

## Our Approach to CSR

### CSR at Legal & General

Our CSR Guiding Principles set out specific responsibilities in each of the areas of Corporate Social Responsibility at Legal & General. These have been in place for five years.

### CSR Committee and Sub-Committees

Its prominence in our corporate governance structure ensures CSR is represented at a senior level within Legal & General's decision-making processes.

Tim Breedon, Group Chief Executive, chairs Legal & General's CSR Committee, which meets four times a year. This Committee is responsible for developing the Company's CSR strategy, overseeing its implementation and monitoring how we're performing against our targets.

The Group Board reviews the minutes of the Committee, receives an annual presentation on the CSR programme and conducts an annual review of the Committee and programme, as well as considering specific aspects of CSR as appropriate throughout the year.

Employee interests are specifically represented on the CSR Committee, which includes a representative of Unite, our recognised trades union. The members of the CSR Committee during 2007 are listed in Fig 1.

Supporting the CSR Committee are four sub-committees, which focus on different areas of our CSR programme. They are:

- Group Environment Committee
- Group Health and Safety Committee
- Group Charity Committee
- Business Ethics Working Group

The corporate governance and communication flows between these committees can be seen in Fig 2.

### Reporting

The principal channels through which Legal & General's CSR performance is reported externally are:

- Legal & General's Annual Report and Accounts
- External Benchmarking Agencies, such as FTSE4Good, Dow Jones Sustainability Indexes and Business in the Community

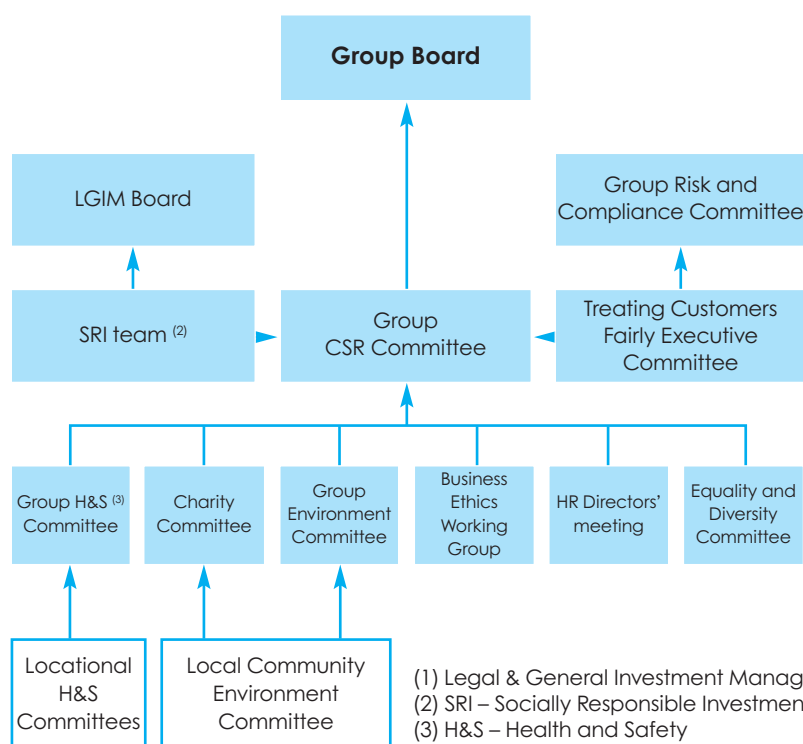
### Feedback

We are keen to engage with our stakeholders in our approach to CSR. Please contact Legal & General's Group Corporate Social Responsibility Manager, Graham Precey, if you have any questions or would like to discuss our approach. Email: [graham.precey@landg.com](mailto:graham.precey@landg.com)

**Fig 1. CSR Committee in 2007**

Name	Title	Specific area of responsibility
Tim Breedon	Group Chief Executive	Chair of Committee
Peter Chambers	Chief Executive Officer LGIM <sup>(1)</sup>	Corporate Governance, Ethical Funds, Legal & General Property, Legal & General Ventures
John Godfrey	Group Communications Director	Communication of CSR strategy to Legal & General stakeholders
Gareth Hoskin	Resources and International Director	Human Resource management, Environment, Overseas Operations
Elaine MacLean	Group HR Director	Human Resource management
Nick Manns	Unite National Officer	Representing the views of our employees
Graham Precey	Group CSR Manager	Co-ordination and reporting of CSR programme, Community Involvement

**Fig 2. CSR Governance Framework**



# Our Targets

## 2007 Target

## Results

### Objective Area

### Target

#### Socially Responsible Investment (SRI)

- Engage with at least 25 companies specifically on CSR issues

#### Achieved:

In 2007 Legal & General Investment Management engaged with 29 companies in line with their Environmental Social Governance policy (ESG). See SRI Section for example engagements

- Achieve ISO 14001 accreditation for three additional properties managed by Legal & General Property (LGP)

#### In progress:

Following Legal & General Property's decision to outsource its property management function in May to King Sturge International LLP. This is now a key objective for 2008

- Achieve ISO 14001 accreditation for purchasing in accordance with high risk FTSE4Good criteria (waste, water, pest control), in line with Group Corporate Procurement

#### In progress:

Following Legal & General Property's decision to outsource its property management function in May to King Sturge International LLP. This is now a key objective for 2008

- Maintain Environmental Management Systems across key properties, covering energy, water and waste to landfill

#### In progress:

Following Legal & General Property's decision to outsource its property management function in May to King Sturge International LLP. This is now a key objective for 2008

- Review recycling provisions at a mixed portfolio (retail, offices and industrial) of eight investment properties, liaise with occupiers to achieve a 5% reduction compared to 2005 in waste going to landfill

#### Achieved:

A 16% improvement in industrial cardboard salvaged and sent for recycling between June 2006 and June 2007

#### Customers

- Monitor trends in consumers' attitudes to CSR in order to ensure that Legal & General understands what customers expect of the companies they deal with, and how we're performing against these expectations

#### Achieved:

Results of the IPSOS MORI/GUSTO research with consumers and clients can be seen in the Customer Section of this Report

This will be done by:

- (a) participating in the syndicated IPSOS MORI CSR survey annually
- (b) undertaking Legal & General specific research every three years

#### Achieved:

Dashboard developed and used within Legal & General. In summer 2008, Legal & General will publish its Customer Experience Report in line with our membership of the ABI's Customer Impact Scheme

- Develop a series of customer satisfaction measures in the form of a 'Customer Dashboard', aimed at indicating how customers rate their experience of dealing with Legal & General

- Communicate Legal & General's CSR strategy and activities to customers

#### Achieved:

The CSR Report forms the key way we communicate with our customers on our CSR activities. In 2008 we will be looking at new ways to engage our customers on CSR in line with the MORI and Gusto research findings

# Our Targets continued

## 2007 Target

## Results

Objective Area	Target	Results
<b>Employee Relations</b>	<ul style="list-style-type: none"> <li>Increase employee satisfaction to 70%</li> </ul>	<p><b>Achieved:</b> Overall employee satisfaction increased to 75%. Overall, the results of the 2007 employee survey were very positive</p>
	<ul style="list-style-type: none"> <li>Increase awareness of equality and diversity issues, via training for managers (by means of both computer-based training and a module in the Institute of Leadership and Management course)</li> </ul>	<p><b>Achieved:</b> Details of our Equality and Diversity training roll-out appear in our Employee section of this Report</p>
	<ul style="list-style-type: none"> <li>Review terms and conditions of first-level management employees in consultation with Unite</li> </ul>	<p><b>Achieved:</b> Review completed and amendments implemented and agreed with Unite</p>
	<ul style="list-style-type: none"> <li>Agree with line managers the capabilities they require in order to manage their people effectively</li> </ul>	<p><b>Ongoing:</b> The roll-out of capabilities continues</p>
	<ul style="list-style-type: none"> <li>Reinforce commitment to partnership working during our ten year anniversary of Partnership with Unite by providing training for union representatives and setting up forums between the business, HR and Unite</li> </ul>	<p><b>Ongoing:</b> A training programme for Unite (formerly Amicus) reps has been developed. However, formal forums between the business, HR and Unite have not been set up. We will review this with Unite in 2008</p>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>Achieve full accreditation of our safety management system and extend its scope</li> </ul>	<p><b>Ongoing:</b> Health and Safety Management Systems have been implemented at our Kingswood site. External certification for OHSAS 18001 performed February 2008</p>
	<ul style="list-style-type: none"> <li>Review and implement our work related road risk policy</li> </ul>	<p><b>Ongoing:</b> Road risk policy and framework for implementation agreed in 2007. Driver training and assessment programme to be completed in 2008 (See 2008 targets)</p>
	<ul style="list-style-type: none"> <li>Implement an 'on-line' reporting system for 'near misses' and accidents</li> </ul>	<p><b>Achieved:</b> The revised reporting form for accidents, incidents and near misses is available to our staff via the Health and Safety Intranet site</p>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>Extend 2006 programme of engagement with key suppliers to manage social and ethical issues associated with our purchase of goods and services during the period 2007-9</li> </ul>	<p><b>Achieved:</b> Our formal programme of engagement, focused upon employee relations and legality to work. We engaged with a number of security companies in 2007 and met with suppliers of cleaning and catering services</p>
	<ul style="list-style-type: none"> <li>Promote Legal &amp; General's CSR standards to key suppliers to influence their social and ethical performance and support improvements throughout our supply chains</li> </ul>	<p><b>Achieved:</b> Our CSR standards were published on our website from February 2007. Our Purchasing Director promoted the standards to over 50 key suppliers in 2007 and invited engagement on CSR issues</p>
	<ul style="list-style-type: none"> <li>Consider extending Environmental Management System certification to ISO 14001: 2004 throughout Legal &amp; General's purchasing centres during the period 2007-9</li> </ul>	<p><b>On target:</b> We secured the accreditation to ISO 14001 standard for the activities of our General Insurance and IT Procurement centres. Over 80% of Legal &amp; General's environmental key suppliers are subject to ISO 14001 certification</p>

## 2007 Target

## Results

Objective Area	Target	
<b>Environment –</b> reduction of environmental impact associated with our purchase of goods and services	<ul style="list-style-type: none"> <li>(a) Ensure that compliance by key suppliers with the environmental requirements of the Group Purchasing Policy is maintained at 80% during the period 2005-7</li> </ul>	<b>Achieved:</b> 93% compliance by key suppliers was realised in 2007
	<ul style="list-style-type: none"> <li>(b) Review procurement specifications for the environmental impact for key bought in goods and services – 80% of key contracts to be reviewed in period 2005-7</li> </ul>	<b>Achieved:</b> Environmental specifications were developed for 18 high-risk commodities including our paper, furniture and desktop IT purchases
	<ul style="list-style-type: none"> <li>(c) Purchase paper with a recycled content of 40% (by tonnage) by end of 2009</li> </ul>	<b>On target:</b> Our purchase of recycled paper in 2007 constituted 39% of the total tonnage used
<b>Environment –</b> reduction of carbon dioxide emissions per employee over the medium term	<ul style="list-style-type: none"> <li>(a) Reduce our carbon dioxide emissions to 1.5 tonnes per Full-Time Equivalent (FTE) by end of 2008</li> </ul>	<b>Ongoing:</b> a) CO <sub>2</sub> from our occupied properties stands at 1.68 tonnes of CO <sub>2</sub> per employee
	<ul style="list-style-type: none"> <li>(b) Reduce the average carbon dioxide rating of the core Company car fleet from 175 to 160 grams/km during the period 2005-7</li> </ul>	<b>Did not achieve:</b> b) Since 2005 we have secured a consistent reduction in average rating of the core fleet from 175gms/km to 163gms/km
	<ul style="list-style-type: none"> <li>(c) Send less than 80kg of waste to landfill per FTE by end of 2007</li> </ul>	<b>Achieved:</b> c) 72.3kg of waste to landfill per FTE
<b>Community Involvement</b>	<ul style="list-style-type: none"> <li>Roll out employee volunteering policy to all main offices</li> </ul>	<b>Did not achieve:</b> The employee volunteering policy was piloted in Hove in 2007. This is still to be formally approved. Ad hoc volunteering continues to be the main effort supported in Legal & General rather than through formal volunteering programmes
	<ul style="list-style-type: none"> <li>Increase the percentage of employees receiving a grant from our sponsorship matching scheme to 7%</li> </ul>	<b>Achieved:</b> We are pleased that 7.5% of our employees took advantage of our sponsorship matching scheme in 2007

# Our Targets continued

## 2008 Objectives

Objective Area	Target
<b>SRI Corporate Governance</b>	<ul style="list-style-type: none"> <li>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)</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Engage with Legal &amp; 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</li> <li>Extend our ethical products' reach with our newest strategic partner, the Nationwide Building Society, to enable more consumers to access these investments</li> </ul>
<b>SRI – Property Management</b>	<ul style="list-style-type: none"> <li>Liaise with King Sturge International LLP to ensure key investment properties continue to improve using ISO 14001 as the benchmark</li> <li>Commit to a three year plan with King Sturge International LLP to achieve ISO 14001 across all the service charge properties</li> <li>Achieve ISO 14001 accreditation in Q1 08 for a further three investment properties, bringing us to a total of five properties</li> </ul>
<b>Suppliers and Environment</b>	<ul style="list-style-type: none"> <li>Extend 2006 programme of engagement with key suppliers to manage social and ethical issues associated with our purchase of goods and services during the period 2007-09</li> <li>Reduce the business mileage of 1.88 business miles driven per active policy and the average of 1,360 business miles driven per employee</li> <li>Ensure that compliance by key suppliers with the environmental requirements of the Group Purchasing Policy is maintained at 80% during the period 2008-10</li> <li>Purchase paper with a recycled content of 40% (by tonnage) by end of 2009</li> <li>Implement driver training and assessment programme</li> <li>Extend the certification of our Health and Safety Management System to one more occupied property</li> <li>Integrate and report on our commitments and progress as a founding member of the ABI's Climate Wise Programme. See our commitment at <a href="http://www.climatewise.org.uk">www.climatewise.org.uk</a></li> <li>Reduce our carbon dioxide emissions to 1.5 tonnes per Full-Time Equivalent (FTE) by end of 2008</li> </ul>
<b>Employees and Community</b>	<ul style="list-style-type: none"> <li>Redevelopment of the Institute of Leadership and Management qualification to give a broader-based qualification with greater external recognition</li> <li>Commit at least 100 working days in 2008 in each major location to community projects (Cardiff/Birmingham/Hove/London/Kingswood)</li> <li>Increase Give As You Earn employee participation to 15%</li> <li>Increase Matched Funding use by our employees to 10%</li> <li>Launch two Major Groupwide charitable giving initiatives in 2008</li> </ul>

# CSR Guiding Principles

Legal & General recognises its duty to behave responsibly in these business activities and towards those whom its actions affect. Five years ago we developed a set of policy commitments, known as Guiding Principles, to express how we view these responsibilities. They are reviewed annually to ensure they remain relevant.

Corporate Social Responsibility at Legal & General means:

## Socially Responsible Investment

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- Promoting responsible business practices in the companies in which we invest

## Our Customers

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- Providing good value, fit for purpose products which meet or exceed customers' reasonable expectations
- Communicating in a clear, appropriate and accessible way
- Delivering a positive experience throughout a customer's relationship with us

## Our People

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- Working in close partnership with our recognised trades union, Unite
- Providing a flexible, supportive, healthy and safe working environment
- Adopting policies and practices which encourage an appropriate work/life balance
- Applying open and fair processes for recruitment and promotions
- Promoting our Values: customer focus, teamwork, open and fair, and results driven

## Our Suppliers

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- Dealing with suppliers fairly and objectively at all times
- Promoting and encouraging responsible business practices by the suppliers of our goods and services

## Our Environment

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- Minimising any negative impact on the environment arising from our business activities

## Our Communities

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- Investing in charitable causes and social enterprises which are closely aligned to our business activities
- Supporting the community as a whole, but especially those communities in which our main offices are based
- Supporting and encouraging our employees in their charitable and community involvement

To find out how we carry out these commitments please refer to the relevant section in this Report.