

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.