

Our Communities

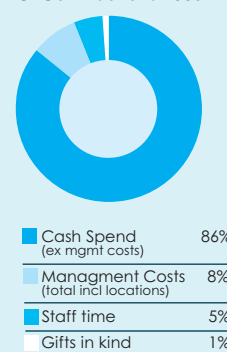
Community involvement is an integral part of our business activity and is regarded as a high priority. We have for many years sought to develop partnerships with community groups and organisations, both at national and, increasingly, at a local level around our regional offices.

Overview

Breakdown of Community Involvement contributions (2005 and 2004). See also pie chart (right)

	2005		2004	
	£000's	%	£000's	%
Cash support	2,279	86	1,848	83
Employee time	130	5	194	9
Gifts in kind	26	1	52	2
Management costs	215	8	197	6
Total CI contribution	2,650	100	2,291	100

CI Contributions 2005



Our Commitment to Communities

We aim to contribute no less than 0.5% of the prior year's UK operating profit (on a Modified Statutory Solvency basis) to support our Community Involvement (CI) programme.

We support three main groups:

- A small number of national charities (see page 14) – these are our Major Community Partnerships;
- Charities and community activities local to our main offices (see page 14);
- Employees in their charitable giving and involvement (see page 15).

We also operate a Young Excellence Scheme, through which we provide financial support to exceptionally talented young people (see page 16).

As shown by the table above, our contributions consist mainly of financial support for charities and community groups, but also include

employee time and gifts in kind. As in previous years, we have categorised our giving according to the format used by the Business in the Community PerCent Club.

We do not support:

- Animal charities;
- Charities based overseas or international projects;
- Religious organisations, except where it can be proven that the project to be undertaken will benefit the community as a whole;
- Political organisations.

* Apart from providing match-funding for employees who have raised money for such charities. See page 15.

Major Community Partnerships

This part of our CI programme involves developing partnerships with a small number of national charities. We aim to address a limited range

of social issues by focusing on areas that are complementary to our business, and, specifically, to support charities or community groups whose work is strongly aligned with our own activities. This approach not only ensures a positive impact on the charities we work with, but also adds value to Legal & General. During 2005, the central themes of our Major Community Partnership programme were:

- Crime prevention
- Serious illness prevention
- Caring for the disabled and elderly
- Improving numeracy, financial literacy and awareness
- Encouraging youth inclusion and helping young people achieve their potential
- Entrepreneurship.

We aim to ensure that relationships are non-dependent and that contributions make a real difference to the recipient body. We are also very concerned to ensure that our employees are involved in these relationships as far as possible.

Our community involvement policy, themes and guiding principles are reviewed regularly by the Charity Committee and approved by the Group Board on an annual basis.

If you wish to apply for funding under our Major Community Partnerships Scheme Please contact Margaret.Hall@group.landg.com

Progress in 2005: Major Community Partnerships

- **Increased focus on financial literacy.**
As a financial services company, it is important to us that our future citizens, and therefore our potential customers, are financially literate and able to make sensible and informed decisions about straightforward financial matters. For this reason we have increased our investment in charities, organisations and projects that promote various aspects of financial literacy, which is outlined in the table below.

- **Continued support for the Royal Opera House (ROH).**

We're now in our second year of support for the ROH Schools' Matinee Programme, an annual series of six matinee performances which give many schoolchildren their first experience of top-quality ballet and opera in a prestigious international theatre. The ROH supplies education packs and runs Study Days prior to performances, ensuring well-informed audiences. The 2004/5 Programme was over-subscribed for all performances, with 320 schools taking part. 35% of schools attending were new to the Programme, and considerable success was also achieved in fulfilling Legal & General's priorities, namely attracting schools from Education Action Zones, and schools local to Legal & General offices.

Local Community Partnerships

During 2005 we increased our support for communities that are local to our main offices, because we believe this is where we have the greatest scope for making a positive impact. We have a Community Involvement co-ordinator at each of our major offices (Birmingham, Cardiff, Hove, Kingswood and London), and they are responsible for identifying suitable funding opportunities and managing relationships with local community groups.

We apply the same guidelines and principles as for our Major Community Partnerships.

Progress in 2005: Local Community Partnerships

Current local community partnerships include:

Rockinghorse Appeal – Hove

A major appeal was launched in April 2005, with the aim of raising £25,000 for two new pieces of equipment to mark the opening of the Royal Alexandra Hospital's new building in the spring of 2007. As the hospital specialises in the treatment of asthma and bronchial problems, we intend to buy lung function testing equipment to help continue and extend this work, as well as a defibrillator. Over £15,000 has been raised so far, through a combination of Legal & General donation and fundraising by staff at Hove, so the targets looks set to be exceeded!

Table to demonstrate investment in Charities

Charity/Project	Description	2005 – What was Achieved
Age Concern	Funding for the production of a financial self-help guide, to be produced as a CD-ROM. Aims are to promote self-education by using a 'decision-tree' approach, and to help users become familiar with financial terminology and plan for retirement in an informed way.	N/A (to be launched during 2006).
Millennium Mathematics Project (MMP)	Support for an interactive video-conferencing and e-mentoring pilot project linking Cambridge University with three state schools in Cardiff. Aimed at increasing pupils' interest and confidence in maths, and increasing their awareness of applications of maths in other disciplines.	Pupil presentations so far have been of an excellent standard and indicate a high level of enthusiasm on the part of the pupils. In November 2005, the MMP won the Queen's Anniversary Prize for Higher and Further Education, the highest award for achievement to the further education sector.
UK Mathematics Trust	Funding for 'teacher meetings' for primary and secondary school maths teachers. Designed to and make lessons more interesting and relevant to pupils. Ultimate aim is to improve pupils' enjoyment of maths and their appreciation of its relevance to everyday life.	Last year, well over 1,000 maths teachers attended a meeting. Feedback has shown a high degree of satisfaction with the events, which have attracted delegates from a wide range of schools across the country and the academic spectrum.



Image © Ian Macaulay

Jane Boswell (right) and Margaret Hall, London, celebrate Legal & General's payroll giving award

"I'm delighted that Legal & General has been recognised for its commitment to payroll giving, and receiving the Payroll Giving Gold Award is a fitting tribute to the generosity of so many of our staff. The increase in take-up of the scheme has been tremendous, and all donors deserve to feel very proud of the contribution they have made".

Jane Boswell, London

"Last year I helped organise a sponsored scuba dive in aid of the charity 'Mencap', which a number of Legal & General employees took part in. The event was a resounding success, largely due to the support given by L&G and the sponsorship matching scheme offered by the company. The event raised over £6,000, half of which was matched by L&G for a very worthwhile charity".

Sydney Nwese, Cardiff

BRMB – Birmingham

Over the last few years Legal & General has sponsored several events to help BRMB in its fundraising activities for local children. Events during 2005 included the premiere of the film 'Robots', the warm-up session for the annual Walkathon, a tropical fun weekend at the Sea Life Centre, a Pantomime at the Hippodrome and the Christmas toy collection. Our support has helped BRMB to raise thousands of pounds for a wide range of local children's charities.

Involving and Supporting Employees

We are proud of the number of our employees who commit personal time and money to charities or community groups, and we operate a number of schemes aimed at supporting, encouraging and acknowledging them (see below). We are also committed to keeping our employees informed about what our CI programme is achieving, via emails, intranet, staff magazine and our Community Involvement Report.

Give as you Earn (GAYE)

This scheme assists our employees in their financial donations to charity, with Legal & General matching employees' contributions to their chosen charities, up to a maximum of £20 per month. During the final quarter of 2005 a campaign was held with a view to enhancing employees' awareness of the scheme and increasing the number of donors. As a result, employee participation in GAYE has risen to above the 10% level. This made Legal & General one of the first companies in the UK to receive the Payroll Giving Gold Award 2006, as part of a new Awards scheme, funded by the Government and aimed at recognising companies' commitment to payroll giving.

Number of Legal & General Give As You Earn Donors (2005 and 2004)

	Donors at 31 December 2005	Donors at 31 December 2004 ¹
Employees	877	651
Pensioners	46	40
Total	923	691

Legal & General Give As You Earn contribution (2005 and 2004)

	2005 (£000's)	2004 (£000's)
Legal & General matching	128	119
Legal & General payment of administrative charges	18	17
Total Legal & General Give As You Earn contribution²	146	136

1. Legal & General began contributing to the payroll giving scheme in April 2002.
2. This figure is included in Legal & General's total Community contribution.

The sum donated by employees to charities via the GAYE scheme in 2005 was £441,806 (including Legal & General's matching donations).

School Governors' Scheme

In order to support staff who devote time to serve as school governors, we donate £500 per annum to every school which has a Legal & General employee as a governor. 60 schools currently receive support in this way. A further £250 per annum is provided to schools with specific programmes to develop maths teaching or financial literacy.

Sponsorship Matching

Legal & General matches the first £750 per annum raised per employee for a charity or community group. 2005 saw an unprecedented increase in the number of employees applying for this grant, with over 450 matches during the year.

Pro Bono Support

During 2005, approximately £6,000 was contributed to current or retired Legal & General employees who, through no fault of their own, have fallen into financial difficulty.

What our Staff told us...

Last year we made a commitment to seek feedback from our employees on our CI programme, in order to take their views into account in planning our future activities. The main conclusions we drew from a staff survey of employee opinions on CI, and our responses, were:

- Employees think that support for local communities and employees' charitable involvement are the most important aspects of our CI programme. For 2006, we have directed more of our budget towards these areas.
- The best ways of supporting employees are sponsorship matching and GAYE. This was reflected in the significant increase in staff participating in both of these schemes during 2005. A GAYE promotion was undertaken in the last quarter of 2005 which further increased take-up.
- A number of staff expressed a wish to know more about our CI programme, and to have the opportunity to be more involved. To complement the Gazette, our staff magazine, an online version, the eGazette, was launched in 2005. This has already enabled us to increase our reporting of CI activities and this will continue in 2006. In 2005, we also produced our first Community Involvement Report, giving details of our Major Community



Giles Long, one of our ex-Young Excellence Scheme members, was awarded an MBE for services to Paralympic sport.

Partnerships and support offered to employees. This was promoted to staff and is available on our CI intranet.

OTHER COMMUNITY INITIATIVES AND DEVELOPMENTS

Young Excellence Scheme (YES)

We provide support to a number of young people who demonstrate exceptional talent in a particular field, be it sporting, musical or creative, in order that they may fully pursue their ambitions.

We now have 17 YES members, practising music, drama and a wide variety of sporting disciplines including archery, artistic roller-skating, badminton and swimming. A number of these young sportsmen and women are working towards qualification for the 2012 Olympics, and their achievements are truly inspiring. A particularly outstanding piece of news we received at the start of 2006 was that one of our ex-YES members, Giles Long, had been awarded an MBE for services to Paralympic sport.

We normally support a young person for up to three years, but we occasionally extend this period according to the circumstances. The following criteria apply:

- Applicants must be aged between 14 and 27;
- Applications from individuals playing team sports will only be considered if the individual is under the age of 18;
- Applicants must have already reached a very good standard in their chosen field;

- Applicants must not be in receipt of support from other financial services organisations;
- Applicants must have a genuine financial need relating to their field of expertise.

Individuals wishing to apply to the Scheme are invited to write to Margaret Hall: margaret.hall@group.landg.com

Common Investment Fund

The Charities Aid Foundation (CAF) UK Equitrack Fund was launched in February 2005. The fund is a joint venture with CAF, a not-for-profit service provider for charities. It is available only to voluntary sector organisations and carries the benefit of Stamp Duty exemption, and we are also offering participating charities a reduced annual management charge. It therefore enables us to provide charities with advantageous access to our investment expertise.

Emergency Relief

In January 2005, £115,806 was raised by Legal & General employees for the victims of the Indian Ocean tsunami. Later in the year, a fundraising day was held in London in aid of the London Bombings Relief Fund, raising £1,456. Additionally, a number of staff members raised funds for the Asia Earthquake Appeal. Each of these fundraising efforts were matched in full by Legal & General.

Given the number and scale of catastrophic events that took place during 2005, and the concern expressed by many of our staff to raise funds for the victims, it became apparent that guidelines were needed for making decisions about which appeals we should support. We have now developed these guidelines, with reference to the criteria used by the Disasters Emergency Committee, and they will be used as a basis for decisions regarding support for appeals in the future.

OVERSEAS OPERATIONS

Legal & General America

Legal & General America takes an active role in supporting the community in which we live and do business. These goals are accomplished through two avenues – Company Sponsored Activities and Corporate Charitable Donations (including employee matching gifts).

Community Awards – New Development
It's a high priority for us to recognise and reward staff members who devote time to helping their community or a favourite charity. In an exciting new development, this year we will be combining our Community Awards with our environmental 'Making a Difference' (MAD) Awards that were launched in 2005 (see 'Our Environment'). Instead of an annual two-week process, nominations can be received for a MAD Award at any time during the year, and a combined awards ceremony will be held at the end of the year to celebrate the achievements of our staff.



10% OF STAFF DONATE TO CHARITY VIA GIVE AS YOU EARN



In 2005, Legal & General supported the Royal National Institute for the Blind (RNIB) Vacation Schemes.

Company Sponsored Activities

Three activities marked 2005 with record-breaking corporate and individual donations. In September, Legal & General America and its employees contributed over \$32,000 to provide food and supplies to victims of Hurricane Katrina, which decimated the city of New Orleans, and many staff members sent food and supplies to the victims.

In November, our annual Charitable Giving Campaign produced record-breaking results of \$275,000, representing \$764 per capita. Please see the chart below.

In December, Legal & General America's employees 'adopted' 25 families and provided each family with possibly the only gifts they would receive during the holiday season. The majority of these families were victims of domestic violence where the mother and/or children had fled to shelters.

Our employees exceeded the wishes of these families by purchasing for them clothing, retail gift cards, toys and groceries. The Director of the Montgomery County Victims Unit told our staff that this was not only the best Christmas that many of these people would have, but, possibly the only Christmas gifts they have ever received.

In total, Company Sponsored Activities accounted for over \$307,000, or \$855 per capita.

Corporate Charitable Donations

Legal & General America focuses its community involvement on the

areas of health, education, the Arts, the disadvantaged, community and the environment. We are proud of our involvement with the Special Olympics, the Make a Wish Foundation, the Cystic Fibrosis Foundation, and many other deserving causes.

Legal & General America also matches employee contributions to approved charities up to an annual limit per employee. However, in 2005, the restriction was lifted and all donations to Asian Tsunami relief organizations were matched regardless of any other donations made by employees throughout the year. In total, Corporate Charitable Donations added \$32,000 to the Company's and its employees' overall charitable contribution.

Legal & General Netherlands (LGN)

As in previous years, LGN supported a range of charitable organisations and initiatives in its local city of Hilversum.

Looking forward to 2006

Our key areas of focus for the year are:

- Considering further opportunities for promoting financial literacy
- Continuing to support and promote Give As You Earn and our other employee support schemes
- Finding new ways to communicate with, and engage, our staff in our CI programme

Please see page 28 for the specific objectives we have adopted in these areas.

For further information on some of the charities we currently support, please visit their websites:

Age Concern

www.ageconcern.org.uk

British Heart Foundation

www.bhf.org.uk

Business Dynamics

www.businessdynamics.org.uk

Help the Aged

www.helptheaged.org.uk

Princess Royal Trust for Carers

www.carers.org

Prince's Trust

www.princes-trust.org.uk

Royal Opera House

www.royaloperahouse.org

Woodland Trust

www.woodland-trust.org.uk

Charitable Giving Campaign	2005	2004
Number of Employees	360	325
Number of Contributors	185	162
Employee Contributions	\$137,644	\$106,399
Company Matching Contributions	\$137,644	\$106,399
Total Campaign	\$275,289	\$212,798
Average Amount Raised per Participant	\$1,488	\$1,314
Average Amount Raised per Capita	\$765	\$655