

2017 Corporate Responsibility Report

Legal & General America



Overview

Our report provides an in depth view on how responsible we have been in delivery of the 2017'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.

Table of Contents

Message from CEO	3	Ethics and Governance	22
LGA's Digital Transformation	4	Business Ethics Policy.....	22
LIDMA Award.....	6	Whistleblower Hotline and Policy	22
Product Diversification	7	Anti-Bribery and Corruption Policy	23
Customer Led	7	Office of Foreign Assets Control	23
Customer Service Statistics	8	Privacy Policy	23
Claims	8	Market Conduct Exams and State Reviews	23
Customer Experience	9	Consumer Complaints	23
Our Culture and Our People	10	Risk Management.....	24
Agile and Flexible Work Environment	12	Enterprise Risk Management	25
Learning Opportunities.....	13	Legal & General America Board of Directors	25
Talent Reviews	14	Cyber Security	26
Career Development.....	14	Our Financial Story	27
Employee Engagement.....	15	Our Parent: Legal & General Group Plc.	28
Wellbeing	16	Our Financial Ratings	28
2017 Wellness Programs.....	16	Environmental Stewardship	29
Wellbeing: Awards	16	Employee Data	32
Employer Branding and Social Media.....	17	About the Report	33
Community and Social Investment	18		
Giving and Volunteerism.....	18		
Chairman's Community Awards	18		
Community Partnerships.....	19		
Social Investment.....	21		

Message from our CEO, Bernie Hickman



Bernie Hickman,
Chief Executive Officer
Legal & General Insurance

Making a positive difference....

At Legal & General America, corporate social responsibility is a part of who we are and a vital part of our company's culture. It produces sustainable value for our customers, employees, shareholders and the communities where we live and work. Our company's purpose is to improve the lives of our customers and build a better society for the long term and this shapes every aspect of how we conduct our business. We provide long term financial sustainability through products, services and investments that have both economic and social value for the future. Today, we care for over one million U.S. customers who count on us to provide financial security for their loved ones.

Legal & General America focuses on making a positive difference for our employees, our customers and our communities. It's a fundamental part of who we are. We are dedicated to helping people secure better, more optimistic futures for themselves and their loved ones. We want to be the easiest, most trusted and most relevant insurer for our customers. To operate at our best, we embrace a culture that is focused on our overarching purpose, and business strategy, carried out in our day-to-day actions following our business principles and behaviors.

Our business principles

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.

2017 was an exciting year of growth and change, as we continued transforming LGA through our digital strategy focused on digital leadership, distribution diversification and balance sheet management.

- Digital leadership: We have award-winning straight-through underwriting technology, 100% end-to-end customer digital experience, automation in all areas, and use big data and new analysis to improve risk selection.
- Distribution/product diversification: We launched our digital direct to consumer channel, continued to grow our BGA distribution channel, and established partnerships with mortgage brokers and other life carriers to provide new multiple routes to customers.

We are dedicated to setting ambitious goals, building smarter solutions and implementing new ways of doing business that benefit the customer. We are committed to making a positive difference, ensuring a future where we can continue to help people, families and our communities.

LGA's Digital Transformation

We understand we have a responsibility to do better for our customers each year. To ensure we have the best solutions and the best service, we are executing on our digital strategy, streamlining and digitizing processes for our customers, our business partners and are employees. We are excited to share our 2017 accomplishments in this digital transformation.

For Customers: We have partnered with two pioneering technology firms, SmartAction and Walletron, to make it easier and faster to view bills, pay premiums and communicate with customer service. We introduced additional digital payment methods through Check 21 and Electronic Fund Transfer while also providing 24/7 web self service. Our AppAssist Department, where trained staff help customers through our application process, now provides the alternative of electronic or voice signature on applications.

SmartAction

With SmartAction, customers can now use an Interactive Virtual Attendant (IVA) to make a premium payment over the phone. This service is available 24/7. They also have the option of signing up for text notifications reminding them to pay their premium. Customers who sign up for this text option can also make a premium payment directly via the text conversation. Introduced in October, 989 clients signed up for text reminders, 7,132 paid using the phone and 39 paid via text in 2017.

Walletron

Walletron provides similar bill notification reminders, but it is not via text. It is a smart phone app using the Wallet App on iPhones and Google Pay on Android phones. Similar to the text, the customer can opt for this reminder and in the event they don't pay on time, a reminder is sent to their app. Customers can then view the bill and make a payment via the phone app. Introduced in November, 294 customers signed up by year end and over 2,000 by mid-year 2018. With Walletron, Legal & General America is in your wallet and on the go with you.

Check 21

With Check21, customers do not have to send a check for payment. After taking a picture of the customer check, the agent sends the image to Legal & General America. The payment is processed from the image with the check never leaving the agent. We had 270 Banner agencies and 134 William Penn agencies take advantage of this process in 2017.

EFT – Electronic Fund Transfer

EFT: Electronic fund transfer allows customers to pay their premiums monthly without receiving a paper bill or writing a check. The funds are transferred automatically from their bank accounts. There are more than 560,000 policies using EFT as their chosen payment method.

24/7 Web Self Service

Web Self Service allows customers and agents to monitor policies, request changes and obtain forms 24/7. Our customers processed 287,340 transactions through the web in 2017.

- 243,246 Bills paid
- 29,494 Address changes
- 12,413 Beneficiary changes
- 989 Text enrollment
- 294 Walletron enrollment
- 904 Other transactions (EFT authorization, owner change, etc)

AppAssist – Telephonic Application Process

AppAssist is LGA's telephonic application process, streamlining data collection for applicants and agents utilizing a voice or e-signature process. AppAssist clients benefit from completed applications with less errors and fewer questions during the underwriting process, speeding decisions. AppAssist accounts for 25% to 30% of all term life insurance submissions.

APPCelerate – Improving Underwriting Risks

APPCelerate is an underwriting process which leverages applicant information, third party data and complex underwriting rules to quickly assess and approve the best underwriting risks. APPCelerate is available to 53% of AppAssist cases.

For Business Partners: We want to ensure that our partners find Legal & General America a great resource, with simplified processes that attract business. To improve our digital interactions with our business partners, we have implemented eDocuments and eDelivery as well as daily commission payments.

eDocuments

Our agencies have the option of using eDocuments to upload all documents. These documents are then ready to use the Check 21 payment process. The eDocument platform not only speeds up processing time but eliminates postage costs and time for sending hard copies.

Policy eDelivery & PayPal

We have partnered with DocuSign to electronically deliver our life insurance policies to the agent or directly to the client. Customers can electronically sign and pay for their policies using Paypal or their bank account, reducing delivery time on average by two weeks. Nearly 52% of all policies are eDelivered, of which 22% are e-signed within one day of receipt.

Daily Payment of Commissions

Electronic Fund Transfers allows us to make commission payments on a daily basis. 40% of our agents take advantage of EFT (Electronic Fund Transfers) for commission payments.

For Employees: As we improve and simplify processes for our customers and our business partners, we are also providing our employees with multiple new digital tools to manage their work load effectively, minimizing time spent on administrative tasks and maximizing time spent on things that matter most to our customers.

Payroll and Human Capital Management System – Website and App

The Dayforce Human Capital Management system provides managers and employees with one-stop access to payroll, HR information and benefits information while providing key functionality in self-service. Employees can view Dayforce via the web or Smartphone where they can view earnings and pay statements, request time off and view leave balances. Employees can also update their address, change tax withholding information, contact information and view current benefits and enrollment history. We also utilize Dayforce for performance management, where both employees and managers create goals, update their progress throughout the year and complete the semi-annual performance appraisal process all online.

Risk Righter – Increasing Underwriter Efficiency

Risk Righter is an outsourced service that summarizes lengthy and complex medical records, allowing our underwriters to quickly and efficiently determine the medical risk of our applicants. This process has improved underwriter efficiency by 10%.

LIDMA Award



Brooke Vemuri, Assistant VP, New Business, **Eric Lester**, VP, Administrative Services, and **Patrick Bowen**, SVP of Distribution accented the award

In September 2017 the Life Insurance Direct Marketing Association (LIDMA) announced that it selected Legal & General America as its first-ever Innovation Award winner. The announcement was made at LIDMA's 14th Annual Fall Meeting & Business Showcase.

To be considered for the award, Legal & General America was asked to submit a video, demonstrating our innovative digital solutions and how we've changed or improved life insurance distribution. [Watch the video.](#)

"Our panel of steely-eyed judges and industry experts voted and we're thrilled to announce that Legal & General's Straight Through Processing technology was the winner," remarked LIDMA president Shervin Eftekhari. "Known as a low-cost provider of term life insurance for over 20 years, the new Legal & General technology represents, for eligible shoppers, a fast and convenient way to buy."

"We are thrilled to have won the 2017 LIDMA Innovation Award. Our new straight through technology serves both consumers and advisors with a radically-improved process in which policy delivery can happen within 24 hours for qualified applicants. Direct marketers benefit because there are fewer touch points and faster decisions, which is always pleasing to the customer." – *Eric Lester, VP, Operations*

"We offer more digital solutions than any of our core competitors and strive to be a company that is easy to do business with. To be recognized for innovation in the digital area from a group as highly respected as LIDMA is quite an honor for us," says Patrick Bowen, SVP Distribution.

Product Diversification

Providing the best solutions for our customers includes not only digital strategies, but an expanded product lines to service the multiple protection needs of our customers. In 2017, we introduced two new products: Accidental Death and Guaranteed Whole Life Insurance.

Accidental death insurance is a product that does what it says, pays in the event of a death due to an accident as defined by the contract terms. This product allows us to offer additional coverage to current policyholders and new coverage to previously uninsured applicants. This product is a natural extension of our goal to provide financial protection to families in difficult times.

Guaranteed whole life insurance, launched in early 2018, is a whole life product available to seniors on a guaranteed issue basis. This product can be used to pay for final expenses incurred upon death. Guaranteed whole life insurance is being sold directly to our customers, between ages 50 – 80 without health questionnaires, doctor visits or medical exams. Premiums do not go up even if there is a change in the health status of the insured.

Customer Led

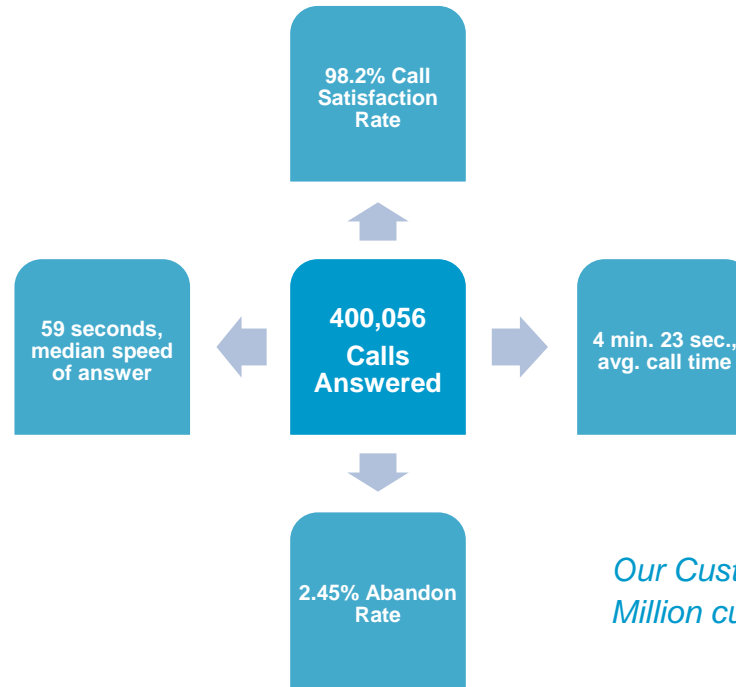
We are committed to maintaining a customer-centric culture – from investing in technology, creating innovative products, protecting customer data – we endeavor to deliver an exceptional customer experience. We digitally engage our customers and our customers can provide immediate feedback to our employees via Trust Pilot scores. Trust Pilot provides a quick survey to the customer who has had an interaction with our team. Having first-hand feedback from our customers provides the opportunity to immediately recognize our employees as well as to address any areas for improvement.

Customer Comments:

“Charity was great at listening, I asked a question and she was not 100% sure, so she asked me to hold so she could find the correct answer. I thought this was amazing, instead of misleading me, Charity took an extra moment to ask someone the correct answer, this was invaluable. I really appreciate that she was not afraid to say hold on, let me find out. This ensured that I would not be given the wrong information that could have lead to a huge problem later on. Thank you so much Charity for being a concerned person who cares about the quality of service that you provide to your customers, thank you again.”

“Beatrice was very polite, professional and, most of all, helpful! She clearly understood the reason for my call and provided clear and immediate options to address my concerns. I felt her customer service was a 10+!!!”

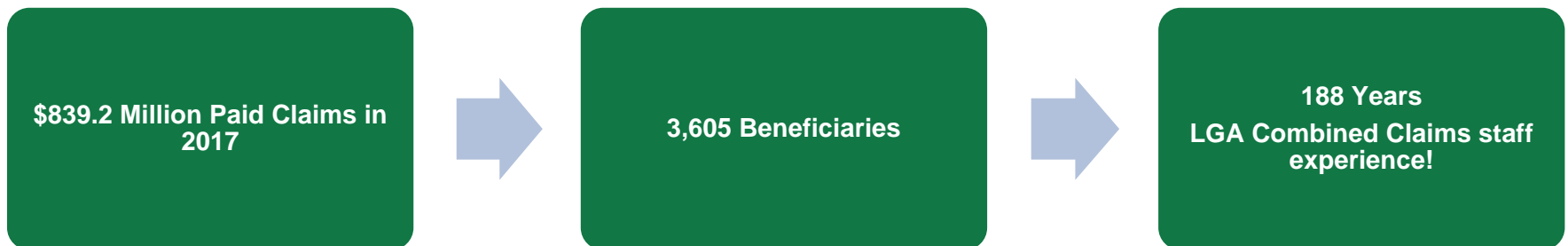
Customer Service Statistics



Our Customer Service Team services over 1.3 Million customers!

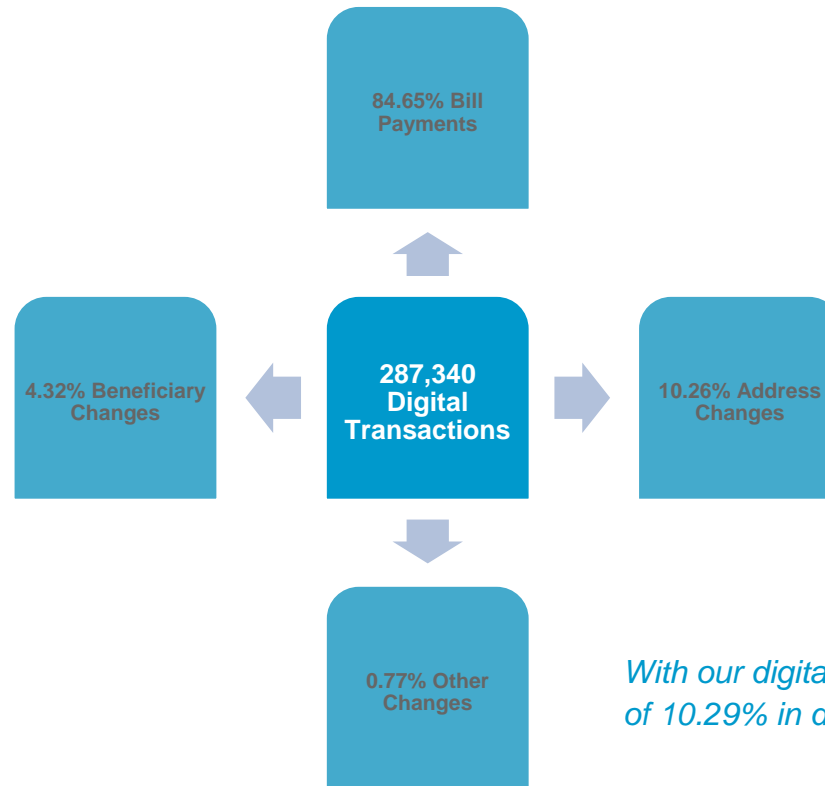
Claims

We know how difficult it is to lose a loved one. Our goal is to make the claims process as easy as possible during a difficult time. We provide our customers the ability to file a claim on-line or by calling one of our experienced claims staff.



The Customer Experience

Our goal is to make our customers' experience with us a positive one, whether their contact with us is via phone or digitally. We have listened to our customers and made improvements to our digital platform in 2017, providing more self-service options.



With our digital improvements, we saw an increase of 10.29% in digital transactions from 2016.

We will continue to make improvements to our digital platform. We want to provide customers with one location where they can efficiently make changes to their policies or make payments quickly and easily. Ultimately, we want to provide our customers with peace of mind that their family is protected.

Our Culture and Our People

At Legal & General America, we understand that our culture and our people are key drivers of future success. We know that strong cultures encourage sustained market performance and provide competitive advantage. In order to ensure that we are creating a focus on culture, the senior leadership team participated in a formal review of our culture in 2017. We identified the most relevant metrics, both qualitative and quantitative that would indicate what we are proud of and areas where we want to improve or evolve. At the end of 2017, our CEO presented the overview of our culture to the Group CEO, Group Chief Risk Officer and the Group HR Director, sharing his approach to embedding and monitoring our culture moving forward. Owning and monitoring culture will continue to be a performance objective for our senior leadership as our business expands. We also will continue to monitor our culture and efforts to improve our culture through all employee surveys.

Underpinning our focus on culture is the understanding that it is not only what we do that is important, but also how we interact with each other and with our customers that will distinguish us from our competitors. To ensure consistency in our service delivery, we have three behaviors that determine how we do business: Straightforward, Collaborative, and Purposeful. Legal & General America's 576 employees work with consistency communicating in a fair and transparent way, collaborating with colleagues to deliver the best service and putting the customer at the heart of everything they do.



The Behaviors

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

The Employee Experience

As our business transforms to a digital technology leader, we need employees who are engaged and energized about working here. To engage a multi-generational and diverse workforce, we have focused on several areas critical to the employee experience:

- Agile and Flexible Work
- Learning Opportunities
- Talent Reviews
- Career Development
- Employee Engagement
- Employee Wellbeing
- Employer Branding and Social Media

Agile and Flexible Work Environment

We continuously look for ways to make work life easier and more efficient for our employees. We have implemented multiple open space work environments at headquarters where employees can work together, collaborate and share ideas. Our Transformation and Innovation Center is the hub for many informal and formal meetings with casual furniture, floor to ceiling white boards for idea generation and connectivity throughout.

In 2017, we provided many more of our employees with full and partial remote work options.

The program was put in place to:

- Provide staff with greater opportunity for work-life balance,
- Reduce employee commute times, resulting in a beneficial impact on our environment, and
- Create a business resiliency solution allowing the company to continue operations in inclement weather or during other business interruptions.

To date, the program has been very successful and feedback on this program in our annual engagement survey is extremely positive. Twenty-nine percent (29%) of our overall workforce work remotely on a full-time basis. The majority of our staff have the option to work remotely 1 to 2 days per week providing their position has the flexibility for the option and they meet business, performance, and security requirements.



Learning Opportunities

We believe that all employees should have the opportunity to grow and develop with our organization. Employees have multiple options to expand their skills through formal learning coursework, on-the-job development, participation in cross-functional teams, and self-directed learning through the multiple resources provided on our Learning Hub.

We understand that our employees lead busy lives, so we provide a variety of learning options to best meet their needs.

- On-line classes
- E-Learning videos
- On-line business book summaries
- Industry sponsored courses
- Attendance at seminars and conferences
- Tuition reimbursement

All of these options provide opportunity for our employees to build their skills on their own schedule.

Our internal on-line courses are available through The Learning Hub/Open Sesame via the company Intranet (MyLGA). A variety of topics are available for our employees such as Managing Your Career Path, Critical Thinking, Problem Solving and Presentation Skills. Understanding that it is not always easy for employees to balance work and family, we also provide e-learning courses for their financial wellness, such as Managing Your Life Change for Success in Retirement and Creating a Budget that Works for You. The Learning Hub had over 2,200 views last year.

Employees are encouraged to further their knowledge of our industry by taking courses through [LOMA](#) (Life Office Management Association), [CLU](#) (Chartered Life Underwriter), [ALU](#) (Academy of Life Underwriting) and Society of Actuaries. By taking these courses, the employees will become credentialed and potentially advance their careers. In 2017, 227 employees completed LOMA exams, with a passing ratio of 98.7%, and 104 certificates or designations were received.

With our tuition reimbursement program, we offer our employees the opportunity to pursue their Associates, Bachelors, and Master's degrees as well as job related certificate programs. Employees may enroll in courses from accredited school (including on-line) and receive reimbursement of tuition for passing grades.

Employees continue to participate in formal learning opportunities and feedback from the 2017 Engagement Survey indicates the majority of our employees believe they have the opportunity to learn and develop at work.

- Average \$499 per employee spent in staff development in 2017
- 86% of the staff believe they have the opportunity to learn and develop at work
- 89% of the staff believe their job makes good use of their skills and abilities

Talent Reviews

Our senior leadership team works in partnership with our Human Resources staff to continually assess the talent in their business areas and across the organization as a whole. These discussions help us execute our long-term strategy, focusing on employee growth, leadership development, career growth and diversity. A formal talent review also takes place each summer. This formal annual process helps the organization to:

- Identify our high potential staff and create a custom development plan to progress their career;
- Ensure the right people are in our mission critical roles to drive our business strategy;
- 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.

With the formal process, a Talent Report is presented to the Board of Directors, identifying high potential staff and leaders, potential gaps in our bench strength, and outlining issues/trends in attracting required talent to execute on the strategy. In 2017 and moving forward, our formal Talent Review process will include the review of leadership talent across both the US and UK insurance business groups. This ensures that we can develop diverse talent and provide expanded opportunities for growth in both business units.

Career Development

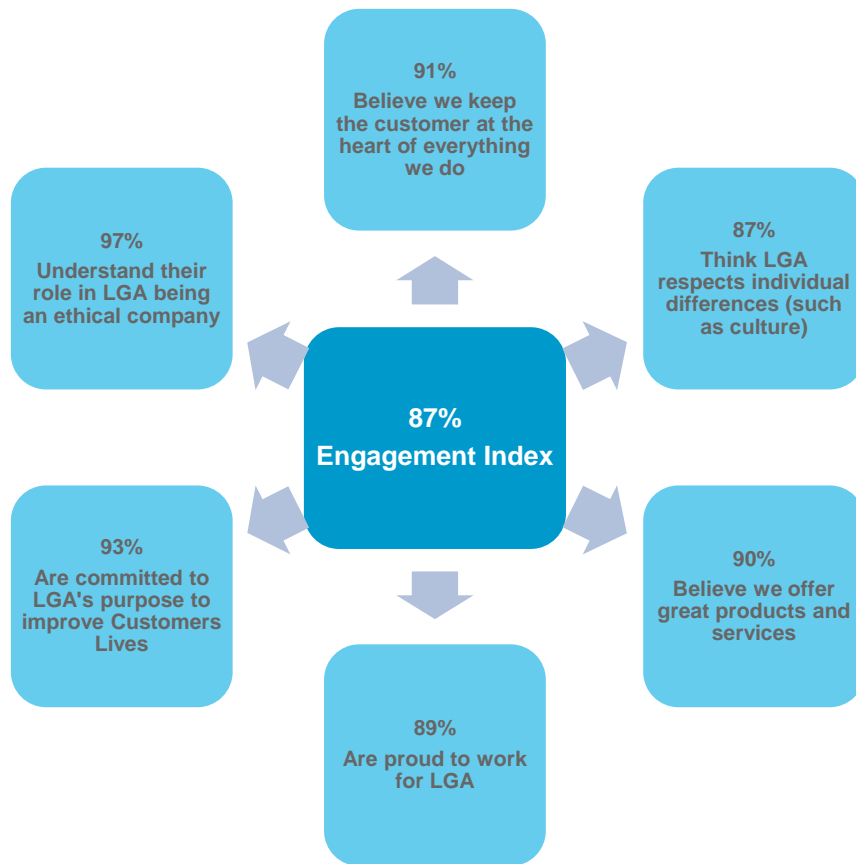
To assist employees with their career paths, our new online performance appraisal includes a career development section where employees outline both short and longer-term career goals. Managers hold one-on-one discussions frequently to discuss current work assignments, provide feedback and discuss opportunities for growth. In addition, all open positions are posted so that internal candidates may apply and interview before we review external candidates. In 2017, we established a new direct-to-consumer business and invited employees to information sessions to learn more about new opportunities in our growing business. In addition to formal learning courses identified during career discussions, employees also have the opportunity to participate in our "Hackathons," a one or two day event that brings together cross-functional teams of employees to develop and pitch new ideas to senior leadership.

In 2017, 36 of our employees were promoted into new roles in the growing organization. Additionally, 19 employees had the opportunity to move laterally to expand their skills.



Employee Engagement

Having an engaged workforce is key in achieving our strategic business goals and objectives. Engaged employees drive business performance, resulting in a competitive advantage within their industry. In partnership with all of Legal & General Group and an independent consulting organization, an annual engagement survey is provided to all employees giving them a voice in identifying what we are doing well and where improvements need to be made. Our leadership team utilizes the survey as a tool to determine how well the staff is engaged in our business strategy and determine areas where we can improve our culture and employee programs.



Wellbeing

The health and wellbeing of our employees is important to our business and an important part of our focus on making a positive difference for our employees and our customers. Our very active wellness program aims to create an environment where every employee is encouraged to lead a healthy and enriched lifestyle. We want our employees to be fit and healthy, for themselves and their families. When employees are happy and healthy, they perform at their best.

2017 Wellness Programs

<u>Seminars</u>	<u>Instructor Led Classes</u>	<u>Health Fair</u>	<u>Wellness Library</u>	<u>Community Supported Agriculture</u>
<ul style="list-style-type: none"> • Total Cholesterol check • Blood pressure & BMI • Composting at Home • Nature's Medicine Cabinet 	<ul style="list-style-type: none"> • CPR • Steel Band Strength • Walking Form 	<ul style="list-style-type: none"> • Over 200 participants • Flu shots provided for employees and spouses • Seated massages provided • Free membership to BurnAlong.com, meeting with representatives • CIGNA representatives on hand for in-person Q&A 	<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 	<ul style="list-style-type: none"> • We partnered with a local Community Supported Agriculture (CSA) farm to deliver fresh produce to employees at the office

Wellbeing: Awards

On June 2, 2017 in Frederick, Maryland, County Executive Jan Gardner, presented a **Gold** Wellness At Work award to Legal & General America in recognition of our exemplary accomplishments in worksite health promotion. All applicants for the Wellness at Work Awards are required to complete the CDC Worksite Health Scorecard as well as a comprehensive application built around the CDC's Workplace Health Model. "The Workplace Health model features a strategic approach based on assessment, planning and management, implementation and evaluation. Award categories included: On the Path, Bronze, Silver, and Gold. Higher award levels required employers to meet additional criteria, such as collecting multiple sources of health assessment data, completion of a long term strategic plan, and demonstration that plan outcomes are tracked and evaluated."¹ This is our 4th year of receiving an award: Silver in 2014, and Gold in 2015, 2016 and again in 2017.

¹ <http://md-frederickcountyhealth.civicplus.com/list.aspx?MID=154>

Employer Branding and Social Media

Social media plays an important role in promoting our employer brand and company culture. It is critical that we provide both applicants and our employees with an authentic and compelling picture of life inside our company so that they will engage with our brand and be excited to work at LGA. In 2017, we continued our quest to strengthen our employer brand and applied to be recertified as a Great Place to Work and actively managed our Glassdoor employer site.

Great Place to Work

We were pleased to be certified for the second year in a row as a great workplace in 2017 by the independent analysts at Great Place to Work®, a global research and consulting firm. To become recertified, we once again participated in an all employee survey designed to look at credibility, respect, fairness, pride and camaraderie in our workplace.

In this all employee survey:

- 72% of employees ranked LGA as a great workplace overall
- 90% of 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 our annual charity campaigns, wellness programs, and career development programs contribute to creating a great workplace culture.



Glassdoor

Glassdoor is a leading social site for job seekers, employees, and customers to research companies. Glassdoor provides prospective employees with an overview of the company culture, reviews from current and past employees, reviews from applicants who go through the interview process with us and views on the company's leadership, benefits and compensation. We actively manage the site, adding new updated photos, awards and feeds of current job openings.

Our rating at the end of 2017 is 3.5 out of a total of 5 possible points. The Glassdoor average rating is 3.2. We are pleased that applicants, current and past employees have taken the time to provide feedback on our company. We follow up on all responses and review internal processes as applicable if required.

Comparison Chart

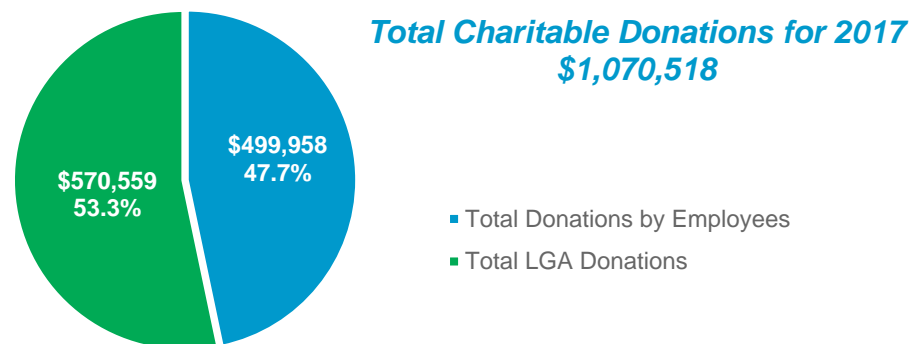
	Glassdoor Avg.	Legal & General America
Number of Reviews	-	29
Overall Rating	3.2	3.5
Career Opportunities	3.0	3.4
Compensation & Benefits	3.2	3.6
Culture & Values	3.2	3.3
Senior Leadership	2.9	3.4
Work Life Balance	3.3	3.3
Recommend to a Friend?	57.5%	61.0%
CEO Approval	68.8%	100.0%
Positive Business Outlook	39.2%	55.0%
Current Employees (%)	57.6%	72.4%
Current Employee Rating	3.4	3.7
Former Employee Rating	2.9	1.8

Community and Social Investment

Giving and Volunteerism

Our aim is to support the communities where we live and work and to make a difference in people's lives. With this purpose in mind, we align our community investments to achieve this goal. We know that while monetary donations are welcomed, having someone volunteer their time emboldens the human spirit and demonstrates that someone cares enough to be there. We encourage and support our employees volunteering in their communities. We believe that volunteering can be fun and fulfilling and improves confidence, skills and allows employees to meet people from different cultures and backgrounds. We provide up to two paid days off per year, for staff to participate in off-site community/charity work. Our employees also plan and volunteer at on-site activities for charities.

- 2,411 Volunteers hours for community charity work
- \$86,915 total costs in volunteer dollars



Chairman's Community Awards

Each year, throughout the Legal & General companies, all employees are asked to nominate their peers who they believe made a difference in their local community. These employees may stand out with their volunteerism in time, fund-raising, taking on community projects or being mentors. Sir John Kingman, Chairman, hosts the 'Community Awards' in our London office to recognize these employees. The charity categories include fundraisers, charity ambassadors, inspiring the young and community spirit.

We are proud that two employees were nominated for the 2017 Chairman's Community Awards: Michelle Collins and Johnny Maddox. Both Michelle and Johnny serve as an inspiration to others in giving back to our communities. Well done!!



Michelle Collins was a finalist in the Helping Hands category. She leads many of our company volunteer projects including Manna Food Center, since 2015. Michelle has worked with Big Brother and Big Sisters of America, volunteers at nursing homes reading to residents, crochets blankets for the local animal shelter, hats and scarves for the homeless and for the Special Olympics scarf project. She is one of the leaders of our Wellness program as well.

Johnny Maddox was a finalist in the Inspiring Young People category. Johnny is a volunteer coach and mentor in a community youth basketball league. He also volunteers with God's Loving Hands, a non-profit that supports children with special needs and their families. Through the United Road Warriors (URW), Johnny helps coordinate fund-raising events and delivers food to those in need on Thanksgiving and Christmas.

Community Partnerships

Manna Food Center

Manna's singular mission is to eliminate hunger in their surrounding areas through food distribution, education and advocacy. When their doors opened in 1983, they were the doors of a vacant elementary school. Operations began with a meager budget, a single pledge of \$3,100, and a donation of 16,000 pounds of food. At the time, Manna served just several hundred people. Ever-increasing community support has allowed Manna to expand the scope of its work in Montgomery County. Now, it distributes more than 16,000 pounds of food daily. It has grown from serving hundreds of people each year to serving 40,058. 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 2,800 school children every Friday to ensure they have nourishment through the weekend.



Relay for Life 2017

Legal & General America employees, families and friends teamed up to participate in the 2017 Relay for Life, a 24-hour walking event supporting the American Cancer Society. The event honors cancer survivors, those fighting cancer and in remembering those who have lost the fight. Our team braved the hurricane weather, raising \$11,082. We ranked first among companies participating and second among teams. Great job to LGA for Life team!



Weinberg House

Sustainable communities are created when corporations work closely with non-profit partners to address underserved populations. One such organization is the Weinberg House, located in Frederick, MD. Owned by IHA, Weinberg House offers 23 one-bedroom apartments, serving seniors earning 50% or less of the area median income. One of the most memorable and enjoyable events hosted by LGA staff for the residents in 2017 was playing BINGO. We provided snacks, small gifts, and some impromptu singing and dancing. Fun for all!

Another project for the Weinberg House started as a request from them to paint a wall at their bus stop. This turned into a collaborative project between Legal & General America and its landscapers, BrightView Landscaping. The painting turned into planting! Our partners from BrightView dug a small garden, donated the plants, and placed them into the ground. LGA donated a bench for the House residents, creating a beautiful garden affect. We are grateful to BrightView for their donation of time and materials - the residents are highly appreciative of the outdoor living space they now have.



Social Investment

National Hospice Palliative Care Organization (NHPCO)

While we are in the business to provide financial protection through life insurance for families, we also believe that an important part of that protection is advanced care planning. Legal & General America was honored to provide a grant to National Hospice Palliative Care Organization to create a video to raise awareness of advance care planning. NHPCO provides free, state-specific information on their website, to assist with starting the process.



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 continue to explore opportunities to work together to provide increased access to local grief support and educational resources.

NAILBA Charitable Foundation

The NAILBA Charitable Foundation is the philanthropic arm of the National Association of Independent Life Brokerage Agencies (NAILBA). The Foundation encourages volunteerism and provides 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.

Legal & General America, a charter member of the Foundation, takes an active role in encouraging donations during their annual member conference. In 2017, through the generous donations of NAILBA members, the Foundation awarded \$230,000 in grants to local charities and [LIFE Happens](#), whose mission is to inspire the public to take personal financial responsibility through the ownership of life insurance and related products. For a complete list of recipients, visit the [NAILBA Foundation Grant Recipients](#).

Ethics and Governance

At Legal & General America we understand that to maintain and build long-term relationships with our staff, customers, suppliers and stakeholders, we need to be transparent in our business practices, do business honestly, ethically and with integrity. Ethical conduct is standard business practice at LGA and we 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, 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.

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 (855-490-1548), 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 2017.

Anti-Bribery and Corruption Policy

We are committed to being a fair and responsible business and prohibit all forms of bribery and corruption and any business conduct that could create the appearance of improper influence. 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 annual e-learning training module as a reminder of our code of conduct. They 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.

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 2017, the following exams were conducted or are in progress:

- State Escheat Examinations
 - State Treasury offices from 15 states and the District of Columbia are conducting compliance reviews with the escheat laws of their respective states.
 - In Progress
- State of New York Department of Financial Services
 - Examination into the Financial Condition and Affairs of William Penn
 - In Progress, calendar years 2013 – 2017

Office of Foreign Assets Control (OFAC)

As an insurance carrier, the Company 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 2017.

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.

Consumer Complaints

From time to time customers may need to express their concerns or dissatisfaction with a product or service. How we handle those complaints 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.

- 2017 Complaints
 - 60 Complaints
 - .005% of total Inforce Policies

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.



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 50 risk events reported and resolved in 2017.

Projects and Consultancy – assess risks implicit in projects, process changes and developments. In 2017, support was provided and/or risk assessments were performed on the following initiatives: Accidental Death Product and Marketing, Final Expense Product, Vendor Management, Marketing and fulfillment, On-site and Third Party Agent Call Centers and Project Gemini.

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 2017, a review was conducted for the following function: Accidental Death Direct to Consumer Marketing.

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.

- 2017: conducted two OpRisk Scenario Workshops related to Modeling and Vendor Oversight
- 2018: currently plan to revisit all 15 scenarios conducted since 2015 to refresh assumptions and determine if additional scenarios are required to cover emerging risks

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

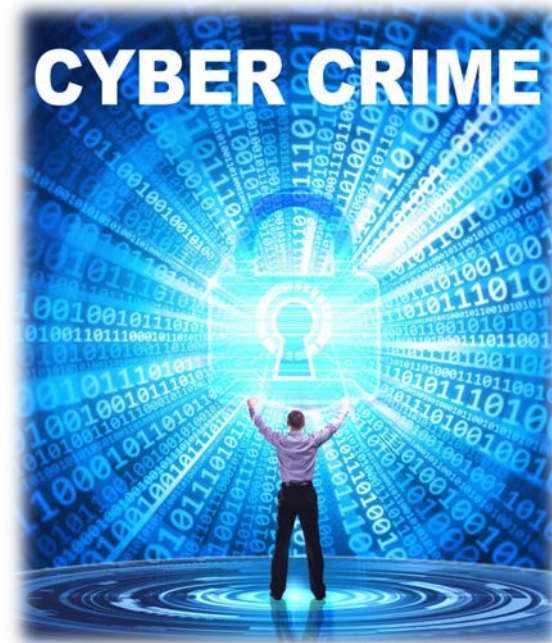
Cyber Security

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
- Encryption to protect data on servers and in transit across external networks
- Network Firewall between the public internet and company private networks
- Web Application Firewall to protect our web sites and applications from attack
- Intrusion Prevention System to protect internal systems from attacks
- Employ Server & Workstation Patch Management & Security Updates
- Subscribe to Digital Shadows which monitors activity in the Dark Web
- Use SecureWorks to monitor our networks and manage security devices
- LogRhythm to aggregate events and alerts for security staff review
- Password Management & Access Control to limit access to sensitive data
- Botnet, Web Content, Email, and Spam Filtering to reduce malware infection
- Advanced Malware Protection to protect internal system from malware
- Varonis file access monitoring and USB Lockdown to prevent data loss
- Annual Security Awareness Training for employees
- Emergency Power to enable business continuity

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

Our IT team employs Recovery Point Solutions and Zerto to provide a robust offsite data backup and disaster recovery scheme that protects critical business information from loss, including from ransomware, in near real-time. This solution enables data to be recovered in a matter of minutes, with near zero data loss. Recovery Point Solutions also provides off-site operations in the event of a disaster that makes our facilities unusable.



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.

95% Investment Grade Portfolio¹

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 approximately 95% investment grade corporate bonds and very highly rated structured securities.

1.3 Million U.S. Customers¹

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.

New Coverage Ranks Us In The Top Five²

Legal & General America is a top five provider of term life insurance in the U.S., issuing more than \$53 billion in new coverage in 2017. We also issued approximately \$717 million in new annuity contracts in 2017 to over 21,500 annuitants.

\$703 Billion of Coverage In Force¹

Legal & General America is growing; our life insurance in force is over \$703 billion.

Nearly \$5 Billion In Invested Assets³

Another testament to our financial strength, the Legal & General America operating companies had nearly \$5 billion in invested assets at year-end 2017.

Capitalization Is More Than Double The Industry Average⁴

The capitalization level of a company is particularly meaningful because it measures a company's solvency. It assesses the level of a company's assets available to pay future liabilities; such as current and future policyholder benefits. 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 28.7%, more than double the industry average of 11.8%.

¹ Year-end 2017

² Top five term life ranking based on coverage in the brokerage channel; 2017 LIMRA US Retail Individual Life Insurance Sales By Channel

³ Statutory Returns 2017

⁴ Year-end 2017 ALIRT Insurance Research

Our Parent: 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.

9th Largest in the World¹

Legal & General Group, Plc is the 9th largest insurance company in the world, as measured by non-banking assets.

10 Million Worldwide Customers²

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

\$1.3 Trillion Assets Under Management³

Legal & General is one of the world's largest insurance and investment management groups, with total assets under management of \$1.3 trillion as of December 31, 2017.

Award Winning

Legal & General Group PLC received numerous awards in 2017 including "Best Term Assurance Provider" at the Investment Life & Pensions Moneyfacts Awards.

¹ 2016 non-banking assets, 2018 study, A.M. Best

² Year-end 2016

³ Conversions for year-end 2017, FX 1 GBP = USD 1.35

Our Financial Ratings

A.M. Best: A+ (Superior)

A.M. Best's financial strength rating is an independent opinion of an insurer's overall financial strength and ability to meet its ongoing insurance policy and contract obligations. In its November 2017 press release reaffirming the A+ (Superior) rating for Banner and William Penn, A.M. Best noted our "strong competitive position in the U.S. term life marketplace" and "solid operating performance" on both "a U.S. GAAP and International Financial Reporting Standard basis."

Standard & Poors: AA- (Very Strong)

Standard & Poor has been rating the overall financial strength of insurance companies since 1971; it's one of the largest global rating organizations in the world. The Standard & Poor's review dated July 7, 2017 reaffirmed the AA- (Very Strong) financial strength rating we share with our parent company, assessing our operations as "core" to Legal & General Group.

Fitch: AA- (Very Strong)

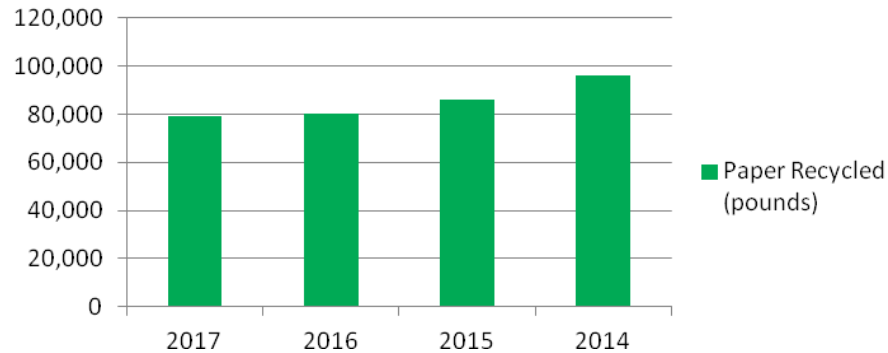
In June 2017, Fitch reaffirmed the Insurer Financial Strength (IFS) ratings for Banner and William Penn, with ratings of AA- (Very Strong).

COMDEX Score 94 - A composite of all the financial strength ratings a company has received.

Environmental Stewardship

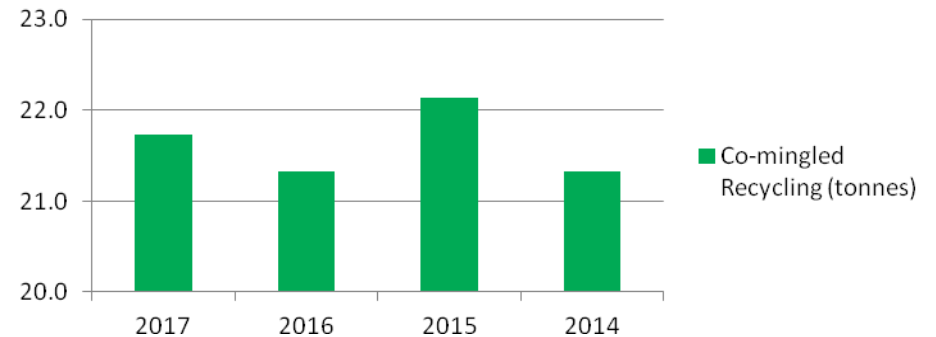
As an office based company, Legal & General America has minimal impact on the environment. We do however recognize that the daily operations of our business consume natural resources. Our goal is to minimize our consumption of these resources, resulting in a reduction of our carbon footprint.

Paper Recycled



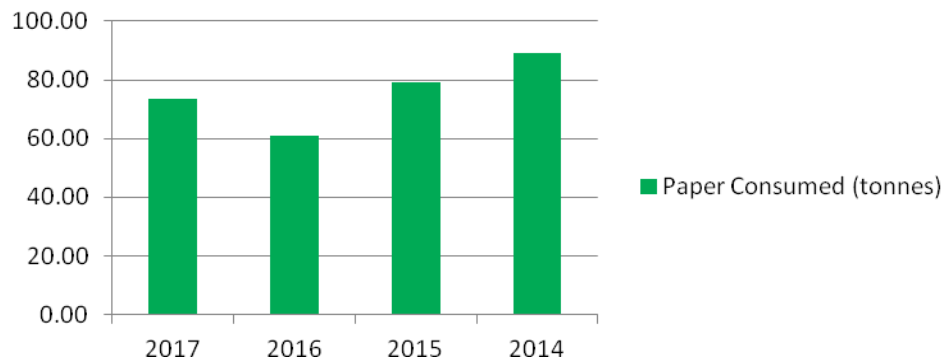
Our customer privacy is important, we shred all paper on-site. After shredding, the paper is sent for recycling.

Co-mingled Recycling (tonnes)



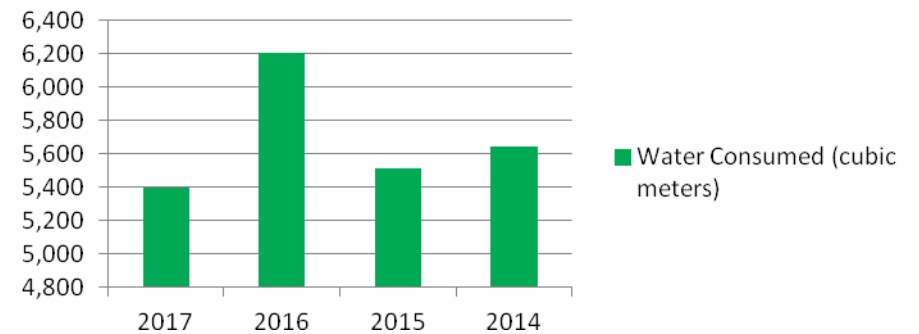
Comingled recycling includes all beverage containers and cardboard. Staff increased their recycling efforts in 2017.

Paper Consumed (tonnes)



We continue to monitor our paper consumption and encourage E-delivery of our policies.

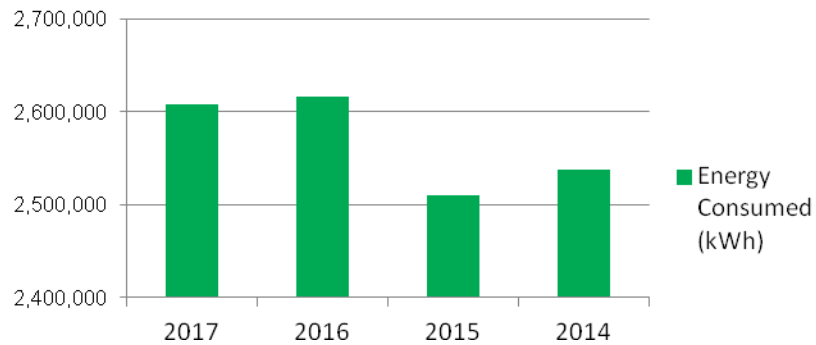
Water Consumption



Water consumption slightly reduced from 2015 and 2014 levels with an average 10 cubic meters per employee. 2016 was an aberration due to underground leakage.

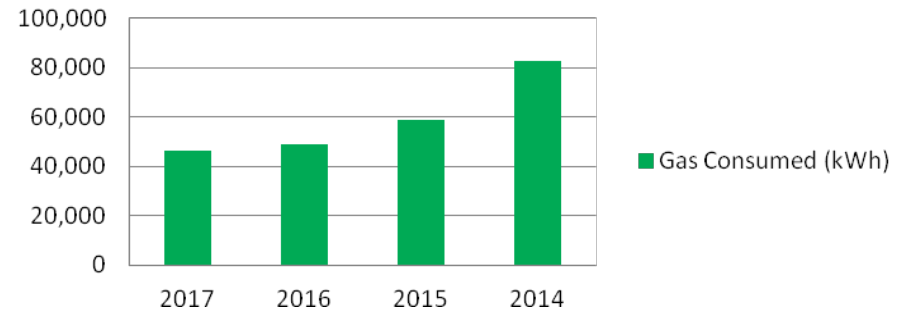
Environmental Stewardship

Energy Consumption



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

Gas Consumed



Our building uses natural gas to start our heating system, once it has sufficiently started it turns off. Outdoor air temperatures determine whether natural gas is required.

Shredding & Recycling

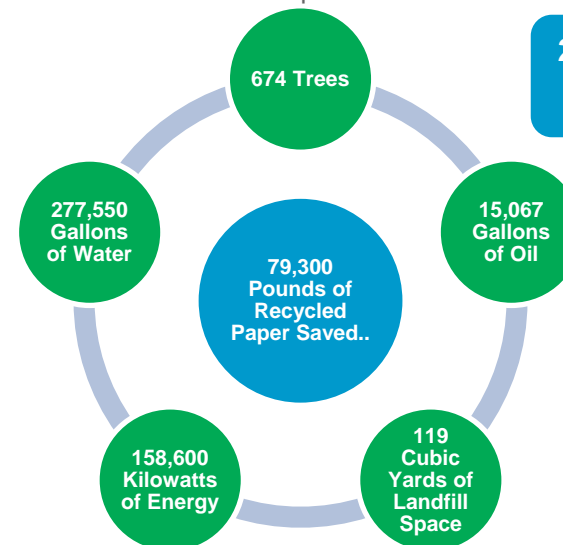
We know that successful recycling programs have a beneficial effect on the environment. Our recycling program covers glass and plastic bottles, cardboard and all paper. As part of our privacy procedures, all paper is securely shredded on-site and then the shredded material is transported to a preparation mill for an additional two step shredding/pulping process. After this process, the waste materials are made into renewable products!

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->

2017 LGA Recycling Statistics



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 five consecutive years (2013 – 2017).

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 and wellbeing of our staff is very important to us and we strive to provide a healthy work environment. As a demonstration of that commitment, we periodically engage an independent third party to conduct an indoor air quality assessment. In late 2016, we engaged Healthy Buildings to conduct an Indoor Air and Water Quality inspection of the headquarters building in accordance with EPA I-BEAM inspection procedures.

Healthy Buildings performed an analysis of the design, maintenance and operating practices of the air handling systems. Ventilation rates and air distribution were assessed, as well as filtration design, fit and efficiency. The internals of the air handling units (AHUs) and ductwork were inspected. Various air quality tests were conducted throughout the occupied areas of the building, and outdoor samples were collected for control purposes. Air pressure testing was completed throughout the building to evaluate potential pollution sources and pressure differentials.

All inspection observations and air quality testing indicated that the indoor air quality met acceptable standards. More specifically:

- All of the AHU components, chambers, filters, ductwork and diffusers return grilles observed were in very good condition, which reflects well on the high standards of care given to these systems by the engineering and maintenance staff. No odors or hygiene issues were noted. Drainage and traps were correct. All components and controls within the Heating Ventilating and Air Conditioning (HVAC) systems were found to be working properly and as designed, with no accessibility issues.
- Inspection of the building exterior and indoor spaces found no significant sources or compromises that would affect indoor air quality.
- Air testing was conducted for carbon dioxide, carbon monoxide, airborne particulates, allergenic particles, common indoor gases and volatile organic compounds, along with comfort factors such as temperature and humidity. All parameters were found to be acceptable and within existing health and safety standards.
- The building's exterior grounds were inspected for potential sources of air pollution and/or water infiltration; no issues were noted.

The next inspection of the building is scheduled for fall 2018.



Employee Data

Number of Employees	2012	2013	2014	2015	2016	2017
Legal & General America Employees *	548	582	574	504	515	576

* Includes Legal & General Retirement America

Workforce flexibility	2012	2013	2014	2015	2016	2017
Percentage of LGA Workforce						
who work on a full-time basis	95.00%	95.20%	95.72%	95.79%	96.06%	96.34%
who work on a part-time basis	5.00%	4.80%	4.28%	4.21%	3.94%	3.66%
Percentage of LGA Workforce						
who tele-work	n/a	n/a	n/a	31.86%	30.37%	29.43%
who work at the home office	n/a	n/a	n/a	68.14%	69.63%	70.57%

Employees Length of Service	0-5	6-10	11-15	16-20	21-25	25+
Legal & General America	45.34%	19.74%	20.84%	7.68%	2.19%	4.20%

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 3rd 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 2017.

Feedback

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

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