Overview

Legal & General has a responsibility to manage both the direct and indirect environmental impacts arising from its operations. Environmental Management Systems are implemented wherever possible to manage our direct impacts and our Group Environment Policy covers 100% of our UK employees.

Environmental Performance

As a company, Legal & General is committed to reduce its environmental impact to the communities and environment in which it trades. To manage our 6.4 million live customer policies requires us to use paper, energy, and transport to maintain it on behalf of our customers. For those of our customers who have invested in our property fund, we also have a responsibility as property manager to manage those properties in a positive environmental manner.

This year, we have focused our environmental reporting on the impact that each of our live customer policies has on the environment and the work that we are doing to reduce energy to manage it.

“We are committed to reduce the environmental impact of the 6.4 million customer contracts we manage.”

Gareth Hoskin, Resources and International Director
Our direct impacts can be broadly divided into:
- Emissions to air (greenhouse gases and ozone depleting substances)
- Emissions to land (waste)
- Resource use (water, gas, electricity and material consumption)

**Progress in 2007 Occupied Properties**

**Greenhouse Gases**
- Our medium term objective has been to reduce carbon dioxide (CO2) emissions per employee, and we’ve set two targets aimed at meeting this objective (see ‘Update on Objectives and Targets 2007’)
- Overall carbon emissions increased in 2007 to 11,267 tonnes equating to 1.68 tonnes per person. With comparison to numbers of live customer contracts (see Datasheet page 33), this is indicative of additional business and can also be attributed to the dual running of our offices both in London and Hove in 2007
- The average CO2 rating of the Company car fleet was reduced in 2007 from 167 to 163 grams/km. We are disappointed that this target has not been achieved and are rethinking the strategy to reduce this impact in 2008 (see ‘Looking Forward to 2008’ section)
- Overall CO2 from business travel was down in 2007. This is directly from a reduction in car based business mileage of nearly 25%
- We have seen some negative trends in transport in 2007. The number of duel fuel and hybrid vehicles in our fleet has dropped significantly (see Datasheet page 33). Rail use is down around 20% and although short haul flights have reduced a fraction, long haul flying has increased by nearly 60%. The change in the type of fleet car is related to the emergence of good value, low emission petrol and diesel cars in 2006 and 2007. The overseas travel is inevitable with the Company’s growth in the Asian marketplace.

**Waste**
- We aim to use resources efficiently and minimise waste. We’ve also set two targets to help us meet this objective (see ‘Update on Objectives and Targets 2007’)
- In 2007, steps were taken to improve an already strong recycling position with a focus on reducing waste to landfill and total waste generation
- Overall landfill waste increased again in 2007 due to the spring clean effect of our office closures. Total waste generation has decreased again, however, and normalised figures are strong with only 72 kgs of waste sent to landfill per employee, based on building occupation figures and a reduction in waste per live contract (see Datasheet page 33).

**Resource Use**
- Major improvements have taken place in the reporting and analysis of Key Performance Indicators (KPIs) in 2007. This is most evident in the reporting of energy statistics at Legal & General occupied properties
- Many sites reported reductions in both energy use and water use in 2007, only to see these improvements offset by the opening of the new offices and dual running

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**Resources Used to Manage our Client Contracts as at 31 December 2007**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>2007</th>
<th>2006</th>
<th>Percentage Change 07 vs 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of live customer contracts</td>
<td>6,364,633</td>
<td>6,294,051</td>
<td>1.12%</td>
</tr>
<tr>
<td>CO2 kgs (UK occupied properties and business travel) per contract</td>
<td>2.46</td>
<td>2.44</td>
<td>0.82%</td>
</tr>
<tr>
<td>Car based business miles per contract</td>
<td>1.88</td>
<td>2.5</td>
<td>-24.80%</td>
</tr>
<tr>
<td>Energy per contract (kwh)</td>
<td>4.69</td>
<td>4.53</td>
<td>3.53%</td>
</tr>
<tr>
<td>Total waste per contract (grams)</td>
<td>259</td>
<td>264</td>
<td>-1.89%</td>
</tr>
<tr>
<td>Copier paper per contract (sheets)</td>
<td>9.7</td>
<td>10.83</td>
<td>-10.43%</td>
</tr>
</tbody>
</table>

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One Coleman Street

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Our Datasheet on page 33 demonstrates reductions in many areas of normalised resources, such as water and paper use. Our energy use is of concern, however, we believe with the closure of certain offices in 2007, the trend should return to a reduction again.

**Stakeholder Engagement**
We undertake regular consultation with employees, customers, investors and communities.

In 2007, we engaged a number of environmental initiatives. We are a signatory to the Carbon Disclosure Project, a member of the London Energy Forum and a founding member of the London Climate Change Agency. In 2007, Legal & General was listed for the first time in the Carbon Disclosure Leadership Index (CDLI). We are focusing our efforts on reducing our contribution to climate change and hope to maintain this position and reduce our impacts in years to come.
Management Structure
The Group Environment Committee, chaired by the Resources and International Director, remains responsible for setting the Environment Policy and strategy, and continues to report into the Group CSR Committee.

Environmental Management Systems
Legal & General was the first financial services company to obtain ISO 14001 and now operates three environmental management systems, all of which are certified to ISO 14001 standard. Certification ensures that our environmental risks are managed and our performance and legal compliance are maintained. In 2007, the following business functions were certified to ISO 14001:
- Provision of Facilities Management (all major UK occupied sites)
- Corporate Procurement
- Property Management Services (currently covering three directly managed properties)

Legal Compliance
Legal & General maintains internal processes for monitoring compliance with UK environmental law. In 2007, we were not subject to prosecution for non-compliance with environmental legislation.

2007 Highlights
Moving Offices
In 2006, we saw the opening of Legal & General’s new offices in Hove. In 2007, we saw the final movement of our staff in Hove to the City Park location.

We were delighted that our new One Coleman Street, London office was awarded the 2007 Concrete Centre Award for Sustainability. We also obtained a ‘Very Good’ rating according to the BRE’s (Building Research Establishment) BREEAM scheme (Building Research Establishment Environmental Assessment Method).

Managing Waste
Legal & General commissioned the company, Green Standards, to undertake the removal and management of the redundant furniture from our old Hove and London buildings.

Almost 300 tonnes of furniture was removed, of which, 26% was redistributed to schools and charities and 74% was fully recycled.

The ‘Waste to Wonder’ process ensures that end of life assets are reused wherever possible to support charities and schools within the UK and overseas in developing countries, where there is little or no access to educational facilities. Items that cannot be reused for any reason are put through a stringent recycling process that ensures that as close to 0% as possible ends up in landfill.

Schools and charities within the UK that have benefited from the Green Standards project at Legal & General include:
- Born Free Foundation
- Swindon Advocacy Movement
- Lansdowne Hall Trust
- Pewsey Vale School
- Headway Brain Injury Association
- Wyvern College
- British Trust for Conservation Volunteers
- Shelter
- Normalea Centre Exeter
- Barking and Dagenham Diabetes Group
- Farms for City Children
- Plymouth Guild
- Grange Junior School Swindon

We are proud of how these moves have been managed and how it demonstrates our building policy commitments.

In 2007, the facilities team at City Park extended their Facilities Management ISO 14001 certificate to the newly opened second building for operating systems compliant to the environmental management standard. We have also implemented a Biodiversity Plan at the site giving us three such plans over our five head office locations.

The Paper Story
Legal & General purchases about 2,500 tonnes of paper each year and almost half is coated paper used for marketing literature. In 2005, although we had already changed our purchases of copier paper (350 tonnes pa) to a 100% post-consumer waste recycled product, the approved marketing paper still comprised 100% virgin pulp. An initiative to identify, trial and approve an acceptable paper with a high recycled content commenced in 2005 and successfully concluded the following year.

The change to Forestry Stewardship Certified (FSC)-specified 55% recycled paper was effective from June 2006 and you may have noticed that we now include the following comment on our marketing literature:

‘At least 55% of this paper is made from recycled materials.’

In 2006, our Group Annual Report and Accounts and our CSR Report were printed on this recycled paper. The Reports for 2007 will also use this paper.

The potential to increase the recycled proportion of our letterheaded paper, currently up to 15%, is limited by the availability of suitable papers. We plan to conduct trials of letterheaded papers with a higher recycled content and also investigate alternative papers for our envelopes. We will actively work with suppliers to promote market.
developments to create paper that is both commercially and environmentally acceptable. As a result of our 55% recycled paper, Legal & General has saved 33,500 trees from being felled in the past three years. This represents just under 15 hectares of woodland.

**Health and Safety Overview**

Gareth Hoskin, Resources and International Director, is responsible for implementation of our Group Health and Safety Policy. Legal & General is committed to providing a safe and healthy working environment and is actively encouraging participation from staff to raise awareness from our managers and local Health and Safety Committees.

**Progress in 2007**

The facilities team at our largest location in Kingswood has developed its occupational Health and Safety management system during 2007. The health and safety target to achieve BSI OHSAS 18001 certification was not achieved by the end of 2007 but is on track for external audit in February 2008. A new target has been set moving forward to expand this certification to another head office location in 2008. We have developed two additional computer-based training courses to complement our existing training portfolio. Our manual handling training has a strong emphasis on general back care at work and at home to recognise the importance of our employees’ wellbeing.

As in 2006, our main locations ran a series of health and safety events during the year to promote awareness. Themes were chosen and developed by the local Health and Safety committees covering a wide range of issues including; osteopath posture advice, fitness, Drink Aware, cycle maintenance, self defence, stress, life balance, health and nutrition. In 2008, our locations are planning similar awareness campaigns to cover depression and slips, trips and falls.

In 2006, we began installing defibrillators at all our head office and larger regional premises. The majority of our first-aiders are now trained in their use and procedures for use of these devices are tested annually. In 2007, we launched our new accident reporting form, which is now available to staff via the intranet. This new design is easier to use and has been developed through feedback from our first-aiders.

Driving and occupational road risk is a serious issue that affects our business. In 2006, we worked in conjunction with the Royal Society for the Prevention of Accidents (ROSPA) to review our driving procedures and risks, and in 2007, our Road Risk Policy was agreed and a framework for implementation put in place. We have set a target in 2008 to implement the driver training and assessment programme against this policy.

**Looking Forward to 2008**

Our key areas of focus for the year are:

- To extend the scope of our certified occupation health and safety management system to another head office location
- Implement our driver training and assessment programme
- Further implementation of our waste strategy across the UK to reduce the indirect impacts associated with transport and disposal of waste
- Reduction of total waste generation, in particular paper
- Focus on our target of 1.5 tonnes of CO2 per employee for its achievement at the end of 2008
- Review our carbon management strategy and opportunities with the Carbon Trust
- Reduction in business travel impacts
- Expanding ISO 14001 Environmental Management Systems certification to our new London office and to other business areas.

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**UK Health and Safety Statistics as at 31 December 2007**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reportable Accidents</td>
<td>11</td>
<td>11</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Employees</td>
<td>8,827</td>
<td>8,870</td>
<td>8,568</td>
<td>8,163</td>
</tr>
<tr>
<td>Incident Rate **</td>
<td>125</td>
<td>124</td>
<td>175</td>
<td>147</td>
</tr>
<tr>
<td>Fatal Accidents</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Prosecutions</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Dangerous Occurrences</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Reportable Diseases</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Prohibition Notices</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Other Enforcement Notices</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

* as defined by Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR)

** reportable injuries per 100,000 employees