPCO\)](#) to design and deliver a training program for our claims staff that focuses on how to respond to customers in the most supportive and compassionate manner and how to understand their unique grief responses.

“We are very excited to be partnering with the National Hospice and Palliative Care Organization,” said Debbie Posin, Esq., Assistant Vice President of Claims at Legal & General America. Posin added, “The recent NHPCO training served as a valuable resource to increase our staffs’ awareness of the grief process so that they can continue to promote excellence and deliver the support and assistance our most vulnerable clients deserve.”

NHPCO, headquartered in Alexandria, Virginia, is the largest nonprofit membership organization representing hospice and palliative care programs and professionals in the United States. The organization advocates for the terminally ill and their families, and is committed to enhancing quality of life for people dying in America and their loved ones. NHPCO develops public and professional educational programs and materials to enhance understanding and availability of hospice and palliative care.

As two organizations serving bereaved families, Legal & General America and NHPCO are exploring opportunities to continue to work together to provide increased access to local grief support resources.



Community and Social Investment

Social Investment

NAILBA Charitable Foundation

The NAILBA Charitable Foundation is the philanthropic arm of the National Association of Independent Life Brokerage Agencies (NAILBA). Since 2002, The Foundation has encouraged volunteerism and provided grants for charitable programs in the communities of NAILBA's member agencies and corporate partners. Funds are awarded to organizations that serve to enhance the quality of life for those less fortunate, with a special emphasis on children.

The Foundation's primary fundraising event takes place at NAILBA's annual member conference. Legal & General America, a charter member of the Foundation, takes an active role in encouraging donations during the conference.

At the event held in November 2016, we sponsored a \$5,000 prize drawing and offered to match \$50 donations up to \$25,000. The promotion raised \$45,750; Steve Katz, of Premier Brokerage Services, won the \$5,000 raffle prize and generously donated the money back to the Foundation. LGA's matching funds brought the full amount raised to \$75,750!

Through the generous donations of NAILBA member agencies and carriers, the Foundation was able to award \$220,000 in grants to local charities and other nonprofit organizations in 2016. One such recipient, was Downtown Ministries of Athens, GA. For the complete list of recipients, visit the [NAILBA Foundation Grant Recipients](#).



2016 NAILBA Grant Recipient: Downtown Ministries of Athens, GA

Ethics and Governance



Doing business honestly, ethically, transparently and with integrity helps us build long-term relationships with our staff, customers, suppliers and stakeholders. We believe that ethical conduct is standard business practice and expect all of our employees, sales partners, and suppliers to operate with the highest ethical standards. The Company will not tolerate unethical or inappropriate behavior.

It's important to have a clear vision, strong principles, and policies to help guide our actions and decisions – our comprehensive set of governance policies provide that guidance.

- Business Ethics Policy
- Anti-Money Laundering Policy
- Reinsurance Policy
- Risk Governance Framework
- Whistle Blower Policy
- Anti-Fraud Policy
- Taxation Policy
- Internal Audit Charter

Business Ethics Policy

Our reputation as a responsible and trustworthy company is contingent on the actions of our employees and our partners. Our Business Ethics policy is reviewed, updated and distributed annually to all directors, officers, and other appropriate staff directly, requiring an attestation to its guidelines. The Policy is also housed on our company Intranet so all staff can remain cognizant of our code of conduct.

The Business Ethics policy outlines our expectations of:

- Compliance with all laws in all states where we do business;
- Protection of personal data and any information of a non-public nature; and
- Confirmation of ethical handling of any conflicts that may arise.

Ethics and Governance



Whistleblower Hotline and Policy

The Company is committed to providing an avenue for employees and contractors to raise concerns of suspected violations of our Business Ethics policy, other company policies, criminal offenses or other serious offenses while reassuring them that they will be free from retaliation. Employees who identify a concern related to our business practices can report it by:

- Calling the Whistleblower Hotline toll-free, either anonymously or otherwise;
- Notifying the General Counsel or other Officers of the Company directly; or
- Contacting appropriate regulatory or law enforcement authorities.

There were no reported incidents in 2016.

Anti-Bribery and Corruption Policy

Our Anti-Bribery and Corruption Policy applies to all employees and directors of the Company and prohibits them from engaging in or tolerating bribery or any form of corruption. Employees are required to complete an e-learning training module annually as a reminder of our code of conduct. Employees are also required to report gifts, meals or hospitalities with a fair market value of \$75 or more. The Gift and Hospitality Log is reviewed monthly by our Compliance Counsel to ensure the appropriateness of the item, hospitality or gift.

Office of Foreign Assets Control (OFAC)

As an insurance carrier, Legal & General America may not engage in transactions with individuals or organizations that have been identified by OFAC as terrorists. We have a legal responsibility to compare the names of all persons and entities referenced on their policies and applications against OFAC reports. Additionally, as part of the employee offer process, applicant names are also verified through OFAC and other identity verification processes by a third party. No name matches were discovered in 2016.

Ethics and Governance

Privacy Policy

Our Privacy Policy is based on the respect we have for our customers and our belief that our customers should understand what we do with their personal information, along with how we protect that information. Our [Privacy Policy](#) is included on our website, distributed to all new policyholders and sent annually to all existing policyholders.

Market Conduct Exams and State Reviews

Our customer files and business practices may be audited by any state where we are licensed to conduct business. In 2016, three exams were conducted. The current status of those exams or reviews are as follows:

- State of Connecticut Insurance Department: Market Conduct Exam (calendar year 2014)
 - Finding of 35 unlicensed agents
 - Result: Fine \$57,500
- State of Florida: Florida Freedom to Travel Act (calendar year 2015)
 - Finding of one application erroneously declined
 - Result: Application reviewed and offer of coverage sent
- State Escheat Examinations
 - An open examination of 15 states and the District of Columbia conducting examinations of compliance with the escheat laws of their respective states.

Consumer Complaints

We understand that customers may need to express their concerns or dissatisfaction with a product or service. We also know that how we handle the complaint will affect the overall customer experience and reputation of our Company. To address policyholder and department of insurance complaints, a committee comprised of officers and managers from key departments meets regularly to review and resolve complaints expeditiously.

Data from complaints is analyzed to determine if there are systemic issues needing to be addressed, training protocols refreshed, or customer communication improvements made. All complaints are reported to our Board of Directors on a quarterly basis.



Ethics and Governance

Risk Management

Our Risk Management department is responsible for the oversight and challenge of the Company's risk landscape; overseeing the flow of information on risks as well as mitigation actions and issues. We use the process of Enterprise Risk Management (ERM) to plan, organize, lead, and control the activities of our organization in order to minimize the effects of risk to capital and earnings. ERM expands the process to include not just risks associated with accidental losses, but also financial, strategic, operational, and other risks.

The Enterprise Risk Management (ERM) framework enables the LGA Board and Stakeholders to draw assurance that the risks to which Legal & General America may be exposed are being appropriately identified and managed and that the risks of significant financial loss or damage to our reputation are being minimized.

The ERM Framework is made up of the following components:

- **Risk Appetite** sets out LGA's attitude to risk and the ranges and limits of acceptable risk taking.
- **Risk Taking Authorities** empower decision making within clearly defined parameters and in accordance with risk appetite.
- **Risk Policies** define our approach to monitoring and controlling risk to ensure we are only exposed to risks within our appetite.
- **Risk Identification and Assessment** are tools used by managers to identify and evaluate the risks to which we may be exposed.
- **Risk Management Information** reports on current and emerging risks and provides an assessment of actual risk positions relative to risk targets and limits.
- **Risk Oversight** provides review and challenge of our identification and management of risk.
- **Risk Committees** are the forums used to review key risks and risk events as well as discuss risk management and mitigation strategies.



Ethics and Governance

Enterprise Risk Management Framework in Action

Risk Event Reporting Process - an automated process for reporting emerging risks / risk events via the LGA Intranet. This capability allows all employees to escalate situations where they believe an incident has occurred that may compromise the Company in some way. These events are immediately reviewed, evaluated and acted upon if necessary. There were 53 risk events reported and resolved over the last 12 months.

Business Process Reviews – an in-depth analysis into a specific process or function in order to determine the strength of the control environment. Risk Management carries out several business process reviews each year. In 2016, reviews were conducted for the following functions: Replacements, Commissions, Advance Commissions and A-List Term processing.

Independent Validations - an in-depth analysis of assumptions and profitability and operational implications associated with new products and initiatives.

OpRisk Scenario Workshops – the purpose of these sessions is to identify and assess the ‘extreme but plausible’ events that could impact a business unit, which inform risk-based capital modeling and control environment assessments. These workshops are held on an annual basis.

- 2016: conducted eight OpRisk Scenario Workshops
- 2017: currently two OpRisk Scenario Workshops scheduled in the areas of Modeling and Vendor Oversight



Legal & General America Board of Directors

Our Board of Directors are fiduciaries who steer the organization toward a sustainable future by adopting sound ethical and legal governance as well as financial and operational management policies and practices. They rely on key governance committees to identify, report on, manage and oversee risks relevant to their areas of competency and expertise. These committees include:

- Asset Liability Committee (ALCO)
- Assumption Governance Committee
- Audit Committee
- Benefits Committee
- Pricing Committee
- Risk and Compliance Committee

Ethics and Governance



Cyber Security

Cyber security is a critical risk facing all organizations but is an extremely high priority to us due to the sensitive data we gather on our customers, employees and business partners.

We will continue to be ever vigilant in protecting our data in a number of ways...

- Vulnerability and Penetration Testing is performed on a routine basis
- Dual factor authentication is required for all remote users
- PGP Encryption
- Firewall between the public internet and company private networks
- Employ Server Security Patch Management
- Subscribe to Digital Shadows which monitors activity in the Dark Web
- Password Management
- Botnet Filtering
- Virus and Malware Protection
- USB Lockdown
- Annual Security Awareness Training for employees

If a security event/incident is detected, our IT team immediately reports the event to our Risk Management team and begins an investigation to identify, assess and mitigate/eliminate the issue.

Our Financial Story

Legal & General America

Our success is defined by helping to improve the lives of others, building a better society for the long term and creating value for our shareholders. Maintaining a financially sustainable business allows us to be successful.

Over 90% Investment Grade Portfolio

The Legal & General America operating companies are among the most financially sound life insurers. Our investment portfolio is conservatively positioned and prudently managed. It's highly liquid and well diversified with over 90% investment grade corporate bonds and very highly rated structured securities.¹

Nearly 1,200,000 U.S. Customers

That's the number of policy owners counting on us to help provide financial security for the people they have so carefully chosen to protect.¹

New Coverage Ranks Us In The Top Ten

We issued more than \$48 billion in new coverage in 2016. That ranked us in the top ten in the U.S..²

\$678 Billion of Coverage In Force

Legal & General America is growing; our life insurance in force is \$678 billion big.²

Nearly \$4 Billion In Assets

Another testament to our financial strength, the Legal & General America operating companies had over \$4 billion in assets at year-end 2016.³

Capitalization is Nearly Triple Industry Average

The capitalization level of a company is particularly meaningful when considered in the context of the variability of the valuation of its liabilities and the variability in returns and value of its assets. On this basis, we are particularly strong. The "Pure" Capital Ratio measures the cushion a company has against a decline in the value of its assets. Our "Pure" Capital Ratio was 27%, more than double the industry average of 11.8%.⁴

¹ Year-end 2016.

² Year-end 2016 LIMRA study; rankings based on survey participants.

³ Statutory returns for year-end 2016.

⁴ Year-end 2016 ALIRT Insurance Research.



Financial Strength

Legal & General Group Plc.

180 Years Strong

Founded in 1836 in London where it is still headquartered, Legal & General Group Plc has operations in Europe, North America and Asia.

7th Largest in the World

Legal & General Group, Plc is the 7th largest insurance company in the world, as measured by non-banking assets.¹

10 Million Worldwide Customers

That's the number of people who rely on L&G for life insurance, pensions, investments and general insurance plans.²

\$1.1 Trillion Assets Under Management

Legal & General is one of the world's largest insurance and investment management groups, with total assets under management of \$1.1 trillion as of December 31, 2016.³

¹ 2015 non-banking assets, 2017 study, A.M. Best.

² Year-end 2016.

³ Conversions for year-end 2016, FX 1 GBP = USD 1.24



Legal & General Group, Plc.
One Coleman Street, London

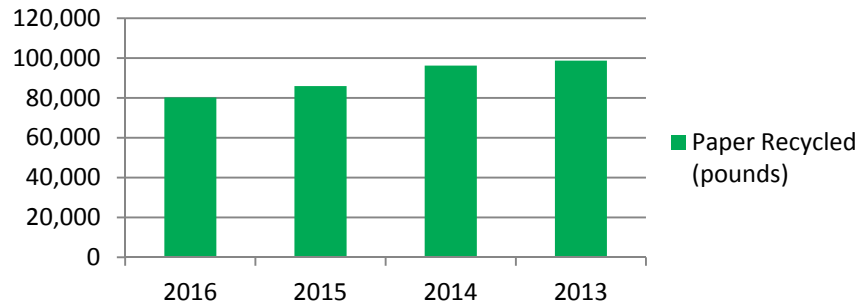
Our Financial Ratings

Standard & Poors: 'AA-' (Very Strong)	A.M Best: 'A+' (Superior)	Fitch: 'AA-'
Assessing our operations as "core" to Legal & General Group, the review says L&G Group has a "very strong competitive position as a leading annuity, protection, savings, and asset management solutions provider in the U.K., which is one of the more developed life insurance markets in Europe." The S&P report also credits L&G's "very strong capital adequacy and strong ability to source capital and liquidity" as one of the factors supporting the review.	The outlook for all ratings is stable. The rating affirmations "reflect LGA's strong competitive position in the U.S. term life marketplace, where it currently ranks eighth, as measured by term life annualized new business premiums for 2015."	The ratings reflect L&G's "strong capitalization, operational scale, and market position as one of the leading UK life insurers." Legal & General America's "core status reflects their long ownership by L&G; their importance to L&G's growth strategy; and the diversification benefit for L&G between mortality risk in LGA and the longevity risk in the UK business."
Read the full press release	Read the full press release for LGA Read the full press release for L&G	Read the full press release

Environmental Stewardship

Legal & General America is an office-based company, with minimal direct impact on the environment. We do however remain vigilant in the daily operations of our business as we consume natural resources. Our goal is to reduce our consumption of these resources, resulting in a reduction of our carbon footprint. We continually pursue ways to reduce our energy, water, and other materials usage.

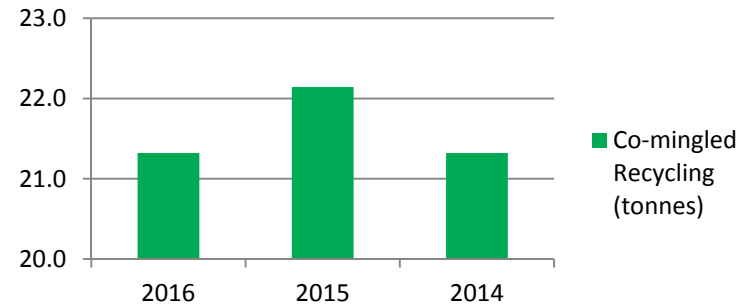
Paper Recycled



For customer privacy, we shred all paper on-site. It is then sent for recycling.

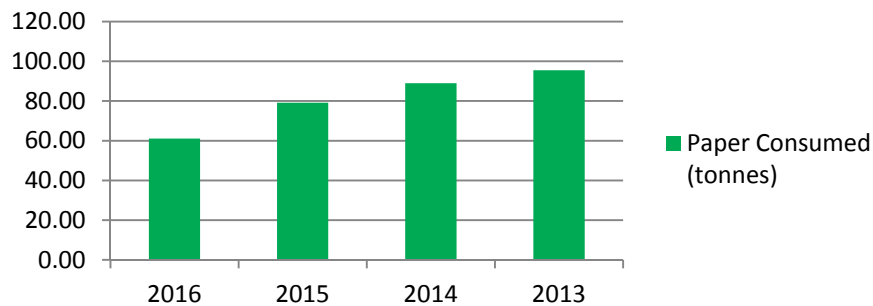
Paper recycling has reduced due to an increase in E-delivery and a reduction in general office printing.

Co-mingled Recycling (tonnes)



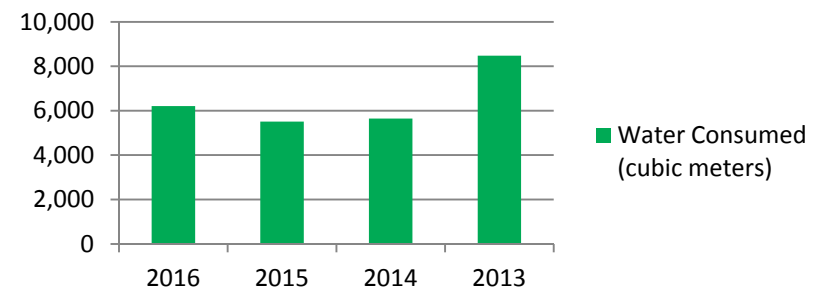
Comingled recycling includes all beverage containers and cardboard.

Paper Consumed (tonnes)



E-delivery of policies and documents has helped reduce our paper consumption.

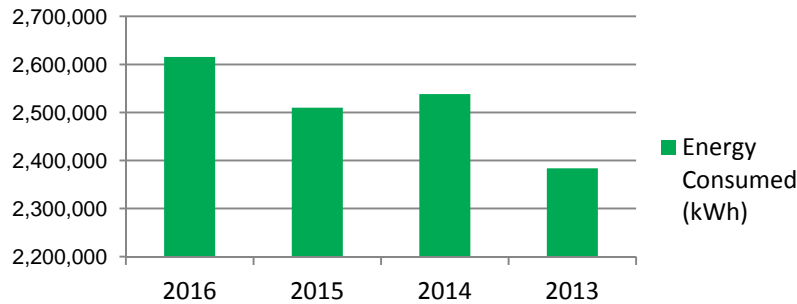
Water Consumption



Water consumption is level; 2013 & 2016 were high due to an irrigation water line break

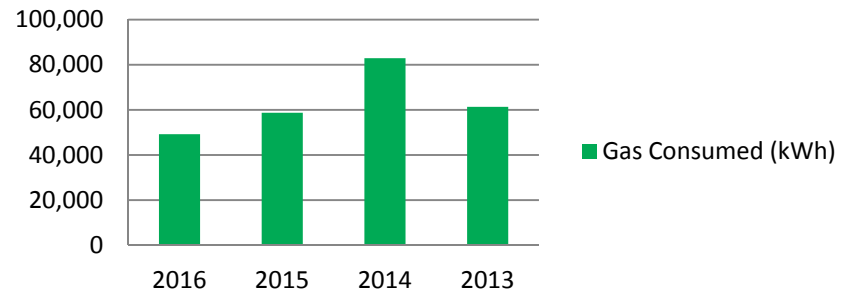
Environmental Stewardship

Energy Consumption



Energy consumption is comprised of all equipment, HVAC and building lighting. Outdoor air temperatures can cause the HVAC usage to vary.

Gas Consumed



Our building uses natural gas in the morning to start our heating system. Once the heating system has started, the gas turns off. Outdoor air temperatures determine whether natural gas is required.

Shredding & Recycling

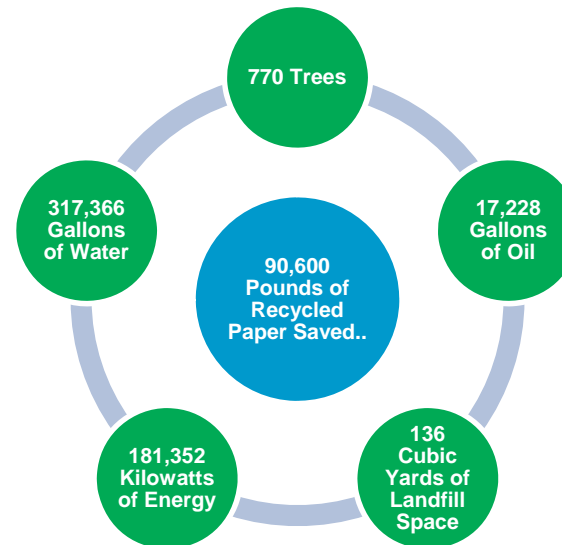
Recycling programs make a difference to the environment and we have a plan in place to recycle glass and plastic bottles, cardboard and all paper. As part of our privacy procedures, all paper is securely shredding on-site. After being shredded at our facility, all shredded materials are transported to a paper mill for an additional 2 step shredding/pulping process after which the waste materials are made into renewable products.

In 2016 we recycled over 90,600 pounds (45 tons) of paper!

Quick Fact: Each ton (2,000 pounds) of recycled paper saves...

- 17 trees;
- 380 gallons of oil;
- 3 cubic yards of landfill space;
- 4,000 kilowatts; and
- 7,000 gallons of water!

Source: <https://www.usi.edu/recycle/paper-recycling-facts>



Environmental Stewardship

Awards

Energy Star Certified

Using energy efficiently is important to Legal & General America. We have received the EPA Energy Star Certification award for four consecutive years (2013 – 2016).

To qualify for this award, we must meet or exceed an ENERGY STAR score of 75 or higher which indicates our building:

- Overall performs better than at least 75% of similar buildings nationwide;
- Uses 35% less energy than similar buildings; and
- Generates 35% fewer greenhouse emissions than similar buildings.

Environmental Testing

The health of our employees is important to our Company. An independent third party consultant conducts an indoor air quality test annually. The inspection performed is in accordance with [EPA I-BEAM](#) inspection procedures and meets LEED requirements. Our 2016 inspection report found that our building meets all EPA standards. Read the [executive summary](#) of the inspection.

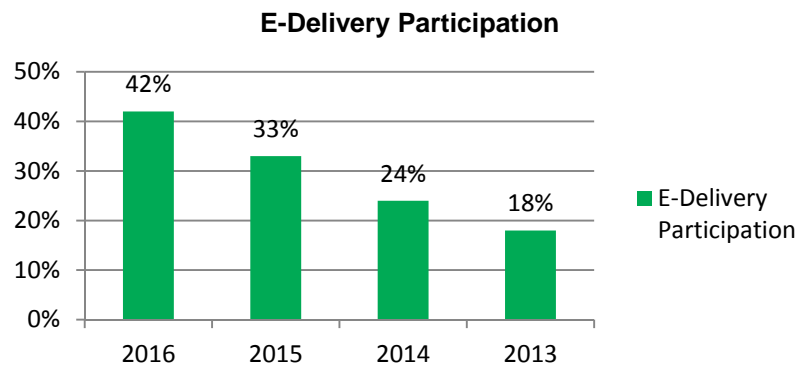
Our next inspection is scheduled for Fall 2017.



Environmental Stewardship

Business Operations with Environmental Impact

Legal & General America is going digital! In the past several years, our AppAssist program has grown consistently. AppAssist helps streamline the application process for our customers and agents. Our call center representatives take an application over the phone from a customer, then securely emails (or mails) the application package to the customer. The policy is delivered via secure email or mail if preferred. The entire process can be completed electronically if the customer elects that option, including digital signing. AppAssist has helped increase the use of our E-Delivery program which was made available to other lines of business in 2016, increasing the participation rate from 33% to 42%. As we continue to expand our suite of products with different partnerships, including direct to consumer, we expect the E-Delivery rate to continue to rise.



E-delivery is the electronic delivery of policies and other business documents to our customers and agency partners.

Data Center Virtualization Project

Our Data Center is working on a project to replace all of our physical servers with virtual servers, called virtualization. Server virtualization is the masking of server resources, including the number and identity of individual physical servers, processors, and operating systems, from server users. The server administrator uses a software application to divide one physical server into multiple isolated virtual environments. To date, we have replaced 157 physical servers with 11 virtual servers. Our goal is to have the remaining physical servers moved virtually by the end of 2017. The effect of this reduction will be lower energy usage, reduction of the carbon output and heat from the servers.

Employee Data

Number of Employees	2011	2012	2013	2014	2015	2016
Legal & General America	460*	548*	582*	574*	504*	515*

All reported employee data includes Legal & General Retirement America staff count starting in 2015

* Part time employees are included in staff count as one full count

Employee turnover	2011	2012	2013	2014	2015	2016
Turnover as a percentage of the Workforce	7.30%	6.30%	7.90%	10.28%	10.23%	7.49%

Agile Workforce	2011	2012	2013	2014	2015	2016
Percentage of LGA Workforce						
who work on a full-time basis	95.00%	95.00%	95.20%	95.72%	95.79%	96.06%
who work on a part-time basis	5.00%	5.00%	4.80%	4.28%	4.21%	3.94%
Percentage of LGA Workforce						
who tele-work	n/a	n/a	n/a	n/a	31.86%	30.37%
who work at the home office	n/a	n/a	n/a	n/a	68.14%	69.63%

Length of Service	0-5	6-10	11-15	16-20	21-25	25+
All staff	50.10%	21.10%	14.60%	7.69%	1.97%	4.54%

About the Report

Our report has been written for our customers, investors, non-governmental agencies and others with a professional interest in our approach to managing Legal & General America.

What we report

This is our 2nd Corporate Responsibility Report. We have increased the scope of the amount of reporting based upon stakeholder feedback. Our parent company, Legal & General Group, PLC produces a corporate responsibility report which includes data from their subsidiaries which can be located on their website. [Legal & General Plc\CSR Report](#)

Timeframe

This report covers the financial year January through December 2016.

Feedback

We welcome feedback and questions from readers. Please direct inquiries to:

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