

Corporate Social Responsibility Report

2008



We are acutely aware of the trust placed in us by customers and shareholders and of the important part we play, as an investor and employer, in the broader UK economy. We speak up and take part in public and private debate when it is in our stakeholders' interests for us to do so.

As a long term business we seek to:

- understand the risks we take
- avoid the distorting effects of short term incentives; and
- conduct business in a sustainable fashion.

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Group Chief Executive's Review

Our Approach to Being a Responsible Business

At Legal & General we have, over many years, seen our commitment to a broad range of stakeholders as an important part of operating a sustainable, successful business. 2008 was a year in which we succeeded in aligning our Corporate Social Responsibility philosophy and activities even more closely with our Company objectives, both today and for the future.

Environment

The foundations of Legal & General's own environmental policy are based on the belief that reducing our emissions, rather than just offsetting, will enable us to make the greatest positive difference to the environment. For example, our employees reduced our direct CO₂ Emissions by driving over 1.2 million fewer business miles in 2008 compared with 2007.

Good environmental management practice is to become still more important in 2009 as a result of our Carbon Reduction Commitments.

This year we have taken the decision not to print our CSR report in line with our 2009 paper reduction target.

Customers

Customers are at the heart of our business: delivering a positive customer experience is one of our Company's five strategic imperatives. So we participate in the ABI's Customer programme and strongly support the FSA's Treating Customers Fairly initiative. During the year, we broadened the scope of our Business Ethics Working Group. As our business becomes more international, we need to adopt new standards which are appropriate to a global market. For example, we have integrated the United Nations Declaration for Human Rights and Bribery and Corruption Principles into our business policies.

Employees

Against an increasingly tough economic background, I am delighted that our employees continue to get involved in grass roots projects supporting their local communities and the Company is able to help them do this. During the year,

we facilitated over 500 volunteering days and contributed to our employees' own charitable activities through simple schemes, such as Give as You Earn, and matching the fundraising efforts of employees up to a maximum £750 per year.

Importantly, we have increasingly been able to apply our business expertise and the very considerable goodwill of our employees to contribute towards the things that matter most to our customers, to the communities in which we are a major employer, and to our staff.

We also increasingly see an opportunity to improve two-way communication and understanding between ourselves and organisations in the not-for-profit sector. This will help improve understanding of the latest thinking on issues important to our business and to society as a whole, such as longevity, climate change and the development of a more effective savings culture.

It is our view that events in financial markets during 2008 have underscored the importance of doing business in a sustainable, responsible way, and of taking a long term view.

We believe that this approach is entirely compatible with, and indeed supportive of, the generation of value for our shareholders. We are not alone in this opinion. Shareholders, customers and employees increasingly evaluate companies using non-financial measures to complement more traditional short term performance metrics. They are right to do so.



Tim Breedon

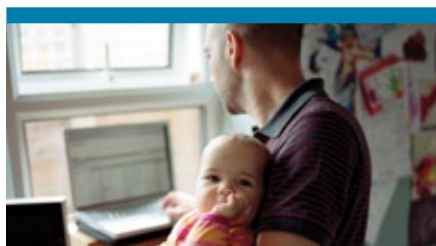


To see videos of
Tim Breedon please [click here](#)

Our Group

What We Do: Our Businesses

We are a leading provider of risk, savings and investment management products in the UK, with over 6.5 million customers and almost 10,000 employees worldwide. A significant part of the Group's business involves the acceptance and management of risk. This also applies to the way we approach CSR and helps us to select appropriate partnerships to help to address issues relevant to each business.



Risk

Safeguards customers against financial risks.

Key Issues, Risks and Opportunities

- Legislation and Regulation
- Reputation and Contagion Risks
- Mortality and Catastrophe Risks
- Other Insurance Assumption Uncertainties.

For more information [click here](#)



Savings

Financial planning, savings and investments.

Key Issues, Risks and Opportunities

- Legislation and Regulation
- Confidence in Financial Services
- Market and Economic Conditions
- Future Savings Culture.

For more information [click here](#)



Investment management

Investing on behalf of institutional and retail customers.

Key Issues, Risks and Opportunities

- Legislation and Regulation
- Confidence in the Financial Services Sector
- Financial Market and Economic Conditions
- Counterparty and Third Party Risks.

For more information [click here](#)



International

Selective overseas presence for Risk, Savings and Investment management.

Key Issues, Risks and Opportunities

- Environmental policy
- Human Rights
- Bribery and Corruption.

For more information [click here](#)

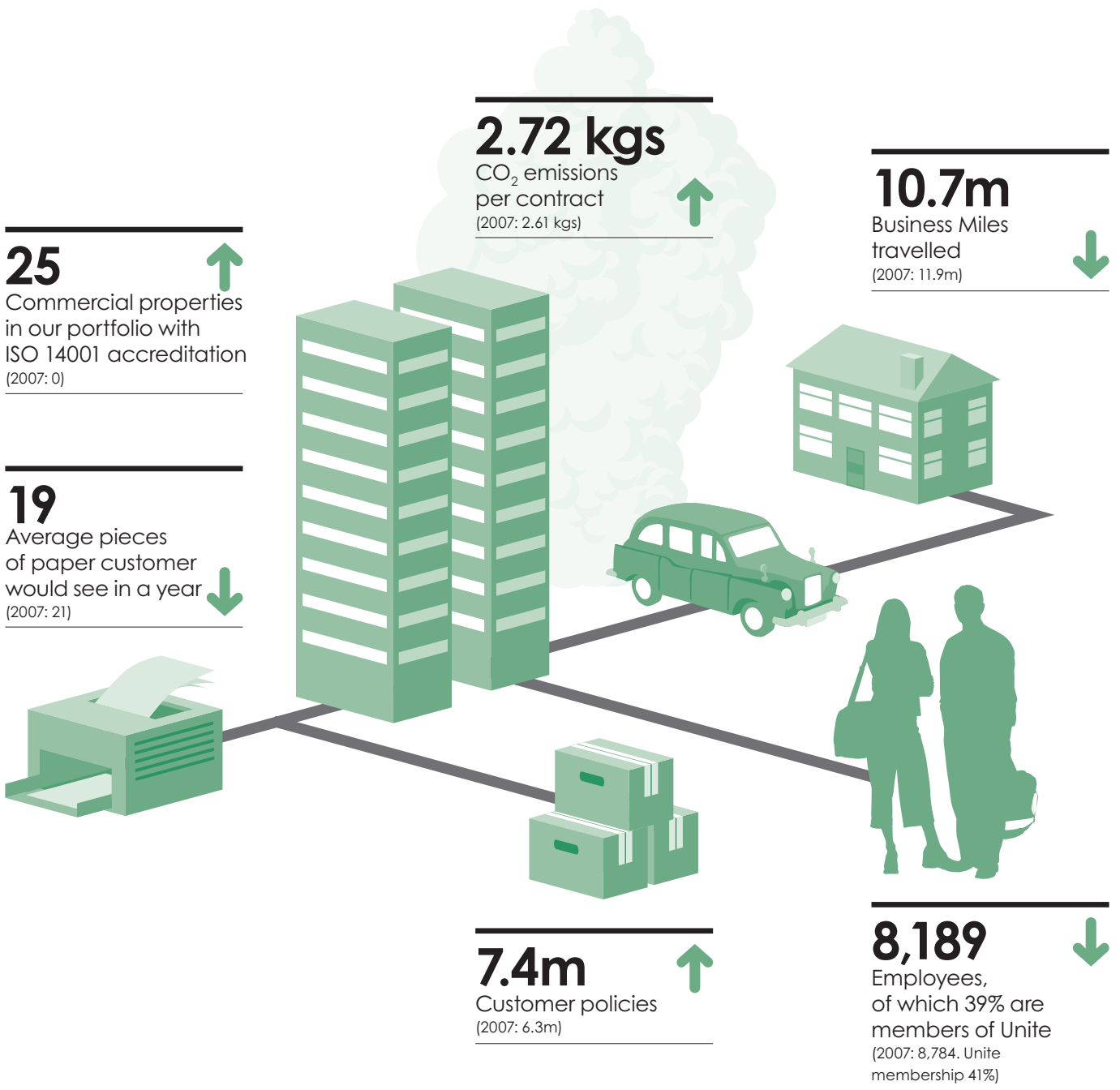


For more information on **Legal & General's Principal Risks and Uncertainties** please [click here](#)

Our Group

What We Do: Our Businesses (continued)

Across the Group we review our impact on the environment and our relationships with our employees, suppliers and the communities in which we work. Here are some UK highlights for 2008.



Governance Overview

Risk and Reputation Management is at the core of being a responsible Company. At the heart of Legal & General's strategy is the need to provide our customers with good value products, quality service and a wide choice of ways to buy.

Corporate Governance of CSR

It is important that our customers feel confident that we will treat them fairly. They trust us to look after their savings and to provide financial protection for themselves and their families.

To manage returns and customer expectations in the long term, we must constantly understand the Environmental, Social and Governance (ESG) risks and opportunities faced by us as a business and make decisions based on protecting our current customers' assets and attracting new clients in the future.

Decision Making Structure

The Group CSR Committee, chaired by Tim Breedon, Group Chief Executive, reports to the Group Board, and oversees CSR issues. The Committee meets at least four times a year.

The following are members of the Group CSR Committee:

- Tim Breedon, Group Chief Executive (Chair of Committee)
- Peter Chambers, Chief Executive Officer LGIM
- John Godfrey, Group Communications Director
- Gareth Hoskin, Resources and International Director
- Elaine MacLean, Group HR Director
- Nick Manns, Unite National Officer
- Graham Precey, Head of CSR.

CSR Sub Committees then feed into the CSR Committee.

CSR and Remuneration

Tim Breedon is Chair of the CSR Committee and CSR is implicitly covered in his objective to meet the long-term objectives of stakeholders and measure the reputation of the business.

Corporate Responsibility at the Core of Decision Making

When making decisions affecting its business, Legal & General Group is committed to ensuring that the ESG impacts are considered. Some examples from 2008 include:

Overseas Expansion: In 2008, Legal & General announced its intentions to joint venture with Bank of Baroda and Andhra Bank. As part of our due diligence process, Legal & General commissioned bespoke research by Watson Wyatt to produce a country report on market potential early in process. In summary, this indicated of insurance penetration per capita, a need for social inclusion especially in the deprived and rural areas. See International Section for more details.

Outsourcing: In 2008 Legal & General made the decision to outsource its IT Development to Tata Consulting Services (TCS). As part of the decision making process we used our Sustainable Supply Chain Policy to analyse the Environmental and Social Impact of this activity. Specifically we:

- Conducted an initial assessment of Health and Safety, Environment and Finances for the six bidders
- Asked additional questions about TCS's employee relations overseas, which was reviewed and approved.

In 2008 we have taken further counsel from engaging SRI analysts, such as Cazenove and Jupiter Asset Management (who invest in Legal & General), who have asked for further disclosure and more detail on environmental risks we model as an organisation.

Looking Forward

We continue to look for opportunities to further disclose how we factor in Environmental, Social and Economic impacts into our Corporate Governance Structure and core decision making.

Our Group

CSR Guiding Principles

CSR Guiding Principles	Governed by
<p>Our Customers</p> <ul style="list-style-type: none"> – Providing good value, fit for purpose products which meet or exceed customers' expectations – Communicating in a clear, appropriate and accessible way – Delivering a positive experience throughout a customer's relationship with us 	Customer Experience Steering Committee
<p>Risk Management</p> <ul style="list-style-type: none"> – Managing appropriate market, social, economic and environmental risks and opportunities in our businesses – Integrating these risks into the core decision making process of our businesses – Integrating appropriate standards of Environmental, Human Rights and Corruption and Bribery policy into overseas subsidiaries 	<p>Group Risk and Control Committee</p> <p>Business Ethics Working Group</p>
<p>Socially Responsible Investment</p> <ul style="list-style-type: none"> – Promoting responsible business practices in the companies in which we invest to create longer term value – Promoting sustainable business practices in our Commercial Property Portfolio to create better shareholder returns 	<p>Group CSR Committee</p> <p>Sustainable Property Board</p>
<p>Our People</p> <ul style="list-style-type: none"> – Working in close partnership with our recognised trades union, Unite, on key decision making – Adopting policies and practices which encourage an appropriate work/life balance – Applying open and fair processes for recruitment, promotions, outsourcing and downsizing – Ensuring our employees understand and implement correct ethical behaviours – Promoting our Values: customer focus, teamwork, open and fair, and results driven – Providing a flexible, supportive, healthy and safe working environment 	<p>Equality and Diversity Committee</p> <p>Business Ethics Working Group</p> <p>Group Health and Safety Committee</p>
<p>Our Suppliers</p> <ul style="list-style-type: none"> – Acting in compliance with our Sustainable Procurement Policy at all times – Supporting any of our suppliers who do not comply with our 'CSR standards for key suppliers' to secure improvements 	Group Environment Committee
<p>Our Environment</p> <ul style="list-style-type: none"> – Reducing rather than offsetting the impact on the environment arising from our business activities 	Group Environment Committee
<p>Our Communities</p> <ul style="list-style-type: none"> – Supporting the community as a whole, but especially on grass roots issues where we can make a difference in those communities in which our main offices are based – Investing in charitable causes and social enterprises which are closely aligned to our business activities to aid our understanding of future markets and opportunities – Supporting and encouraging employee involvement in charitable giving and volunteering 	Group Charity Committee

Performance Against CSR Targets 2008

Target	Result
1 Continue to monitor the performance of our FTSE 350 shareholdings in line with our commitment to the ABI's Environmental, Social and Governmental Policy (ESG). Depending upon the issues that arise during the year, we expect to engage at similar levels to 2006 and 2007 (28 and 30 respectively).	Achieved
2 Engage with Legal & General's retail customers to listen to their concerns on ESG issues and feed these into our ongoing corporate governance discussions with FTSE companies and their boards.	Revised
3 Extend the reach of our ethical products with our newest strategic partner, Nationwide Building Society, to enable more consumers to access these investments.	Achieved
4 Liaise with King Sturge International LLP to ensure key investment properties continue to improve using ISO 14001 as the benchmark.	Achieved
5 Commit to a three year plan with King Sturge International LLP to achieve ISO 14001 across all the service charge properties.	Achieved
6 Achieve ISO 14001 accreditation in Q1 2008 for a further three investment properties, bringing us to a total of six properties (2 assets sold in 08 from six to four but added to the new work brings our figures up to 26 properties).	Achieved
7 Extend 2006 programme of engagement with key suppliers to manage the social, ethical and environment issues associated with our purchase of goods and services during the period 2007-09.	Achieved
8 Reduce the business mileage of 1.88 business miles driven per active policy and the average of 1,360 business miles driven per employee.	Achieved
9 Ensure that compliance by key suppliers with the environmental requirements of the Group Purchasing Policy is maintained at 80% during the period 2008-10.	Achieved
10 Purchase paper with a recycled content of 40% (by tonnage) by end of 2009.	Achieved
11 Implement driver training and assessment programme.	Not Achieved
12 Extend the certification of our Health and Safety Management System to one more occupied property.	Achieved
13 Integrate and report on our commitments and progress as a founding member of the ABI's ClimateWise Programme. See our commitment at www.climatewise.org.uk .	Achieved
14 Reduce our carbon dioxide emissions to 1.5 tonnes per Full-Time Equivalent (FTE).	Not Achieved
15 Redevelop the Institute of Leadership and Management (ILM) qualification to give managers a broader-based qualification with greater external recognition.	Achieved
16 Commit at least 100 working days in each major location to community projects (Cardiff/Birmingham/Hove/London/Kingswood).	Achieved
17 Increase Give As You Earn employee participation to 15%.	Not Achieved
18 Increase Matched Funding use by our employees to 10%.	Achieved
19 Launch two Major Groupwide charitable giving initiatives.	Achieved

Performance Against CSR Targets 2008 (continued)

Further Information

- 1 In 2008 LGIM engaged with the Boards of 133 companies on Governance and a further 25 companies on environmental and social issues in 27 meetings.
- 2 Mid 2008 we decided to revise this target. During tougher economic conditions we decided to work with Business in the Community to signal to the market that ESG Issues are still important to disclose to generate shareholder value. To see BITC's research, [click here](#)
- 3 In 2008 Nationwide customers brought £28.9m of Ethical Products as part of this new strategic partnership with Legal & General.
- 4 Reviewed quarterly and verified internally.
- 5 Three year plan in place. 25 properties verified to ISO 14001 standards in 2008.
- 6 Completed and verified by SGS.
- 7 We undertook direct engagement with 76% of all key suppliers in 2008. The effectiveness of this engagement is demonstrated by a record number of entries for the Supplier MAD awards. Key suppliers were advised of our carbon management strategy and invited to attend the Carbon Masterclass in November 2008.
- 8 In 2007 Legal & General staff drove 11.9m business miles. In 2008 Legal & General staff drove 10.7m miles which is 11 % down. This is equivalent to 1,306 miles per employee and 1.44 miles per Policy. A new car sharing rate paying 5p more per mile for employees who car share has led to a further 181,000 miles being saved.
- 9 96% of Environmental Key Suppliers met the environmental requirements of the Group Purchasing Policy as at the end of 2008.
- 10 40% of the total 2,249 Tonnes of paper procured in Total in 2008 was recycled.
- 11 Further development of policy required in 2009 to tighten controls, additional testing of assessment program to be completed before training can be delivered.
- 12 In December our OHSAS 18001 management system was externally audited. Following the audit the scope of the management system has been extended to include the Cardiff office and has also been certified to the OHSAS 18001 2007 standard.
- 13 We reported our progress against the ABI's ClimateWise programme here – In September 2008. To see please [click here](#)
- 14 Our occupied properties required a 9% reduction in carbon over 2007 and 2008 (this is based on previous DEFRA conversion rates). Single figure reductions have been achieved at the majority of our offices but this was offset by the addition of One Coleman Street (our previous London offices were landlord controlled). Moves in Hove and London and the acquisition of premises in Swindon, have put this target (as set in 2005) out of our reach and our Direct Occupied offices emissions are 34% higher than we had anticipated. Using 2008 as our baseline (based on a stable stock of offices), we have set a target to reduce our emissions in line with UK government expectations.
- 15 A new Management Development Programme is being delivered in the UK business. The objective is to improve managers skills in engaging their staff and delivering a higher performance culture across the organisation. An early element of this is the role that CSR plays in being an effective manager.
- 16 In Total our staff contributed 866 Days to their communities across our locations on a variety of community projects.
- 17 13.6% of our staff regularly Give as they Earn. We increased the amount of employee contribution that is matched by Legal & General from £20 to £25 per month to recognise the difficult economic climate for charities in 2008. This represents a total employee and Company contribution of £5 98,000 in 2008 versus £557,229 in 2007. An increase of 7%. Early 2009 has seen the inclusion of Suffolk Life in our GAYE Scheme which will increase participation.
- 18 In 2008 10% of staff took advantage of the Matched Funding scheme up from 7.5% participation in 2007. This represents an £814,492 donation into the Third Sector in 2008.
- 19 Our new Third Sector Investment policy was launched in August 2008. To see please [click here](#). This has resulted in new partnerships, in particular with A4e and Mend. Details of these relationships can be found in the Risk and Savings Business updates.

CSR Targets 2009

SRI Corporate Governance – The Influence of Assets We Manage on Behalf of Our Clients

- Corporate Governance: engage at least 30 FTSE All Share companies on ESG Risk management in 2009

In Our Commercial Property Portfolio's

- Energy/carbon reduction programme to be created for the 24 key buildings, arising from the data collection in conjunction with King Sturge and their energy advisors
- A robust 3 year programme to achieve ISO 14001 accreditation across all directly managed properties (estimated 51 assets) to be verified in Q4 2009
- Legal & General Property (LGP) will work with King Sturge and DTZ to adopt the Green Lease principles across all service charge properties in collaboration with occupiers
- Ensure King Sturge and DTZ continue to maintain and improve the environmental credentials for all properties under management
- Benchmark LGP's funds under management in partnership with Upstream and agree sustainable improvement plans for each property for adoption in 2009
- Measure the carbon impacts of third party suppliers to Legal & General with reference to our directly managed investment properties. King Sturge and DTZ to provide data for their respective supply chains adopting the best practice principles introduced by Legal & General in 2008

Business Risks and Reputation

- Spend £0.5m on Third Sector Investments which directly support the Risks and Opportunities of our Core Businesses of Risk, Savings and Investment management

Our People

- Provide at least 500 days of employee volunteering time across our UK locations
- Invest at least £2.5m into the Third Sector as a result of our key employee driven programmes of Matched Funding, Give as You Earn and Community donations

Security and Preservation of Natural Resources

- Reduce total direct CO₂ emissions by 5% by 2012
- Reduce total waste production by 10% by 2012
- Reduce paper usage by 10% from 2,249 tonnes by end of 2010

Supply Chain

- Conduct a benchmark review and audit of key suppliers to establish compliance with Legal & General's CSR standards for suppliers
- Ensure compliance by key suppliers with the environmental requirements of the Group Purchasing Policy is maintained at 80% during the period 2008-10 (Incorporates Carbon Footprint reporting in 2009)
- Purchase paper with a recycled content or approved environmental credentials (FSC or PEFC only) of 40% (by tonnage) by end of 2009
- Report the carbon footprint of Legal & General's supply chain and our suppliers' specific reduction plans for public disclosure in 2010 CSR Report

International Business

- Rollout consistent Corruption and Bribery, Human Rights and Environmental Policies across our International subsidiaries


Business Ethics

- Increase awareness of the importance of employees making ethical decisions across the business through increased employee communications and understanding

Our Group

CSR Targets 2009 (continued)



To see a video on our priorities for 2009 please [click here](#) 

Stakeholder Groups	Required Change in Performance 2009 Versus 2008	Group CSR Committee Responsibility
Retail and Institutional Investors in Legal & General Funds, Non-Governmental Organisations (NGO's) with issues around FTSE Companies	Increase Standards	Group CSR Committee
Retail and Institutional Investors in Legal & General Funds	Increase Standards Increase Standards Increase Standards Maintain Standards Maintain Standards Maintain Standards	Sustainability Committee LGP
Socially Responsible Investment (SRI) Analysts/Shareholders/ Legal & General Senior Managers/Third Sector	Increase our Investment	Group Charity Committee
Legal & General Employees/Third Sector/ Local Communities around our major sites	Maintain Standards	Group Charity Committee
SRI Analysts/Shareholders/Legal & General Senior Managers/Third Sector/Government/Environmental NGOs	Increase Standards	Group Environment Committee
SRI Analysts/Shareholders/NGOs/Current and Potential Suppliers	Maintain Standards	Group Environment Committee
International NGOs/Legal & General Senior Managers with Oversight of Governance	Increase Standards	Business Ethics Working Group
Media/SRI Analysts/Employees/Shareholders	Increase Standards	Business Ethics Working Group

Risk

We have formed a number of partnerships to help us to understand issues relating to our Risk business as well as supporting best practice in selected health and security areas. These include addressing the causes of childhood obesity, enhancing our understanding of longevity trends and improving access to home security for the elderly.


Mind, Exercise, Nutrition, Do it! (MEND) Programme on Obesity

By 2050 two-thirds of children and nine in ten adults will be overweight or obese according to the South East England Development Agency (SEEDA). This will have dramatic implications for the life assurance industry as we take into account shorter lives, higher risk and, as a result, higher premiums. We need to understand what our 12 year olds will look like and how they will behave when they are 35, which is typically the age at which individuals consider life assurance for the first time. Our newest partner, MEND, is an organisation committed to improving the health of families through the development of prevention and treatment programmes for childhood obesity.

Legal & General is investing in the development of the delivery of the 'MEND in a Box' teaching resource. This kit will enable teachers to incorporate healthy living into their lesson plans to encourage children to make healthy choices about activity and food.

In July 2008, the MEND Team started working with our life assurance underwriters and product designers to understand the life assurance market in the long term, based on current childhood obesity trends. Mend in a Box will be rolled out during 2009.

Longevity Sponsorship and Research

It is important that we understand the reasons why people are living longer (for some of our risk businesses). As a result, Legal & General are members and sponsors of the International Longevity Centre. [Click here](#) 

We have been working with University College London (UCL) to improve our understanding of longevity trends in the UK. We look forward to enhancing our partnership and bringing together the expertise in healthcare evaluation from UCL and actuarial techniques from Legal & General.

In 2009, we will start a new project to investigate the potential effects of changes in healthcare and risk factors on future longevity of people in different socio-economic groups in the UK.

The Children's Trust and Hospice Support

Hospices typically form a core part of our fundraising efforts, as they are key to local communities. Hospices we have worked with include the Martlets Hospice in Hove, Acorns Hospice in Birmingham, Ty Hafan, George Thomas Hospice Care, The Joshua Foundation in Cardiff, and the Prospect Hospice in Swindon.

Adding community support to these important organisations is vital but there is a greater public debate as to why these sorts of organisations are not Government funded if the trend towards palliative end-of-life Hospice care continues.

To improve our support and understanding in this area, John Pollock, Group Executive Director (Risk), and his Senior Management Team, have been actively supporting a nationwide organisation, The Children's Trust, in the form of fundraising, resources, expertise and volunteering.

Since April 2007, Legal & General and its employees have donated nearly £84,000 to the Children's Trust and have undertaken gardening challenges, donated items for the 13 charity shops and taken children out on trips. In July 2008, 60 Legal & General employees renovated the nature trail at the Trust. John Pollock has also been appointed as a governing member of The Children's Trust to help the Trust deliver its aims as well as to increase his understanding into some of the governance challenges of running such an important organisation.

Business areas


Risk (continued)

Angela Turner, the Trust's Corporate Relations Manager, explains: "Legal & General is one of our biggest corporate supporters and their financial support has made an incredible difference to the children we look after who have profound disabilities and complex health needs. The money over the last two years has gone towards our biggest-ever fundraising project, which is to build the UK's largest national brain injury rehabilitation centre."

She goes on to say: "This year, the Legal & General team is our largest corporate Marathon team ever, providing awareness about the Trust across all Legal & General offices."

British Heart Foundation (BHF) and Group Protection Linkages

Legal & General's Group protection business has sponsored the British Heart Foundation's Think Fit Packs, which have been distributed to almost 11,000 companies. The BHF's Think Fit website has had over 3.2m visitors since 2005.

[Click here](#) 

Workplace Health is an important factor in the premiums that companies pay to insure their workforce for Group protection policies.

Legal & General's Group protection business also contributed to research in February 2009 entitled: 'A Healthy Society: Making the Economic and Social Case', designed to contribute to the public debate on Workplace Health.

Looking Forward

We will continue to provide practical support on projects relevant to our Risk businesses. We are currently talking to our partners, Macmillan and Nationwide Building Society, to understand whether we can look into challenging the current payout method of Critical Illness Cover policies, which we believe should be designed to further support people getting back to work after cancer treatment.

We are looking to further our Longevity Research with the Third Sector to improve our understanding of developing trends and the reasons behind these.

In 2009, a new HandyVan Service will start up in Swindon, a location where Help the Aged has identified a need for this service.



Help the Aged says thank you to Legal & General home insurance

Our HandyVan scheme improves the lives of 600 disadvantaged older people every year by making their homes safer and more secure. HandyVan fitters install smoke alarms, carbon monoxide detectors, security locks and door chains, and also fit handrails and carry out small repairs. For many older people, this service brings peace of mind and enables them to remain living independently in their own homes.

Legal & General has supported the HandyVan scheme for over four years and has recently agreed to increase its support by sponsoring four HandyVans across the UK. This will benefit thousands of disadvantaged older people each year.

If you want to find out more about our HandyVan scheme, please call **01255 473 999** or go to www.helptheaged.org.uk

To find out more about Legal & General home insurance, call **0800 197 3368** or go to www.legalandgeneral.com

Calls will be recorded and may be monitored.

Supported by 

WE WILL fight to free disadvantaged older people in the UK and overseas from **POVERTY, ISOLATION and NEGLECT**

HELPTHEAGED WE WILL

HELP THE AGED HANDYVANS AND GENERAL INSURANCE

Our General Insurance Business provides home insurance. One of the first sets of questions that an applicant will receive for home insurance from any provider is around the security of their homes. Typically, premium will be reduced by 10% if effective security features are installed.


The drive behind this programme is to make home insurance affordable for vulnerable communities. Our HandyVan commitment to provide security and support services to the elderly in Cardiff, Sussex and Birmingham has been extended for another three years.

Since its inception, almost 4,000 people have benefited from the service and 17,900 pieces of security equipment have been fitted.

Savings

We have developed a number of ventures with Third Sector organisations to help us to understand issues key to our Savings business. These partnerships include improved access to retirement planning advice, assisting with debt management and financial inclusion and supporting improved maths literacy.

Corporate Business Division and Money Trail – Age Concern

Over the last few years, Legal & General has supported Age Concern's work helping people to plan ahead for a comfortable retirement. With Legal & General's support, Age Concern has developed MoneyTrail, a new way of helping older workers to plan for their retirement and to make informed choices that will hopefully lead to a more satisfactory retirement income. [Click here](#) 

Updated in 2008, MoneyTrail allows Age Concern to help people aged 50–65 who are anxious about money matters, unsure of where to go for advice, and unaware of the options available to them. MoneyTrail is intended to be more interactive and centred on decision-making than any other online financial health-check programme currently available.

Legal & General has supported Age Concern with the management and distribution of the project, while the Department of Work & Pensions has provided funding for the development of the MoneyTrail software. Legal & General will be providing the MoneyTrail CD-ROM to all employer companies where we provide group pension schemes.

Tony Filbin, Managing Director of Legal & General's Corporate Savings business, said, "The MoneyTrail CD ROM really gets people to think about their expected retirement income. Age Concern's work countering pensioner poverty and Legal & General's work encouraging people to save effectively for retirement complement each other and MoneyTrail can help to raise awareness of both issues."

Money Guidance with A4e

According to Credit Action, total UK personal debt at the end of February 2009 stood at £1,458bn. We're working with the industry and, in particular with A4e, a private sector organisation set up to improve people's lives, to help Legal & General Advisers understand the barriers facing

so many consumers in overcoming money problems. Owen Lewis, Employed Sales Director stresses the importance of forming partnerships like this, "Legal & General and A4e have adopted a unique relationship in the industry, making a difference by giving new financial advisers an opportunity to volunteer and gain knowledge on real financial inclusion issues in communities that otherwise would have passed us by. It also gives us an opportunity to encourage a savings culture in new markets and communities."

Legal & General and A4e advisers have been 'buddied-up' on a volunteering programme, going into communities where rent is still paid in cash and loan shark/door step lending is commonplace. As part of the partnership, Legal & General will also have access to A4e's valuable knowledge and expertise on debt management.

Feedback from the front line:

- 63% of advisors said that they would rate the usefulness of the buddy scheme as excellent or good
- 72% of advisors stated that the visits had benefited their own future roles within Legal & General
- 72% of advisors stated that the visits had improved their knowledge of the barriers faced by the financially and socially excluded.

Building upon this, in 2009 we are supporting A4e in their delivery of the FSA's Money Guidance programme in the North West of the UK.


Chris Peel, Head of Advice Services for A4e, explains how this benefits both organisations:

"When we met Legal & General earlier this year, we were really impressed with their commitment to recognise the needs of people who are less financially well off. Through our experience of helping people who are financially and socially excluded, we can really support Legal & General's new financial advisers in gaining hands on experience and knowledge of engaging with our client base."

Business areas

Savings (continued)

SEEDA Corporate Cabinet and Credit Unions

We are a founder member of the South East England Development Agency (SEEDA) Corporate Cabinet [click here](#) , which was the first Regional Development Agency to build common ground between the private and public sector, and to create tripartite funding and support.

Graham Precey chairs the Financial Inclusion Sub Group. The focus for 2008 has been to accelerate Credit Union development in the South East. We have provided support for the East Sussex Credit Union to fund a budgeting advisor for a year and to help them with a marketing campaign aimed at raising the profile of the Credit Union. Credit Unions offer ways for those on the lowest incomes to get out of debt, and offer low cost loans and savings products.

Angela Gould – Building Motivation and Attainment in Mathematics

We have continued our support for Angela Gould from Kings College to inspire Maths teachers to engage their pupils creatively around the topic. Angela has some unique insights into the basic skills required in the future for people to understand financial services, “Maths Teacher retention remains a big issue and a significant proportion of Maths teachers don’t have the appropriate Maths background. Children who leave primary school without basic Maths skills go on to cost the country £2.4bn a year.”

Beyond the achievements we reported in 2007, Angela has had a busy year developing her service. Angela held 28 Maths Teacher meetings and 23 Maths teaching days this year, inspiring 1,400 teachers and 2,100 pupils across the UK. She has started to branch into a new programme of work, addressing issues around mathematics and autism.

Crimestoppers and Financial Crime

Legal & General continues its long term relationship with Crimestoppers, the charity set up to provide an independent and anonymous way for the General Public to report crime. This is currently closely linked in with our Compliance functions as we see strong links between the prevention of financial crime and street crime. Our relationship with the independent charity is vital, as Diana Miller, Group Compliance Director, explains:

“As a major financial services organisation, we play an important role in helping to prevent financial crime, so it makes sense for us to be linked to a charity like Crimestoppers who actively target crime in the community.”

We’ve supported many Crimestoppers’ initiatives including:

- Me, Myself and Eye, a crime reduction campaign aimed at eight and nine year olds.
- Blue Blindfold, a programme designed to raise awareness among the public of the nature and extent of human trafficking in the UK.
- The anti-drug, violence and crime programme, SNAP (Say No and Phone)
- Junior Shadow CS, a fun, interactive website aimed at young people aged 11-16+ about crime.

In October 2008, in line with National Fraud week, Crimestoppers supported our Financial Fraud team in engaging employees on the risk of personal ID Fraud.

Michael Laurie, Crimestoppers’ Chief Executive, said:

“Support from a range of businesses has been extremely valuable to the development and success of Crimestoppers over the last 20 years. Legal & General continues to play a key role in helping us deliver targeted projects to communities. Most recently, this has been demonstrated through agreeing to sponsor our new youth resource, Junior Shadow. This forms a crucial part of our youth programme, which is working hard to combat the rising tide of gun and knife crime in some of London’s worst boroughs.”

Looking Forward

We will continue to provide practical support on projects which are on the fringe of our current markets but whose impact provides people with the ability to save in the future.



Investment management

As one of the largest investors in the FTSE all-share index and one of the largest commercial property landlords in the UK, we have a huge opportunity to influence others. This year we have focused on taking the lead in Sustainable Property Development and maintaining our heritage of good governance has been built upon an 'active' rather than activist approach to engaging FTSE Boards.

Corporate Governance

The foundations of our Corporate Governance approach were developed through our membership of the Association of British Insurers (ABI) and the National Association of Pension Funds (NAPF).

Although we are guided by recommendations made by these organisations, LGIM makes voting decisions after discussions with companies, their advisors and our clients. Mark Burgess, Head of Active Equities at LGIM, is a member of the Corporate Governance Forum and the ABI's Investment Committee; Andy Banks is on the Remuneration & Share Scheme Committee.

In 2008 we performed 27 engagements on Environmental, Social and Governance (ESG) issues with FTSE companies out of an overall total of 160.


At all times but especially during tougher economic times, our role is to make sure that the corporate governance of organisations is in line with our expectations or standards of business. In 2008, we have had involvement with some key industry debates including:

- Anglo American and Zimbabwean mining activities
- Tesco's and the issues around free range chickens
- CEO pay related to performance in the banking sector
- The Risking Risk in Tar Sands Report with Greenpeace (in relation to BP and Royal Dutch Shell) and Oxfam (on the Business and the Millennium Development Goals).

The new LGIM Corporate Governance brochure showing our approach to Good Governance is available, [click here](#) 

Good Governance Business Case

In early 2008, we sponsored Business in the Community (BITC) to provide research in this important area.

Click here 

The BITC research, 'The Value of Good Governance: The Positive Return for Responsible Business', was published on 30 October. The main headline finding of the research was that:

"Companies consistently participating in the CR Index outperform the FTSE 350 on total shareholder return 2002-2007 by between 3.3% and 7.7% per year."

Standards and Stakeholder Engagement

Throughout 2008 we have been engaged with investors in Legal & General Group, Cazenove, and Jupiter Asset Management on our Governance approach and scale of activity versus the funds we manage on behalf of our clients.

During the year we were approached by the Trades Union Congress (TUC) in regard to the United Nations Principles on Responsible Investment (UNPRI). Peter Chambers, CEO of LGIM explains, "As a major investor in index tracking funds, our methodology has to be one orientated to tracking the indices. United Nations Principles for Responsible Investment favour active fund management principles. We continue to apply the Corporate Governance Principles to all of the funds that we manage on behalf of our clients."

Ethical Funds Go Nationwide

Nationwide Building Society launched its partnership with Legal & General in January 2008 and has since distributed £29m of the Legal & General Ethical Trust to Nationwide clients.

Legal & General Property – A Step-Change

As one of the largest institutional property fund managers in the UK, Legal & General Property (LGP) understands that sustainability will play a significant role in shaping its portfolio going forward. 2008 has marked a step-change in its sustainable thinking and, as a result, its reputation as a sustainable property investor and developer continues to grow and evolve.

Investment management (continued)

Sustainability for Real Estate Investment

Working in partnership with the College of Estate Management (CEM), LGP created a bespoke six-month training programme, to educate property investment decision makers on the disciplines of sustainability. The first intake of the course completed in January 2009 and it is envisaged that, over time, participation will become an industry standard.

Energy Performance Certificates

Following the introduction of legislation in October 2008 on Energy Performance Certificates (EPCs), Legal & General successfully secured certificates on 149 properties by the end of 2008.

ISO 14001 Accreditation

As part of our ISO 14001 accreditation agreed with King Sturge 25 properties were verified to this standard whilst they were in our portfolio in 2008.

Green Lease Guidance and Working with Occupiers

'Guidance on Green Leases' was published in October 2008 by a Better Building Partnerships (BBP) task group, including Legal & General, and will be looking to incorporate the guidance into the business going forward.

A Green 500 carbon mentor scheme was piloted at 99 Gresham Street in the City of London. A consultant has worked closely with the landlord and occupiers to create an improvement plan aimed at reducing the carbon footprint of the property. The first of its kind, the partnership has attempted to identify and analyse running costs for lighting, heating, water and managing waste, and the potential operational efficiencies that could result in a reduction of costs and resource, at minimum cost to both parties. This model will be replicated in taking the Green Lease Memorandum forward across LGPs portfolio.

Working in Partnership to Lead the Industry

During 2008, Bill Hughes, Managing Director of LGP, sought to raise awareness of the issue of sustainability within the wider industry arena. Furthermore, he was recently appointed to the UK Green Building Council's Code for Sustainable Buildings task group. The group is working to develop the first clear, robust standard for what constitutes a 'sustainable building'.



To see videos with Bill Hughes, MD of Legal & General Property please [click here](#)

Furthermore, in 2009, LGP will participate in the Investment Property Database and Investment Property Forum Sustainable Property Index (ISPI) UK, which aims to calculate the returns of the more sustainable properties in the market and see whether they outperform the less sustainable ones.

Third Sector Support from LGIM

During 2008, LGIM has provided its expertise, time and support for various Third Sector organisations that have had influence upon our thinking within the business.

The Foundation for Social Improvement (FSI): came to the attention of Legal & General as a good example of how we could successfully contribute to helping small charities survive and grow during tougher economic times using our commercial expertise. The FSI's purpose is to support small charities and encourage their growth.

"Each year nearly 4,000 charities close their doors and thousands of individuals lose their support, in many cases their lifelines. Of the £45.9bn of charitable income in 2007, 81% went to the top 3% of charities. Why?", says Kim Van Niekerk, Director of the FSI.

In response, the FSI is developing the 'Greenhouse' which will be a building where small charities can find the resources, expertise and training to become the independent and accountable organisations they long to become. Charities will grow and will, therefore, benefit from the 'Greenhouse Effect'. LGP used its contacts and agencies to create an Investment Brochure for potential investors to understand and pledge support.

Woodland Trust: Legal & General Property has been working with the Woodland Trust to advise on strategic access to land so that it can be used to achieve their aims of planting woodland. We are also investigating whether there is an opportunity for the Woodland Trust to look at the option of managing woodland in our commercial property developments in the future.

Looking Forward

The overarching priority for LGIM will be to continue to engage companies in which we have a stake and to gain the best shareholder returns for our clients. We also need to understand if there is a requirement to provide further education on ESG for Pension Trustees, based upon discussions from the BITC Value of Governance Event and the ABI's ClimateWise Report (Principle 4) which called for education on Pension Trustees of Climate Change.

International

Legal & General has subsidiaries in the Netherlands, Dublin, France and the USA and a joint venture in Egypt. In 2008 we also signed new joint venture agreements in India and Bahrain.

Good Governance Foundations

As we expand overseas we encounter more risks which need to be managed. In 2008, we have engaged with Human Rights Watch, Amnesty International and EIRIS to build our policies to develop good governance guidelines, in particular, to understand our United Nations Global Compact responsibilities.

The result is that our new Legal & General Code of Ethics now covers Human Rights and Corruption and Bribery Policy. This is now public and relates to all International subsidiaries as well as UK. See here for public statement. See 19 December Article, [click here](#) 

We have also provided information on joint venture operation in Egypt to analysts to assure them that we are doing more than is required in the areas of employment and religious rights.

ESG (Environmental, Social, Governance) Due Diligence Approach to New Markets

As part of our due diligence process for our Indian joint venture, Legal & General International commissioned bespoke research by Watson Wyatt to produce a country report on market potential early in the process. As well as showing projected demographics that indicated a growing customer need for appropriate insurance provision within India, this work also identified an important local requirement to achieve social inclusion for insurance products, especially in the deprived and rural areas. Such Rural and Social obligations that are stipulated by the Indian Insurance regulator (IRDA) and companies cannot be licensed if they do not meet these regulatory requirements.

Our strategic partners in India, Bank of Baroda and Andhra Bank, are state banks and are also fully committed to the ideals of Indian Government to promote greater financial inclusion. The business plan for our joint venture meets these obligations.

We continue to refine our compliance oversight into our overseas and have publicly committed to apply the ABI ClimateWise Principles across our overseas subsidiaries as one of our targets for 2009.

Community Engagement and Investment

Our current approach to community investment is for each company to invest appropriately around local needs. In a similar vein to the UK community programme, this continues to be employee driven. The following are some examples:

Community Investment in Legal & General America (LGA)
Legal & General America takes an active role in the support and development of their local community. In Autumn 2008, the Charitable Giving Campaign once again superseded all previous campaigns in total dollars raised. This year's campaign was 15% more successful than the previous year's campaign with the amount per contributor increasing by 35%. With the Company's dollar for dollar match, \$417,358 (US) was raised to help support over 200 charities.


Legal & General America makes annual charitable donations in the following categories: Health, Education, The Arts, The Disadvantaged, Community and The Environment. The Company prides itself on its sponsorship of Special Olympics, Susan G Komen Breast Cancer Foundation, local fire departments, homeless shelters and various educational institutions. Legal & General America matches employee contributions to approved charities up to an annual limit.

Business areas

International (continued)

Legal & General Netherlands Community involvement

Legal & General Netherlands has sponsored associations, organisations and initiatives with their roots in the Hilversum region, where the business is based, as a demonstration of our community involvement. In 2008, the brokers in the Gooi- en Eemland region were asked to make sponsorship suggestions. Ultimately, the Crailo animal shelter was selected to receive sponsorship and the shelter received a cheque for €500 via an intermediary who matched this contribution to double the overall amount. This money enabled the animal shelter to refurbish its outdoor kennels before winter set in. Several Legal & General employees pitched in, spending an afternoon at the shelter doing odd jobs.

Our staff have regularly joined forces to voluntarily support a good cause by making a monthly contribution from their salary. Cliniclowns is the current recipient. For more information about this organisation, which supports sick and disabled children in hospitals, [click here](#) 

At the end of 2006, Legal & General Nederland joined forces with Oxfam Novib in the Oxfam Novib Donation Plan. Whenever a consumer takes out a 'Temporary' or 'Lifestyle' life insurance policy, he or she can opt to have Legal & General transfer the policy fee to the Lok Mitra education project in India. Both the consumer and intermediary are also offered the opportunity to voluntarily make a contribution to the project.

Looking Forward

We will continue to ensure that we have solid foundations in our overseas operations as part of due diligence and operations throughout our expansion. We continue to be sensitive to the local community needs but also to the analysts and NGO (Non Governmental Organisations) expectations that International standards of operation apply.



THE INTERNATIONAL GROUP IN LONDON

The International department in London decided to do something different this Christmas. Their aim was to 'give back' to the community.

They worked alongside Great Ormond Street Hospital (GOSH), creating festivities and interacting with the children, as well as singing Christmas carols at the hospital. They also donated their Christmas party allocation, which was matched by Legal & General.

GOSH Funds raised were used to support diagnosis of neuromuscular disease in a clinic that's part of a project for children who live in the slums of Dhaka.

Key stakeholders

Our Customers

In 2008, we were responsible for 7.4 million policies for over 6.5 million customers, or one in ten of the UK population. Our core purpose as a business is to deliver upon our customers' expectations, balancing this with regulatory requirements around financial advice.

2008 has seen a 14% increase in the number of unique customers compared to 2007, mostly due to the migration of Nationwide Investment customers in February 2008. The number of policies rose by 17%.

Legal & General acquired an average of 51,000 completely new customers each month during 2008. Although there was no significant change in the profile of the base, there was a slight increase in the average age of our customers. The most prominent change is the decrease in 18-25 year olds, and increase in 76+ year olds.

Our largest segment of customers in 2008 is the 'True Blues' segment (highly affluent, aged 45-55) representing 22% of the Legal & General base.


108,607 of our customers, or 2.7% of our customer base, service their account on line.

ABI Customer Impact Scheme

At our core is the need to demonstrate that we adhere to the FSA's Treating Customers Fairly (TCF) principles.

The governance of this is managed via monthly meetings of the Customer Experience TCF Committee, which is comprised of senior executives of the Company, and reports through to our Group Board. This committee reviews any issues and agrees appropriate action plans.

Since 2006, we have been a founding member of the ABI's Customer Impact Scheme which measures our performance against three public commitments.

These are then benchmarked against other financial services firms participating in the survey. Each year, we publish a report summarising our performance and key activities. To see our 2008 Report please [click here](#) 

We have maintained a consistent performance on all three of the commitments, in line with the industry.

Good Product Design Principles

The Product Development Model is our internal approach to reviewing and delivering products to market. As part of the model, consumer literature is tested amongst consumers before we launch new products.

Looking Forward

Overall, our customer challenges in 2009 will be to continue to provide financial performance which meets customers' product expectations and to further reduce our environmental, social and economic impacts by assessing these as part of the Product Development model.

In line with our customer research in 2007, which suggested that customers measured our environmental impact on the amount of paper they see, we have set a 10% target on paper reduction across our Group by the end of 2010.

Overall responsibility	2005	2006	2007	2008
Live contracts	6,224,875	6,294,051	6,364,633	7,413,979
Active customers	5,645,374	5,744,003	5,782,363	6,578,078
Tonnes of paper procured	2,436	2,574	2,080	2,249
Average number of pieces of paper a customer receives	23	24	22	19
Average number of envelopes a customer receives	4.74	4.11	4.32	4.05

Key stakeholders

Our People

We actively focus on recruiting and retaining high quality individuals, through employee training and development programmes, remuneration strategies and succession planning. In 2008, we were responsible for employing 8,189 permanent members of staff in the UK. This is down 7.2% on 2007.

Approach to Business Ethics – Doing the Right Thing

The economic downturn has highlighted the importance of sound business ethics. We expect our people to maintain the highest standards of behaviour when conducting any aspects of business.

Our employment practices and policies support the high standards we have to ensure our people conduct themselves honestly and with integrity. Our partnership with Unite, our Trades Union, and our commitment to maximising opportunities for our people helps build a culture where customer-focused, responsible and ethical behaviour is embedded in our approach to business. Having this culture has never been more important, as in a difficult economic climate, investors and customers will base their decisions on business integrity.

As a result, our Groupwide Business Ethics Policy has recently been updated. [Click here](#) 

Collective Consultation

We continue to work in partnership with Unite on important issues. They are represented at the core of the Group CSR Committee, Group Health and Safety Committee, Group Environmental Committee and Equality and Diversity Committee.

Membership of Unite across the Group was 39% in 2008 compared with 41% in 2007, (Excluding Legal & General Investment Management (LGIM))

We also collectively consult with the Management Consultative Forum, an internal body set up two years ago to collectively represent Managers and Senior Managers.

Both of these mechanisms helped us through some difficult decisions in 2008 regarding changes to our Final Salary pension schemes and the TUPE transfer of IT development employees to TCS.

Organisational Flexibility and Performance

During tougher economic times, we need to improve our flexibility to manage our businesses effectively through cost reduction. We have been in discussion with stakeholders, such as BNP Paribas and Business in the Community (BITC), to do this in the right way.

Current Profile of People who Work for Us

Our employee profile is reviewed at the Equality and Diversity Steering Committee. Some key facts include:

- The majority of our employees are aged between 26 and 45
- We are encouraged by the increase in the number of new joiners who are from Ethnic Minority backgrounds
- Over 76% of our staff have between 0 and 10 years service in the Company
- We have a 50:50 split on Male to Female within the Business.

Percentage of Employees by Age Category as at 31 December 2008

	0-25 %	26-35 %	36-45 %	46-55 %	56+ %
Group	7.4	38.1	31.7	16.0	6.9%
LGIM	10.2	43.9	27.7	13.6	4.5%
UK	12.4	36.8	28.7	16.6	5.5%
Total	11.8	37.5	28.8	16.2	5.6%

Key stakeholders

Our People (continued)

Gender Breakdown as at 31 December 2008

	%
Male	49.96
Female	50.04

Ethnicity Percentages as at 31 December 2008

	%
Bangladeshi	0.3
Black	1.7
Chinese	0.7
Indian	2.7
Mixed	1.3
Other or undisclosed	2.6
Pakistani	0.7
White	90.2

Length of Service as at 31 December 2008

Years' service	0-5 %	6-10 %	11-15 %	16-20 %	21-25 %	26+ %
Group	53.3	22.6	6.9	7.2	5.1	4.8
LGIM	65.0	19.1	6.3	2.3	3.1	4.2
UK	46.8	29.5	8.8	7.0	3.8	4.2
Total	48.8	28.1	8.4	6.6	3.9	4.2

Our Performance – Employee Satisfaction

We were satisfied with the overall results of our 2008 Employee Survey, carried out in the UK Business. In challenging economic times, this showed a slight decrease in Employee Engagement from 73 to 70, but an increase in job satisfaction from 63 to 69. The overall Leadership Index score remains the same.

We have responded to survey results by identifying areas for improvement and are in the process of implementation. These focus on communication of the company's strategy, integrating it through cascading of objectives, improved internal communications, new management development and a review of governance and decision making process to accelerate the pace of the Business.

People Development and Talent Management

All of our staff are required to have completed Computer Based Training on key areas, such as Treating Customers Fairly, Equality and Diversity, Data Protection, Money Laundering, Fraud Prevention and Whistleblowing. This is then built upon at each team level through training relevant to jobs.

Below is the investment trend towards structured training programmes across our Business. In a tough year in 2008, we continued to invest in training programmes for our employees.

Year	Management development £m	Central training total (includes Management development) £m	External spend by business £m	Total (Business and central training) £m
2003	1.9	4.0	2.86	6.86
2005	1.9	4.85	3.32	8.17
2008	1.94	3.89	3.28	7.17
2009 (proposed)	1.99	3.79	4.21	8.0

Between 2003 and 2008, 1,892 Managers achieved either a Diploma or Certificate qualification through training accredited by the Institute of Leadership and Management (ILM).

A new Management Development Programme is being delivered in the UK Business to build upon the ILM work we discussed in last year's CSR Report. The objective is to improve Managers' skills in engaging their staff and delivering higher performance culture across the organisation.

Key stakeholders

Our People (continued)

This includes training on the role that CSR plays in the management of Legal & General's reputation and risks. We are working with Non Government Organisation (NGO), Three Hands, in the development and delivery of this session. Learning activity will not be solely classroom-based; managers will be expected to practice what they learn with their teams.

Performance Management

We have changed our approach to managing performance to enable managers to identify our high performing and high potential people more easily. In 2009, we move to a top down objectives approach with the roll out of our 'Activ8' system to managers. This will develop a more targeted approach to talent management, including identifying skills for the future, development and succession planning.

Health and Safety

We continue to promote the importance of health and safety in the workplace and encourage our employees to have healthy lifestyles. Our Health and Safety Committees at each of our sites arranged a variety of events throughout the year that included: quitting smoking, healthy eating and how to carry out a risk assessment. The Health and Safety Committees meet regularly to monitor performance and also encourage staff to participate and raise awareness across the Group.

Our revised 'Driving on Company Business' policy was implemented in August 2008. We are continuing to monitor and develop our processes in line with industry best practice. In December, our OHSAS 18001 management system was externally audited. Following the audit, the scope of the management system has been extended to include the Cardiff office and has also been certified to the OHSAS 18001 2007 standard.

Health and Safety Statistics

	2008	2007	2006	2005
Employees	8,189	8,827	8,870	8,568
Reportable accidents*	116	125	124	175
Incident rate**	Nil	Nil	Nil	Nil
Fatal accidents	Nil	Nil	Nil	Nil
Prosecutions	Nil	Nil	Nil	Nil
Dangerous occurrences	Nil	Nil	Nil	Nil
Reportable diseases	Nil	Nil	Nil	Nil
Prohibition notices	Nil	Nil	Nil	Nil
Other enforcement notices	Nil	Nil	Nil	Nil

*As defined by RIDDOR 1995 Regulations.

**Reportable injuries per 100,000 employees.

Looking Forward to 2009

Our people continue to be at the heart of delivering service to our 6.5m customers. We have the right mechanisms in place to make balanced people decisions in our business and the flexibility to adapt to changing market conditions.

Key stakeholders

Our Communities

When the economy is shrinking there is a risk that organisations become more inwardly focused and less focused on helping the outside world. This coincides with increased demands on charities and voluntary sector bodies (in the Third Sector).

Community and Employees

Legal & General remains committed to its employees and our local communities. In 2008, we are pleased to report that our employees and company contribution to our communities has increased by 34%. This has been achieved as follows:

Community investment headlines 2008	Amount
Our employees support causes they are passionate about through Give As You Earn, individual Matched Funding and location fundraising days (include Matched funds)	£1,572,327
We encourage the development of corporate governance skills and 58 school governors receive support for their schools	£39,837
Our Young and Excellence Scheme supported 22 talented youngsters including athletes and musicians	£44,152
We fund community projects around our main locations in the UK and 741 charities and not-for-profit organisations have benefited in this way	£845,542
We provide expertise and assistance for community projects, which amounted to the equivalent of 866 days with a commercial value as a gift in kind	£161,922
Key Groupwide projects (Help the Aged, MEND, Crimestoppers, ClimateWise, BITC Governance Research, BHF, London Climate Change Agency, Teachers Maths Seminars – Kings College (Institute of Child Health))	£338,235
Our total charitable investment in the Third Sector during 2008	£3,002,015

The generation and distribution of time and effort was managed by our teams as detailed below:

Management time	
Location coordinators' costs to work in our communities	£77,222
Making a Difference Awards to reward employees for community work	£17,438
Group CSR function costs	£126,677
Total	£221,337
2008 Total investment in the Third Sector	£3,223,352
2007 Contribution to the Third Sector	£2,400,000
Increased percentage support in 2008	34%

There are two main aspects to our charitable budget. 80% is invested in support for local communities

Our strength is in our locations where requests for charitable support are reviewed by local CSR professionals and their volunteer committees, who have a good understanding of the grass roots needs of their communities. Over 740 charitable donations were made in this way in 2008.

Employee Community Involvement

Our employees are able to make donations or give time to their favourite charities, and we offer key mechanisms to encourage this as part of their employment at Legal & General.

Give As You Earn Scheme (GAYE): A tax efficient, company assisted way of giving money to charity. Legal & General matches up to the first £25 of monthly contributions and covers all administration costs. Employee donations are made before tax. 13.6% of our employees regularly participate and just under £598,389 has been donated to charities in this way.

Key stakeholders

Our Communities (continued)

Sponsorship Matching Scheme: Supporting our employees in their charitable fundraising is a key part of the Legal & General Community Involvement programme. We match each employees' fundraising up to £750 per annum and just under £814,492 was generated under the scheme in 2008.

School Governors' Scheme: We encourage our employees to become school governors by making an annual donation of £750, which includes £250 towards a specific programme to develop maths teaching or financial literacy, to their school. In 2008 Legal & General school governors contributed to the Business in the Community research on the State of School Governance.

Rewarding Talented Individuals

Young and Excellence Scheme (YES): This scheme supports young people who have shown exceptional sporting, musical or creative talent. We aim to assist youngsters at the start of their careers, and to help them to pursue their ambitions more fully than would otherwise be possible. We currently have 22 YES members.

Communications and Staff Engagement

Our CSR activities are integrated into our internal communications mechanisms. Our internal communications team facilitates 'media slots' where news of employee CSR related activities can be found. This enables us to publicise the important work for Third Sector organisations across our business quickly.

Third Sector Investment Policy [click here](#)

Groupwide projects are governed by the Group Charity Committee, which considers requests for support in line with our Third Sector Investment Policy which has the following criteria:

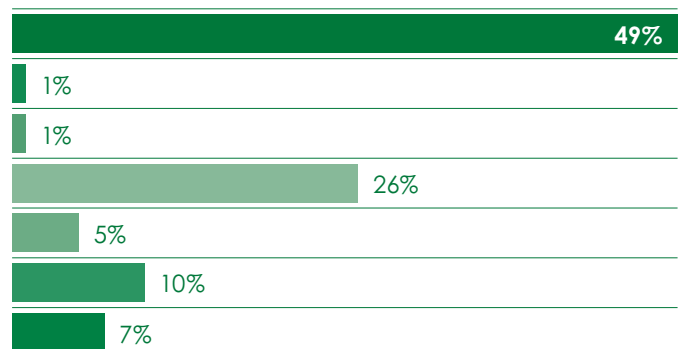
- We aim to contribute our Company knowledge, skills, expertise, resources and influence, as well as any financial contribution.
- We look to invest in direct trends linked to our core businesses:
 - Financial inclusion, ie encouraging a savings culture
 - Client health – tackling issues which clients claim for, now or in the future
 - Home security and flood prevention
 - Responsible property landlording
 - Financial crime prevention
 - Good governance
 - Accessibility and Disability.



EMPLOYEE VOLUNTEERING

In 2008 we provided the equivalent of 866 days of volunteering across our locations. We use partner organisations such as BITC, CSV and Three Hands to help source projects, which are making a grass roots difference to communities.

Amount Invested into the Third Sector by Legal & General Group 2008



- Employee Driven Scheme (GAYE/Matched Funding)
- School Governors Scheme
- Young and Excellence Scheme
- Community Projects
- Volunteering Time
- Group Social Investment Projects
- Management Time

Key stakeholders

Our Communities (continued)



EMPLOYEE MAKING A DIFFERENCE AWARDS (MAD)

This is an annual event where our Chairman and Group Chief Executive host a lunchtime awards ceremony in London for employees who have excelled in their contributions to communities during the year. We also make a MAD Award to our suppliers. Our 2008 MAD Award winners are:

- **Environment:** David Owen, Bank & Building Society Division
- **Charity:** Rhidian Jones, Sales Division
- **Community:** Lynne Cunningham, Protection and Annuities
- **Business:** Rob Dalton, Savings.

 Videos of award winners

We want our customers to be aware of what we support and aim to select partnerships that will have resonance with them. We aim to make a 30-40% difference to the bottom line of the organisation. To achieve this we either work with smaller charities where our contribution makes a significant difference, or where funds are ring fenced for a specific project.

Throughout this CSR Report you will see examples of where we are working with Third Sector Partners to develop ventures that build our understanding of future markets and social trends we need as a business.

Looking Forward

In 2009, we have a budget of £0.5m available in our Third Sector Investment budget and we have committed to:

- provide the same level of funding into our community budget as we had in 2008
- provide the same level of support for our employees through core schemes, such as Give as You Earn, individual Matched Funding and matched fundraising days in our locations
- a target of 500 volunteering days to recognise the need for expertise and knowledge, as well as financial support for the charitable sector.

We also look forward to working with the Charitable Foundation of our new partners Suffolk Life.

Key stakeholders

Our Suppliers

Our new Sustainable Procurement Policy clearly states our CSR requirements for suppliers and how we will support them in managing their social and environmental impacts. In 2008, we spent £358m with our suppliers.

Supply Chain Management

We recognise that all of our 2,096 suppliers make a vital contribution to our business success. We seek to establish commercial relationships with them to deliver best value for Legal & General and ensure that our supply chain activities are both ethical and sustainable. We also recognise our responsibility to treat suppliers fairly and objectively at all times, including those competing for our business when we review our contracts.

In 2008, we published our Sustainable Procurement Policy, which increased the requirements for our suppliers as well as strengthening our commitments of support. We also focused on the training and development of our procurement staff in CSR management and introduced a carbon management strategy for our supply chain.

[Click here](#) 

In 2007, our Purchasing Director, Paul Lee, invited key suppliers to engage with us on CSR issues to improve their performance. In 2008, we directly engaged with 76% of our key suppliers and facilitated many improvements in their social and environmental programmes. We secured ISO 14001 accreditation for the environmental management of over 70% of our key suppliers.

Carbon Management

In 2008, we published our intention to establish and report the carbon footprint of our supply chain in the 2010 CSR Report. In 2009, we will require our key suppliers to report upon their energy management plans including their carbon emissions, reduction targets and achievements to date.

In November 2008, we invited all our key suppliers to attend a Carbon Masterclass to communicate our energy strategy, outline our work to date and explain our reporting requirements. We involved Cable & Wireless, The Mayor of London's Green Procurement team, Bureau Veritas and the Carbon Disclosure project as experts on the day.

A 'carbon questionnaire', based upon the Carbon Disclosure Project reporting model, will be used to record this information. The Masterclass was well supported and the collection of carbon data has already commenced.

Our aim is to identify those suppliers who emit a disproportionate amount of carbon compared to our expenditure and to start working with them to reduce their environmental impact.

We recognise our suppliers' CSR achievements through the Supplier Making A Difference Awards. In 2008, we had a record number of entries which we shortlisted to five finalists. The judging panel, including representation from Business in the Community (BITC), had the difficult task of selecting the winner and runners-up.

 [Video of winner](#)

We were delighted to make the 2008 Award to Ansa, who provide drainage and repair services for our policyholders. Ansa introduced an environmental impact improvement programme, which identified and monitored energy usage and waste volumes, and set targets for improvement.

Looking Forward

We expect an increasing challenge from SRI analysts to investigate 'Security of Supply', which we interpret as our ability to manage the risk of those core resources that we take for granted, such as energy, by understanding the nature of the supply chain behind them.

We will continue to improve adherence to our Sustainable Procurement Policy by introducing supplier site audits of activity.

We will focus our Making a Difference (MAD) awards upon those supplier initiatives that effectively improve their Carbon Management.


Key stakeholders

Our Environment

We strive to reduce our impacts on the environment and recognise that this is becoming an increasingly significant part of our culture and the way we do business. It is also an increasingly important issue for our customers, our communities and, of course, for our employees.

Environmental Management is not something new to Legal & General. Our Chairman, Sir Rob Margetts, has been a strong advocate for several decades and first challenged the business to become a leader in reducing rather than offsetting its impacts back in the early 1990s. We strive to reduce our impacts on the environment and recognise that this is becoming an increasingly significant part of our culture and the way we do business. It is also an increasingly important issue for our customers, our communities and, of course, for our employees.

In 2008, our position on the environment has been externally recognised in a number of ways:

- We are rated as a Platinum company in the 2007/08 Business in the Community (BITC) Environment Index
- We were approached by Nippon Life, Japan, to discuss our implementation of the International Environmental Management Systems Standard, ISO 14001
- Ranked 1st (out of 26) in the Global Life and Health Insurance Sector Study by Triodos Bank for environmental management
- 2008 saw the first year of external reporting on the ABI's ClimateWise Principles. To see our statement please [click here](#) 

Environmental Certification

Certification of our environmental management systems ensures that our environmental risks are managed and our performance and legal compliance are maintained. In 2008, the following business functions were certified to ISO 14001:


- Provision of Facilities Management (all major UK occupied sites)
- Corporate Procurement
- Property Management Services.

Legal & General maintains internal processes for monitoring compliance with UK environmental law. We have not been subject to prosecution for non-compliance with environmental legislation.

With energy use increasing through our leasing of One Coleman Street, London, our first priority in 2008 was to extend our ISO 14001 certificate to that office (achieved April 2008), undertake energy audits and put in place action plans to start reducing our impacts.

Engaging Staff

Our other priority in 2008 was to engage with staff and attempt to change behaviour towards resource use and wastage. The strategy communicated by the Group Chief Executive has been effective and we have made changes to the Greener Travel Policy to change working patterns across the business. This has had a positive effect on the resources needed to run our business.

Another way in which the Group has tried to engage with staff, and in this case the public, has been through the art of theatre. In cooperation with theatre group, Rational Madness, and Arts & Business (A&B), 'Recycled Dreams' was premiered by Legal & General at the Edinburgh Fringe Festival and then toured Legal & General's offices across the UK. The play challenged conventional approaches to the sustainability message and explored personal sustainability issues and how these fit in with corporate and global messages and problems. For further information please [click here](#) 

Greenhouse Gas Emissions

Our medium term objective, set in 2005, has been to reduce carbon dioxide (CO₂) emissions per employee. Our overall impact on climate change has been reduced in 2008 despite the addition of our London office to the occupied property portfolio. This has been achieved through reductions in all forms of business travel, resulting from a reduced headcount and the introduction of our Greener Travel Policy, and changes to working patterns.

Key stakeholders

Our Environment (continued)

Bureau Veritas, our designated consultants, have advised us to change reporting methods for carbon dioxide in preparation for the UK Government's Carbon Reduction Commitment. In this report, 2008's electricity and gas conversion rates have been brought in line with DEFRA's revised natural gas and grid electricity rates. This has increased our conversion rates for carbon dioxide (around 9% for gas, and 25% for electricity).

In 2008, we introduced a car sharing business rate which pays 5p more per mile for people car sharing whilst on business. Our employees claimed 181,458 shared business miles during 2008 with over 17% of our employees using the scheme in its first six months.

Resources

2008 has seen two positive trends, namely; a small reduction in overall landfill and an overall reduction in waste generated (by over 1.5%).

Landfill per employee increased by 5% in 2008. This is a reflection of overall wastage not reducing in line with a reduced headcount at some offices. Our absolute office energy use increased in 2008 (by nearly 5%). Most of our occupied sites managed single figure reductions in energy consumption only for this to be offset by the addition of our new, fully occupied offices in London and Swindon (this has added to our footprint as the previous London offices were landlord controlled). Working patterns are changing and we are seeing staff spending more time in our offices and less time travelling on business.

Resources Used to Manage Our Client Contracts as at 31 December 2008

Performance Indicator	2008	2007	% Change
Number of live contracts (million)	7.414	6.365	16.5
Total direct CO ₂ (UK occupied properties and business travel) per contract	2.72*	2.61	4
Car based business mileage	10,701,348	11,984,634	-11
Energy per contract (kWh)	4.64	4.69	-1
Total waste per contract (grams)	219	259	-16
Copier paper per contract (sheets)	7.6	9.7	-22
Average number of pieces of paper a customer would see in a year	19	22	-14
% of paper recycled	40	39	+2.6

*In 2008, DEFRA's amended conversion rates (including the five year rolling average for the UK grid) have been used – see data sheet and footnotes for further details. (Using DEFRA's.)

“On environment, Legal & General Group is an industry leader in environmental certification and discloses quantitative targets to reduce its carbon dioxide emissions.”

Triodos Bank

We have seen increases in water use through the addition of One Coleman Street and our decision to install purified water facilities at two of our largest offices (filtered bottled water using self-sanitised reusable bottles as opposed to bottled mineral water) but positive trends with paper, both from within our offices and in what is sent out to our customers.

Looking forward

In 2009 our environmental policy will focus upon preparing for the UK's Carbon Reduction Commitment, reduction of total waste generation, in particular paper and landfill waste and engaging further with our staff to reduce the environmental impacts of our business.

Appendices

UK Datasheet

Impact Area	Performance Indicator	Unit	2008	2007	2006	2005	2004	2003
Carbon dioxide (CO₂)	CO ₂ (UK occupied properties) ¹	tonnes	16,306 ¹	12,136	10,359	10,324	10,390	10,697
	CO ₂ (UK occupied properties) ² per employee	tonnes	2.60	1.82	1.65	1.84	N/A ³	N/A
	CO ₂ (UK occupied properties) ⁴ per contract	kgs	2.20	1.91	1.65	N/A	N/A	N/A
	CO ₂ (Business travel) ⁵	tonnes	3,855	4,443	4,985	4,437	3,295	4,041
	CO ₂ (UK occupied properties) ⁶ and business travel)	tonnes	20,161	16,579	15,344	14,761	13,685	14,738
	CO ₂ per employee	tonnes	2.46	1.88	N/A	N/A	N/A	N/A
	CO ₂ per contract	kgs	2.72	2.61	2.44	N/A	N/A	N/A
	Travel	Car based business mileage	miles	10,701,348	11,984,634	15,737,218	12,457,000	9,113,000
	Car based business miles per contract	miles	1.44	1.88	2.5	N/A	N/A	N/A
	Average CO ₂ rating of fleet vehicles	g/km	158	163	167	172	174	180
Energy	Electricity (UK only)	MWh	27,842	26,189	23,789	21,992	22,228	22,823
	Gas (UK only) ⁷	MWh	6,574	6,628	4,722	4,566	4,381	4,647
	Total energy (UK only)	MWh	34,416	32,817	28,512	26,558	26,609	27,470
	Energy per employee (UK only) ⁸	MWh	5.33	4.91	4.77	N/A	N/A	N/A
	Energy per contract	kWh	4.64	4.69	4.53	N/A	N/A	N/A
Waste	Direct to landfill (UK only) ⁹	%	38.2	42.6	30	28	30	38
	Total waste (UK only)	tonnes	1,622	1,649	1,661	1,668	1,639	1,567
	Total waste per contract	grams	219	259	264	N/A	N/A	N/A
	Waste to landfill per employee (UK only)	kgs	76	72.3	78.8	100	N/A	N/A
Water	Metered	CuM	55,396	54,670	53,672	50,509	45,366	36,683
	Estimated total	CuM	68,726	62,039	77,010	79,190	75,734	66,049
	Estimated water per employee	CuM	10.96	9.29	12.26	N/A	N/A	N/A
Resources	Copier paper ¹⁰	kgs	283,499	285,123	340,835	315,860	338,013	335,308
	Copier paper per contract	sheets	7.6	9.70	10.83	10.38	N/A	N/A
	Copier paper per employee ¹¹	kgs	45	46	56	N/A	N/A	N/A
Biodiversity	No. of occupied sites with biodiversity action plan	No.	3	3	2	2	2	1
UK employees	Office based staff ¹²	No.	6273	6680	6281	N/A	N/A	N/A
UK contracts	Millions of contracts at year end	No.	7.414	6.365	6.294	N/A	N/A	N/A

Notes

¹ For 2008 calculations, the UK's grid rolling average conversion factor (DEFRA) has been used. This change increases CO₂ as calculated from electricity by ~25%. As of 2007, this figure includes data from 100% of our UK occupied properties. An adjustment to meters newly installed in London office has led to changes in data for 2007.

² Employee numbers taken from average security headcount where available (recorded 11am at main offices) and from workstation numbers at smaller offices.

³ N/A = Not available.

⁴ Live contracts are an indication of business on our books. In 2007, Legal & General had 6,364,633 live contracts and in 2006 6,294,051 live contracts.

⁵ Data is collected from rail, air and road transport.

⁶ Occupied properties and business travel encompasses Legal & General's direct carbon footprint and is used for subsequent resulting overall CO₂. Resulting CO₂ per employee is based on total UK staff, not office based staff due to inclusion of travel CO₂.

⁷ Only includes metered gas consumption.

⁸ Normalised energy data excludes St Monica's Training Centre and is based on headcount where available (see note 2).

⁹ Recycling figures expanded in 2006 to include all major offices and in 2007 to cover regional offices with improved data analysis from expanded ISO 14001 certification. Waste used for the Key Performance Indicators on this data sheet is 'business as usual waste'. It does not include the office closure waste handled by Green Standards in 2007.

¹⁰ Figures converted to kgs from reams in 2006.

¹¹ Taken from data and headcount at the five largest offices.

¹² Numbers taken from 11am headcount on security passes at main offices and workstations at other regional premises and used for normalisation.

Verification statement

CSR Report 2008

Background

The Legal & General Corporate Social Responsibility Report includes sections on customer policies, our employees, the environment, our suppliers, community initiatives and socially responsible investment. Where relevant, we have also included details of how Legal & General America, Legal & General Netherlands and Legal & General France address these areas as well as selected data on our other overseas operations.

Group Internal Audit has provided independent verification of the Report as noted below:

Objectives

The objective of this verification is to express an opinion on:

- The reliability of the processes used by Legal & General to identify, collect and report data and supplementary information included within the Corporate Social Responsibility Report
- The accuracy and completeness of data included in the Report.

Summary of Procedures Performed

In contrast to financial reporting standards, statutory reporting and verification standards do not exist for the review of social and environmental performance. Group Internal Audit has, therefore, applied a methodology consistent with best audit practice in undertaking this verification procedure.

Our Review Comprised:

- Interviews with senior management within Legal & General and a review of the processes in place to report qualitative data
- Review and sample testing of data including reference to supporting documentation where appropriate. Reliance was placed on the ISO 9001 and ISO 14001 certification of certain systems within Legal & General where appropriate
- Review of the final content of the Report to assess consistency with the overall findings of our work.

Opinion

On the basis of the work performed, we have reached the following opinion:

- Appropriate management systems have been put in place to capture and consolidate Corporate Social Responsibility performance information related to Legal & General's Groupwide activities; and
- Quantitative data is accurately stated within the Report and the rationale for using estimated figures is recorded where relevant.

John Adlam

Group Chief Internal Auditor
April 2009

Legal & General Group Plc

One Coleman Street
London EC2R 5AA

www.legalandgeneralgroup.com/csr



www.legalandgeneralgroup.com

Legal & General Group Plc
One Coleman Street, London EC2R 5AA
T 020 3124 2000, F 020 3124 2500

