

Corporate responsibility

In 2004/05 the Group strengthened the foundation on which our Corporate Responsibility programme is based and launched a number of significant initiatives. It was also a year in which we achieved external recognition for our Corporate Responsibility programme from FTSE4Good, O2 ability awards, Guinness Living Dublin Awards and Ireland's Chamber of Commerce.

Our management of Corporate Responsibility

Since formalising our approach to Corporate Responsibility in 2003/04, significant attention has been invested in the governance and management of the programme. In addition to a full-time CR manager, we have a Corporate Responsibility Committee chaired by a member of the Group Executive Committee and representative of each of our Group Divisions. The Corporate Responsibility Committee, which meets monthly, is responsible for agreeing policy and initiatives and setting the overall direction of the programme. Progress on the programme is reported twice yearly to the Court of Directors through the Nomination and Governance Committee.

During 2004/05, we launched a number of initiatives, details of which are presented below under the four categories of Marketplace, Workplace, Community and Environment.

Playing our part in the Marketplace

Corporate responsibility starts with our business. For Bank of Ireland, that means operating with the highest standards of integrity in the marketplace. The following measures were taken in 2004/05.

- We published an Ethical Statement *Our approach to doing business* in November 2004, which sets out how we factor social, ethical and environmental considerations into our business decision-making. To deal with ethical issues as they arise, we established a process that allows for cases to be referred for decision to our Corporate Responsibility Committee. Since publication of the policy, several such cases have been referred to the Committee for decision.
- Recent years have seen growing concern about the issue of affordable housing in Ireland. In November 2004, Bank of Ireland announced a new mortgage offering, *Breakthrough*, for the affordable housing market. The Bank is the first financial institution to enter this market in Ireland and we expect that it will help make home ownership a reality for many who previously had not thought it possible. The offering was developed in consultation with the Department of the Environment, Heritage and Local Government and was welcomed as a valuable complement to existing Government Schemes.

“Improving access to affordable housing is a very important objective of Government policy and the positive engagement from the financial sector is a further example of how working together in partnership can bring benefits to everyone in society.”

An Taoiseach, Bertie Ahern, TD

- In our UK Division, a Basic Bank Account (BBA) has been developed, enabling qualifying customers to enjoy fee-free banking. This is an important stepping-stone to financial inclusion and the UK based Banking Codes Standards Board, in their report of October 2004, stated that Bank of Ireland is the best performing bank overall in terms of readiness to offer a BBA.
- During 2004, our UK Division worked with the Arab Banking Corporation to develop a suitable range of home finance products tailored for our Muslim customers. This was the first time that a UK high street lender has worked directly with an Arab bank to offer such products and is consistent with our continued focus on diversity and social inclusion in the UK market. The first of these products, a property investment facility *Amaar Property Finance*, was launched to the market in December 2004.

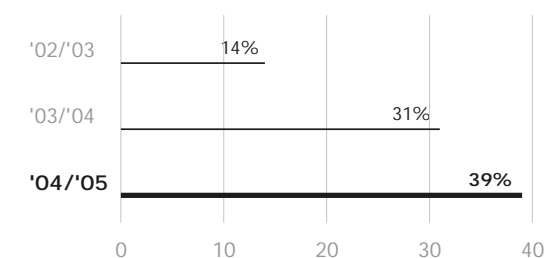
“Bank of Ireland has recognised how a diverse workforce can help meet changing consumer demands. Offering people with disabilities tangible opportunities linked to a business strategy will enable both Corporate Social Inclusion and a competitive edge.”

Terry Fahy, Project Director, Access Ability

Playing our part in the Workplace

For employees, corporate responsibility is about creating a safe and supportive working environment in which our people feel proud, committed and engaged.

- Through our annual employee engagement survey we measure how connected employees are to their work and their business objectives. Our third successive survey was conducted in December 2004 and it achieved a high response rate of 80%. Results show a significant improvement on previous years. The graph below indicates the level of improvement in the number of work teams which feature in the 'best practice' area. Our overall engagement score places the Group ahead of 64% of its peers in the external industry benchmark database.



% of 'Best Practice' teams in Group

Source: Group Employee Engagement Survey

- The EU directive on Information and Consultation comes into effect in 2005. The directive formalises arrangements between employers and their employees with regard to information sharing and consultation. As a large employer, the Group has given considerable attention to its provisions although the final legislation is yet to be enacted in Ireland. In our UK Division, the Partners' Council arrangements are considered to be robust and satisfy the requirements of the UK legislation. Our process in Ireland will be finalised in line with the Irish Legislation introduced later this year.
- We launched an initiative during 2004/05 to support the recruitment of people with a disability across the Group. *'Bank of Ireland - I Can'* is about facilitating people with a disability in gaining employment. We have partnered with an external disability management company, who carry out role evaluations and disability awareness training. We have developed a practical booklet to assist and develop the interviewing skills of line managers in interviewing candidates with a disability. The programme has received external recognition through the O2 Ability awards where the Group won awards under the categories of Recruitment & Selection, Career Development, Training & Retention and Leadership.
- Over the years, Bank of Ireland employees have participated at many different levels in the charitable sector. We believe it is a practical way in which a business can contribute to the creation of a sustainable, successful voluntary sector through the provision of our experience, expertise and business acumen. The Group is keen to continue this tradition and has recently partnered with Boardmatch Ireland, who's aim is to enhance the effectiveness of charitable board governance and executive leadership in matching board trained professionals to not-for-profit organisations. We look forward to actively engaging with Boardmatch Ireland during the course of 2005/06.

Playing our part in the Community

The Group has a long history of involvement at community level. We continued this tradition during 2004/05;

- 2004/05 marks the half way stage in the Bank of Ireland Millennium Scholars Trust, which was established in 2000. The trust created a fund of €12.7m to support students acquiring a third-level education where their circumstances would not otherwise allow. At this half-way stage, the Trust has already committed over €5m to very deserving candidates. Almost 300 scholarships have been awarded including 43 to students with a disability. A significant feature of the scheme is that the scholars receive mentoring and support from Group employees throughout the course of their college studies. To date, over 200 employees have provided mentoring support to the scholars.

Scholarships by Category	
Category	
Third-level Entry	149
Mature Students	44
Current Third-level	49
Creative / Performing Arts	50
Postgraduate (Year 2000)	6
Total	298

- Following our involvement with the Special Olympics World Games in 2003, we continued to support the Special Olympics movement in Ireland during 2004/05, establishing the Special Olympics Network. This aims to double participation levels in Special Olympics training by 2006. The idea of the Network follows on from the Host Town Programme, successfully implemented by Bank of Ireland for the World Games. At present, 56 Special Olympics Networks have been registered in communities across Ireland and almost every local Network has at least one Bank of Ireland staff member on the organising committee. As part of the sponsorship, Bank of Ireland has seconded five employees to work with Special Olympics Ireland. Their role is to develop Special Olympics activities in a particular region of Ireland so that the focus is firmly on introducing and developing Special Olympics activities in the community and local areas.

- Over 1,000 employees are based in Cabinteely in Dublin across two business units - Retail Operations and IT Solutions. For many years, they have together pursued an active community involvement programme. This year they were awarded overall winner of the Chambers of Commerce of Ireland President's Award for Best CSR Community Project. This award was in recognition of their Employee Supported Volunteering, Junior Schools Programme, Schools Business Partnership and Challenge Days, which they operate in partnership with Business in the Community (BITC). They also recently won the main award in the Business in the Community category at the Guinness Living Dublin Awards.

“...recognising and highlighting the effort and contribution made by companies in Ireland for the betterment of our communities, regions and Irish society as a whole.”

Mark Staunton, President,
Chambers of Commerce of Ireland

- Our employees have always responded enthusiastically to the 'call to arms' to support good causes and this was never more evident than at the time of the Special Olympic World Games in 2003. Employee volunteering remains a core feature of the Group's community involvement and creates a legacy that is about more than just money. It would be impossible to list all of the projects individually, however some of the successes of 2004/05, which would not have been so without the support of our volunteers, include; Our annual sponsorship and fundraising of the Irish Cancer Society's Daffodil Day, Special Olympics Network, Tsunami Disaster fundraising and the many projects led by our business-units in local communities such as those implemented in Cabinteely in Ireland and Temple Quay in UK.

“Bank of Ireland has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4GoodIndex Series. Companies in the FTSE4Good Index Series are doing more to manage their social, ethical and environmental impacts, and are better positioned to capitalize on the benefits of responsible business practice.”

FTSE Group



Playing our part for the Environment

The Group affects the environment on two levels – firstly through our business, primarily our lending activity and secondly through the consumption of resources as a result of our physical presence. As a guiding principle, we seek to minimise the impact of our operations on the environment. Dealing with each of these aspects in turn;

- In 2003 we established a specialist environment and renewable energy fund for lending to companies and projects in the renewable energy, water treatment and waste management sectors. In addition to supporting environmentally sound projects this also makes good business sense. Total lending to date amounts to €150m with a further €300m in the pipeline for 2005/06.
- A formal Environmental Management System (EMS) was launched in August 2004 following an environmental impact assessment by external environmental consultants. The EMS covers three broad areas, namely, (i) management of environmental issues including training and audits, (ii) assessment of the environmental impact of our products and (iii) the 'hard' environmental data associated with the direct operation of the Group, such as buildings, transport etc. The initial EMS covers 45% of the Group's operation and this coverage will be extended during 2005/06. Data is currently being collated and we look forward to publishing the results in subsequent reports. The Group continues to be eligible to participate in the FTSE4Good ethical stock index, as a result of implementing the EMS.

- Due to the nature of its operations and high resource usage, considerable attention is given to environmental management in our Retail Operations site in Cabinteely. During 2004/05 it commenced the formal ISO14001 certification process that will externally accredit their Environmental Management System and recognise the commitment to continuous improvement.

In summary, 2004/05 marked significant advances in our Corporate Responsibility Programme. Policies have been codified for stakeholders, the environment and for ethical issues. With this foundation in place, we will continue to develop further activities, based on the Bank of Ireland tradition of integrity and good practice that we believe will differentiate the Group in the increasingly important area of good corporate citizenship.