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Dear Sirs

Gender Diversity on Boards

Thank you for the opportunity to respond on behalf of Legal & General Group Plc to the FRC consultation on Gender Diversity on Boards.

We welcome the increasing focus on board diversity, and in particular gender diversity, as a result of Lord Davies' report on the representation of women in the boardroom; the EU Green Paper on Corporate Governance; this consultation and the possible BIS consultation later this year.

We support changes to the corporate governance framework which promotes greater diversity, however, we would be concerned by moves to introduce mandatory quotas as a way for forcing change, as we do not believe this would not be in the best interests of the company and ultimately recruitment to the board should be based on merit.

It is desirable that there is consistency of approach at national and EU level, and we would suggest that further amendments to the Code are delayed until the outcomes at EU level on the Green Paper on Corporate Governance and of any BIS consultation are known in order to prevent making piece meal, iterative changes to the Code.

Pending this, Lord Davies' voluntary recommendations ensure that the issue of diversity remains an important focus for boards.

Our responses to the consultation questions follow.

Whether further changes to the Code should be made and the proposed amendment to Provision B.2.4

In view of Lord Davies' recommendations and consideration of the same issues at EU level, there is an increasing expectation that boards have a formal diversity policy in place and for companies to disclose against that policy. We support this expectation and are supportive of an amendment to the Code at a future date to achieve consistency with this broader expectation. We are of the view that any amendment to the Code should reflect developments at EU level as part of the Green Paper on Corporate Governance and the outcome of any BIS consultation on the matter. It is important that there is consistency of approach at national and EU level.

Amending Provision B.2.4 in relation to the search and nominations process

As is noted in the consultation paper, Provision B.2.4 already requires the Nominations Committee report to include a description of the process the board uses in relation to board appointments. We agree with the FRC's conclusion that no additional prescription is required. The introduction of a requirement to report to shareholders on the board's gender diversity policy and progress against achieving diversity objectives is, in our view, sufficient for shareholders to make informed decisions about the diversity of the company and its performance in addressing the diversity challenge without a requirement for the company to disclose specific details on individual board appointment processes undertaken during the year.

Whether a new supporting principle on board evaluation is desirable and the FRC's proposed wording

The board evaluation review is an important opportunity for boards to review their progress in implementing their diversity policy and ultimately whether it is contributing to the objective of increasing the board's effectiveness by ensuring an appropriate balance of skills, experience, independence and knowledge of the company. We do not believe that additional prescription around the board evaluation review is helpful. The board evaluation process is most valuable when a board can tailor it to its specific needs and circumstances at the time of the evaluation. For example, a board may wish to tailor its evaluation to assessing how it responded to a crisis situation during the year. A prescriptive list of considerations in the Code that the board must 'tick off' would be unhelpful and possibly a distraction to the areas that the board actually wishes to focus on.

Additional prescription also seems unnecessary when, in our view, a need to report on the board's gender diversity policy and progress against objectives will ensure the boards of listed companies have the necessary focus on diversity around the board table and appreciate the important connection between diversity and board effectiveness.

When any changes to the Code should take effect

Our views on the timing of any changes to the Code are set out above.

We would be happy to discuss any part of our response with you directly.

Yours faithfully



Natasha Mora
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