

**LEGAL & GENERAL GROUP PLC
GROUP RISK COMMITTEE TERMS OF REFERENCE**

1. Constitution

The Group Risk Committee (the "Committee") is a committee of the Board of Directors of Legal & General Group Plc (the "Board"), from which it derives its authority. The Board will annually review the terms of reference of the Committee.

2. Role

The Board is responsible for setting the risk appetite of Legal & General Group plc (the "Group"). The Committee's primary role is to provide guidance to the Board with regard to the Group's risk management policies and procedures, and to provide advice on what constitutes acceptable risk taking.

3. Membership

The Committee shall be made up of independent non-executive directors of the Group. Members of the Committee are appointed by the Board on recommendation of the Nomination Committee in consultation with the Chairman of the Risk Committee. Appointments to the Committee will be for a period of three years, which may be extended for two further three year periods, provided the director remains independent. The Committee will comprise a minimum of three independent non-executive directors.

The Chairman of the Committee shall be an independent non-executive director appointed by the Board. In the absence of the Chairman the remaining members of the Committee present shall elect one of themselves to chair the meeting.

4. Attendance at Meetings

Mandatory	Chairman of the Group Risk Committee, Chairman of the Audit Committee plus one further Non-Executive Director.
By invitation of the Committee	Group Chief Executive, Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Internal Auditor, the External Audit Partner; and others at the Chairman's request.

The Group Chief Risk Officer will report and have unfettered access to the Committee. The Committee shall approve the appointment and removal of the Group Chief Risk Officer.

The Company Secretary, or his nominee, shall act as Secretary of the Committee.

5. Quorum

Two members shall constitute a quorum, one of whom shall be the Chairman of the Committee, or the elected chair and one other non-executive director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. Meetings

The Committee will meet at least four times per year, and at any other time as the Committee shall see fit. Meetings should be held, where appropriate, as short a period as practical after the corresponding meeting of the Executive Risk Committee to ensure the work of the committees is properly synchronised.

Notice of a meeting shall be no less than five (5) working days prior to the meeting.

Minutes of the meeting will be circulated to all members of the Committee, and once agreed, to all Board members and, as appropriate, to attendees. Reports shall be made to the Board from the Chairman of the Committee following each meeting of the Committee.

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The Secretary of the Committee shall minute the proceedings and resolutions of the meetings of the Committee, including records of the names of those present and in attendance.

7. Scope of Authority

7.1 The Committee is a committee of the Board, to which it will report on a regular basis. The Committee is concerned with the business of the whole of the Group and its authority extends to all relevant matters relating to the Group and its business groups and subsidiaries.

7.2 The Committee is authorised and empowered by the Board to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Group and require all employees to co-operate with any request made by the Committee.

7.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice, where the Committee deems it necessary, at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

7.4 The Committee is authorised by the Board to meet for despatch of its business, adjourn and otherwise regulate its business as it shall see fit.

7.5 The Committee is authorised by the Board to delegate any of its duties as appropriate to such person or persons as it thinks fit.

8. Responsibilities of the Committee

In carrying out their role and responsibilities, Committee members must act in accordance with the statement of Directors Duties set out in ss.171-177 of the Companies Act 2006.*

The Committee's main responsibilities are to:

8.1 Provide advice to the Board in relation to the Group's overall risk appetite for each of the categories of principal risk to which the Group may be exposed, being:

- Insurance risks;
- Investment and market, liquidity, and counterparty credit risks ;
- Regulatory and legal changes;
- Material business and operational risks;
- Reputational risks;
- Conduct risk;

and such other principal risks as determined from time to time.

8.2 Oversee the management of those categories of risk to which the Group may be exposed.

8.3 Provide advice to the Board as to whether the Group's overall risk framework is sufficient to provide assurance that the principal risks are being appropriately assessed; and to recommend any necessary changes in Group risk policies to the Board.

8.4 Monitor the impact of the principal risks on the Group's strategy and consider changes to the risks arising at a Group level as a consequence of the Group's strategy, market and regulatory events.

8.5 Receive regular reports on key risk matters that may impact the Group and to provide advice as to the appropriate action to be taken where necessary. These reports will include Internal and External Audit reports, and audit tracking records where relevant to the Group's risk framework and others as determined by the Audit Committee.

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8.6 Review the Risk Management section of the Corporate Governance Report to be included in the Group's annual Report and Accounts and to make a recommendation to the Board regarding its acceptance.

8.7 Oversee the governance of the Group's Internal Model including ratification of all changes proposed to the Model.

8.8 Advise the Board on the overall operation and performance of the Group's Internal Model, approving its strategic direction and, where appropriate, recommending major changes to the Board for approval.

8.9 To delegate authority to the Group Chief Risk Officer to approve minor revisions to the Groups' principal risk categories in between meetings of the Committee to ensure that the categories are kept up to date, such revisions being reported to the next meeting of the Committee.

8.10 To provide advice to the Board Remuneration Committee on specific risk adjustments to be applied to performance objectives and other issues, as requested by the Remuneration Committee.

8.11 To monitor and encourage the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk.

8.12 Consider other topics, as referred to it from time to time by the Board

9. Reporting

The Committee will produce a report on its activities to be included in the Company's annual report. This report will include:

- details of the membership of the Committee.
- a description of its duties and activities during the year.
- a description of the Company's risk management strategy and key risk exposures.

The Chairman of the Committee or a deputy chosen from its membership shall be available at the Annual General Meeting of the Group to answer questions which relate to the work of the Committee.

10. Relationship with Other Committees

The work of the Committee is closely linked with that of the Board Audit Committee. The Chairmen of the 2 Committees shall agree on which documents (including Committee Minutes) shall be received by both Committees and how the Risk Committee could best contribute to the Audit Committee's planning for future Internal Audit work.

11. Responsibilities of Management

Management will ensure that all information relevant to the discharge by the Committee of its responsibilities, detailed in Section 8 above, including all information requested by the Committee, is provided to the Committee. Management will also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.

12. Other Matters

The Committee shall:

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12.1 Be provided by the Board with sufficient resources to carry out its duties;

12.2 Be provided by the Board with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and

12.3 At least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

13. Amendments

The Committee may recommend to the Board any amendments to these Terms of Reference.

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*Statement of Directors Duties as contained within ss.171-177 of the Companies Act 2006:

1. To act within powers (s.171) – directors must act within the company's constitution and only exercise powers for the purposes for which they were conferred.
2. To promote the success of the company (s.172) – directors must act in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, with particular regard to six factors:
 - a) the long term consequences of decisions;
 - b) the interests of the company's employees;
 - c) the company's business relationships with suppliers, customers, etc.;
 - d) the community and the environment;
 - e) maintaining a reputation for high standards of business conduct; and
 - f) the need to act fairly as between members of the company.
3. To exercise independent judgment (s.173).
4. To exercise reasonable care, skill and diligence (s.174) – judged both objectively and subjectively.
5. To avoid conflicting interests (s.175).
6. Not to accept benefits from third parties which give rise to conflicts (s.176).
7. To declare any personal interest in proposed transactions or arrangements with the company (s.177).