

Our guiding principles

When our CSR Committee was first established in 2003, we documented our Guiding Principles in recognition of how we view our responsibilities. We have recently revised the wording of these Principles in order to better reflect and express our commitments to our stakeholders and the environment.

For more information on how we implement these Principles, please refer to the relevant section of the report.

Corporate Social Responsibility at Legal & General means:

Customer Experience

- 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

Employees

- Working in close partnership with our recognised trade union, Amicus
- 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

Community Involvement

- Investing in charitable causes and social enterprises that 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

Suppliers

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

Environment

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

Investment

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

Our achievements



Making A Difference Awards 2005



FTSE4Good Index Series

- Legal & General again retained its membership of both the FTSE4Good and Dow Jones Sustainability World indices, despite increasingly stringent criteria
- Sir David Prosser, Group Chief Executive until December 2005, chaired the CSR Committee from March 2005. His successor, Tim Breedon, has now taken over this role
- Legal & General became one of the first companies in the UK to receive the Payroll Giving Gold Award 2006, as a result of an increase in employee participation in our Give As You Earn scheme to over 10% of the company
- ‘Making a Difference’ (MAD) Awards were launched to recognise and reward employees who are ‘MAD’ about environmental issues
- Legal & General once again qualified for the Business in the Environment Index Premier League, comprised of companies which achieved an overall score of 95% or above in the Index
- Legal & General was named as Britain’s Most Admired Insurance Company by Management Today, for the seventh time in eight years
- Partnership Agreement with Amicus was further embedded with introduction of manager training and Partnership in Action groups
- Legal & General is currently participating in a DWP-initiated pilot project to encourage staff to make or increase their pension contributions
- Purchase of 100% virgin copier paper was replaced with a product manufactured from 100% post consumer waste, across the company

Our philosophy

We believe that ethical behaviour is central to the sustainability of our business. It is fundamental in earning and retaining the trust of our stakeholders, be they customers, staff, investors or the community at large, and it's an integral part of the way we do business.

Our customers lie at the heart of our strategy, and our priority is to provide them with good value products and quality service through a range of distribution channels. But it's also crucial that our customers are able to trust us to treat them fairly. We strive to earn and retain a reputation as an ethical company, and we therefore take our responsibilities towards our customers seriously by showing the highest standards of integrity in all our dealings with them.

This is dependent on the actions of every employee across the business. Therefore, we expect all employees to operate to the highest ethical standards in all aspects of their work and business relationships.

Fostering a Culture of Ethical Behaviour

As part of our commitment to ethical practice, and to fostering a culture of ethical behaviour amongst our employees, in 2004 we established the Business Ethics Working Group. This Group reports to the CSR Committee, and its role is to develop and maintain a Business Ethics Framework across the company.

The Business Ethics Framework covers the ethical standards expected of employees in their relationships with our stakeholders, to enable them to 'do the right thing' in their

business dealings. The Framework also provides a means of clarification and escalation of issues.

Our induction programme also includes a section on business ethics, which sets out the standards and conduct expected throughout the company.

Progress in 2005: Embedding an Ethical Culture

- Work began on embedding an ethical dimension into the recruitment process. This will ensure that the process of assessing potential employees is transparent and there is no discrimination, that recruits meet our ethical standards and that managers themselves behave ethically during the recruitment process.
- A series of communications and training initiatives are being designed to encourage employees to identify with, and commit to, ethical conduct and company values, so that the Framework is consistently applied. To this end, four key areas are being addressed: staff behaviours at work, behaviours of colleagues, the support of the organisation and staff awareness of company policies.

Work on both initiatives will continue in 2006. The aim of all our work in the area of ethical values is to ensure that our employees have a clearer understanding of acceptable and unacceptable conduct. We believe that the risk to our business and reputation is substantially reduced through the importance we place on ethical and responsible behaviour.

Integrity in Business

We have high expectations of our company and our people, and are committed to ensuring that our business is always conducted honestly and with integrity.

Our reputation and success are dependent on the behaviour of every individual right across our business. We expect everyone to adhere to the highest standards in all aspects of their work and business relationships.

The standards we apply to managing our business are set out in our business and employee policies. Business ethics is also part of our induction programme for all new employees, it sets out the ethical standards and conduct expected throughout the company.

In his ethical statement, Tim Breedon, Legal & General Group Chief Executive, outlines the vital importance of ethical behaviour at Legal & General.

Ethical principles underpin our corporate policies and standards on personal conduct in business. For example, conflicts of interests, prevention of financial crime and all aspects of governance and Corporate Social Responsibility. They are also enshrined within our 'Values'.

Our values highlight how we as individuals approach our working lives. They are part of what makes Legal & General unique. If we make sure we are living our values in everything we do, this will help us deliver a positive experience to our customers.

OUR VALUES ARE:

Customer Focus

Meeting the needs of all our customers.

Open and Fair

Being straightforward, and trustworthy.

Result Driven

Finding ways to deliver what matters to our customers.

Teamwork

Working across teams to achieve our goals.

Whistleblowing

Legal & General encourages an open and honest culture and will not tolerate acts of fraud or dishonesty. If you have any concerns of this nature please contact our company's Forensic Accounting Unit on 01737 375440. They will initially assess what action should be taken and co-ordinate subsequent activity ensuring that any investigation is independent, confidential and impartial.

How our team works

CSR Committee

Our CSR Committee meets formally four times a year and is responsible for developing the company's CSR principles and strategy, overseeing implementation and monitoring performance against objectives. It comprises individuals from a range of business functions and representatives of each of our key stakeholder groups.

Recognising the importance of Board involvement in the CSR programme, two members of the Group Board, Sir David Prosser and Tim Breedon, sat on the CSR Committee during the year. Sir David, Group Chief Executive until December 2005, chaired the Committee from March to December 2005, and his successor, Tim Breedon, has now taken over this role.

In addition the Group Board as a whole reviews the minutes of the CSR Committee, receives an annual presentation on the CSR programme and reviews the Committee, policy and programme annually.

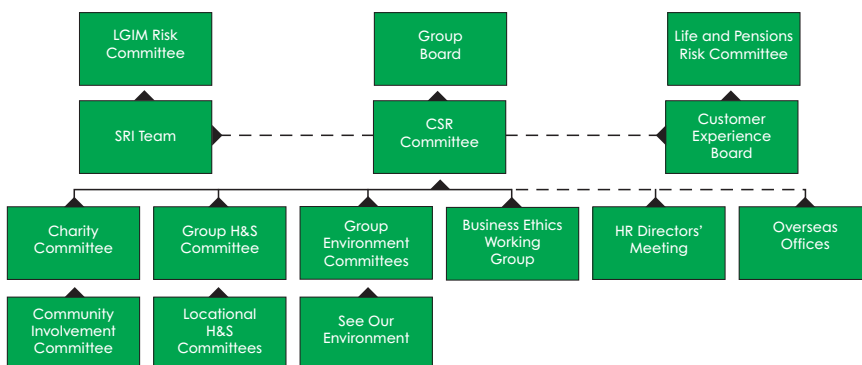
The members of the CSR Committee during 2005 are listed in the table below:

CSR Committee in 2005

Name	Title	Specific area of responsibility
Sir David Prosser (chair)	Group Chief Executive	N/A
Stuart Billing	Head of UK Facilities	Health & Safety, Environment
Jane Boswell	CSR Manager	Co-ordination and reporting of CSR programme
Tim Breedon	Group Director (Investments)*	Socially Responsible Investment
Caroline Fawcett	Customer Experience Director	Customer-focused issues and brand
Gareth Hoskin	Resources & International Director	Human Resource management, overseas operations
Nick Manns	Amicus Representative	Representing our employees
Neville Walton	Corporate Communications Director	Community Involvement

* Now Group Chief Executive.

Corporate Governance Framework



Corporate Governance Framework

The Group's overall Corporate Governance framework, which shows the positioning of the CSR Committee and each of its sub-committees, is as shown in the diagram below:

Management Framework & Risk Assessment

With reference to the Guiding Principles, the CSR Committee undertakes an annual review of social, environmental and ethical risks and opportunities in respect of our business and reputation. Responsibility for identifying specific risks and opportunities relating to different areas of CSR, and assessing their likelihood and impact, is delegated to the relevant Committee member, their management teams, or the appropriate sub-committee.

Objectives & Performance Measurement

Once identified, the ongoing management of these risks and opportunities is assigned to the appropriate CSR Committee member or sub-committee. Suitable objectives and targets are then set to ensure that the various issues and impact areas are properly managed and appropriately reported. We know it's important to set targets that are relevant, risk-based, measurable and directional, and we have sought to ensure that targets established for 2006 follow these criteria.

Objectives are divided into the following categories:

- Stakeholder – deepening our engagement with the key stakeholder groups
- Management – improving our CSR management processes
- Performance – improving our performance

Reporting

The principal channels through which CSR performance is reported externally are:

- Annual and Interim Report & Accounts
- Annual online CSR Report

CSR issues are also reported on an ongoing basis to our staff via global emails, the intranet, the Gazette (our staff magazine) and our new online communication tool, the eGazette.

Feedback

Feedback on Legal & General's CSR performance is obtained through stakeholder engagement and the results of external rating agency studies, which are reviewed and discussed by the CSR Committee.