

CORPORATE RESPONSIBILITY STATEMENT 2004

INTRODUCTION

At Bank of Ireland, we believe our Corporate Responsibility extends to a number of constituencies, including the stockholders who invest in us, the customers who do business with us, the employees who work for us, and the communities and environment in which we operate. Addressing the needs of these different constituencies represents a growing challenge for businesses today but, we believe, is fundamental to sustained progress. For this reason, we have formalised our approach to the management of Corporate Responsibility.

In last year's Annual Report and Accounts, the Governor spoke about the growing importance of Corporate Responsibility to our business and indicated our broad strategic objectives in this area. In 2003/04 we took the first formal steps on this journey and established a governance structure with defined responsibilities for implementation.

This development of a formal approach to Corporate Responsibility builds on a long tradition of responsible activity in the Group and 2003/04 was no exception to this trend. Highlighted below are some examples of this activity during the year - presented under the four categories of the Business in the Community (BITC) Corporate Responsibility model:

IN THE MARKETPLACE 'OPERATING ETHICALLY AND WITH INTEGRITY'

- In Ireland, our Service First programme, which is designed to enhance service to customers, has been implemented in all branches countrywide. Customer satisfaction, as measured by ongoing independent surveys, has risen steadily during 2003/04 as a result of this programme. Further evidence of this is reflected in the more than 1000 staff members, nominated by customers for a 'Service Star Award'. These awards are in recognition of superior service during the year.
- In the UK, we conducted a review of the Mortgage Market during 2003 with particular focus on Diversity. Islamic Sharia Law makes many traditional mortgage products unsuitable to the needs of the Muslim community. Muslims are the fastest growing community in the UK and to date only a limited number of financial products and services have been specifically tailored to their needs. As a result, we are now working with an Islamic Bank to develop an appropriate range of financial products. The first of these, an Islamic home finance product, will be launched in 2004.

IN OUR WORKPLACE 'TREATING EMPLOYEES EQUITABLY AND WITH RESPECT'

- Employee engagement, which measures not just job satisfaction, but how connected employees are to their work and the objectives of the business, improved considerably during the year. Over 81% of employees participated in this survey. We also had a strong showing in the 'best practice' area. 31% of our teams now feature in the top quarter of our external industry benchmark, against a figure of 14% when we last measured. This improvement can be attributed to the considerable commitment and work undertaken by teams across the Group in 2003.
- We are committed to a set of values which, at its heart are the interests of all stakeholders, and which embodies the highest standards of integrity. We have embarked on a process of reinforcing standards of Leadership for the Group. One of the explicit behaviours articulated champions Diversity in the Organisation. We have undertaken a study to examine our performance in this area and the output of this study will help to shape the explicit actions and initiatives we take in this area over the coming year.
- As part of our objective to ensure our people share with stockholders in the continuing success of the business, we launched our 2nd successive Save As You Earn (SAYE) scheme, which was taken up by 54% of eligible employees. SAYE 2003 allows employees to acquire Bank Stock at an attractively discounted price (25% in ROI; 20% in UK - the maximum allowed by the tax authorities in each case) and provides a convenient way to save. Maximum allowable savings per month is €320. The scheme has a minimal dilution effect on stockholders and is within Irish Association of Investment Managers (IAIM) dilution guidelines.

FOR THE ENVIRONMENT 'PROTECTING FOR FUTURE GENERATIONS'

- We are committed to supporting environmentally sound businesses. Reflecting this, we set up a dedicated Environment Finance group during 2003, which has led to the launch of a specialist environment and renewable energy fund worth €500m. The fund is earmarked for lending to companies and projects in the renewable energy, water treatment and waste management sectors.
- In June 2003, we implemented a waste management and re-cycling initiative in our Head Office building in Dublin. During this time, the initiative has resulted in 83 tonnes of paper and 65 tonnes of cardboard being re-cycled and has saved 1,720 cubic metres of general waste going to landfill.

FOR OUR COMMUNITY 'BEING A RESPONSIBLE NEIGHBOUR'

- 1,000 staff members gave of their time and energy to participate in the Special Olympics World Games, which were held in Dublin in June and which we were proud to sponsor. In return, all of our volunteers had an unforgettable experience and returned to their day jobs with a new understanding of the achievements and potential of people with special needs. As part of our ongoing commitment to the Special Olympics we have committed an additional €1 million to support the Special Olympics

Network. This aims to double participation levels in Special Olympics training over the next 24 months. This support is in addition to the €6 million contribution we made to the 2003 World Games. During 2004, we have also set ourselves the objective of significantly increasing the range and number of job opportunities for people with disabilities. This will be the focus of a specific initiative during 2004/05.

- We have a long-standing association with Daffodil Day, the Irish Cancer Society's main fundraising event each year. The target set by the Society for funds raised this year is €4m, which will be used to support a range of worthwhile activities including the Society's countrywide nursing service for cancer patients. Our employees in Ireland actively participate in the fundraising effort and this year was no exception with participation rates at an all time high at 96%.
- In 2000, we put in place a Millennium Scholars Trust fund of €12.7m to support students acquiring a third-level education where their circumstances would not otherwise allow. Since the scheme's launch, 246 scholarships have been awarded to truly exceptional individuals in pursuit of their educational dreams, including 53 during 2003/04. The Trust is not only about money. Bank employees volunteer their time to support the scholars on a mentoring programme throughout the course of their college studies.

CONCLUSION

These were just some examples of work being undertaken across the Group, as part of our overall commitment to Corporate Responsibility. This year marks the beginning of a process of reporting and we look forward to providing further updates on our Corporate Responsibility Programme. Our focus for the coming year will be to build on the foundations laid, agree appropriate policy and initiatives for implementation and develop a comprehensive range of measures against which we will report in the future.