



Corporate Responsibility Report

2003



EAGLE STAR

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EAGLE STAR LIFE believes that an important part of corporate responsibility is understanding the relationship between a company's interests and those of society and taking corresponding actions.

Our customers entrust Eagle Star with their longest term and most important financial planning, in particular pensions and financial protection for themselves and their family. This is an important responsibility of which all of us at Eagle Star are very aware. Beyond this, we have always been aware of wider responsibilities as an employer and as a citizen of the communities in which we operate. We are striving to improve how we manage these responsibilities. The first step in this process has been the measurement of our impact as a company under the headings of Workplace, Marketplace, Community and Environment and the production of this report, which will help us to advance our efforts in corporate citizenship.

This report is significant, in that it is the first Corporate Responsibility report from our company and in fact, one of the first in Ireland. This report is not put forward as a destination but rather another step on a journey in the right direction.

Michael Brennan

Managing Director

March 2003

Foreword

The aim of this report is to provide an understanding of what our company and our business is about and the policies and practices Eagle Star has in place for the benefit of its stakeholders. We recognise that apart from our shareholders, our customers, business partners, suppliers, employees, the community and environment are our key stakeholders. It is also a firm statement of our commitment to Corporate Responsibility.

We are doing this because we want to build trust with our stakeholders and meet or exceed their expectations. We want Corporate Responsibility to be an ongoing shared responsibility at Eagle Star and this report is the start of this process.

An important core value within Eagle Star is to 'Act with Integrity'.

Integrity is not a trade off against any other value or against any of our financial or other goals. Rather, it and the principles that naturally extend from it are necessary ingredients for reaching these goals.

Eagle Star Life became a founding member of Business in the Community *Ireland* in 2000, to show a tangible commitment to Corporate Responsibility and a determination to focus strategically on CR within the company through a process of systematic measuring. One of the first steps on our path to incorporating Corporate Responsibility throughout our business is the production of this report. We hope this publication will give you a broad understanding of our company, the policies and practices we have in place and our commitment to continuous improvement in the area of Corporate Responsibility.

Our Impact as an Organisation

Eagle Star is proud to be a part of an industry, which provides employment for over 15,000 people. Over 50% of Insurer's investments of €47.4 billion, i.e. in the region of €25 billion of investment funds, were directed into the Irish economy at the end of 2001.¹ The Irish insurance industry has in fact paid out €4.1 billion in claims payments at the end of that period.

¹ Irish Insurance Federation

As part of the Life Insurance industry, Eagle Star offers invaluable benefits to the general public in the form of the peace of mind, security and protection which life and pension products offer.

Eagle Star Life encourages saving and in particular a high level of saving for retirement. It builds trust and reputation through the design of its products, the recognition of its responsibilities in the area of fairness and transparency and the provision of an excellent service to the consumer.

We recognise our many responsibilities as a company in which people invest, as a solution provider to our customers, as an employer of choice and as a good corporate citizen of the wider community in which we operate. We are striving to improve how we understand and manage these responsibilities, which is why we are advancing our efforts in corporate citizenship in line with our values of open, ethical and honest trading.

About Eagle Star Life

Eagle Star is a financial services company, employing over 473 people in Ireland (as at 31st December 2002). The company has over 160,000 people insured and is firmly established as one of the country's most successful life insurance businesses, offering a range of pension, protection and investment solutions. Eagle Star is also a market leader in providing information online through its innovative website, www.eaglestarlife.ie.

Our History

Shield Life, the original name for Eagle Star's life company in Ireland, was launched in Ireland in 1978. In 1983 the company moved to new headquarters in Blackrock and in 1990 took on the corporate identity of Eagle Star. Internationally renowned as a financial services company, Eagle Star in Ireland was part of the international Eagle Star Group whose origins dated back to 1807. In 1998 Eagle Star became part of Zurich Financial Services. Now, as an Irish company and as part of one of the world's largest insurance groups, Eagle Star Life is well positioned to provide tailored solutions to the pension, investment and protection needs of Irish individuals and companies.

Eagle Star Life became a founding member of Business in the Community, *Ireland* in 2000, to show a tangible commitment to Corporate Responsibility and a determination to focus strategically on CR within the company through a process of systematic measuring.

Our Success

Employees

Eagle Star is committed to maintaining a staff of highly professional and motivated people. Our employees are highly trained, highly educated and hold professional qualifications from various institutions such as the Institute of Actuaries, Chartered Insurance Institute of Ireland, Irish Institute of Pension Managers, Institute of Chartered Accountants, Institute of Investment Management and Research, Marketing Institute of Ireland, Life Insurance Association and Institute of Personnel Development.

Eagle Star's business success can be attributed to the considerable efforts of staff who in our technically progressive business environment turn challenges into success stories.

Management Approach

Eagle Star's management team has a strong professional ethos and commitment. All decisions for Ireland are made, autonomously in Ireland by Eagle Star's Blackrock based team. The company's customer solutions and marketing innovations are also developed in-house.

Investment Performance

Eagle Star Life has a well-established in-house investment team based in Blackrock, Co. Dublin which is responsible for funds under management of €3.35 billion of which pension assets amount to €1.6 billion (as at 31st December 2002). The company's investment strategy delivers investment performance, security and choice.

Over the last decade, our reputation for investment performance and service has been second to none.

Winning independent awards supports the team's credentials as a fund manager. For example, in 2000 we won the IBA/MoneyMate Best Managed Growth Pension Fund Award and the IBA/MoneyMate Unit-Linked Fund Manager Award. In fact, over the past three years, Eagle Star has either been 1st, or 2nd in the Irish Independent/Irish Times Personal Pension Surveys.

Product Design

Eagle Star is committed to providing our customers with a range of unique and innovative pension, investment and protection solutions – a range of solutions to meet each of our customers' specific goals. As a leader in the pensions market, Eagle Star recognises the importance of pension provision for *all*. This is why we were pleased to be one of the first companies to be approved to provide **Personal Retirement Savings Accounts**. These products are intended by the Government to help those without adequate cover to provide for their future retirement. PRSAs are an easily accessible, low cost option for *everyone* not just those in employment.

The following is a list of our products:

Pensions

- The new Personal Retirement Savings Accounts (PRSAs)
- Employer-sponsored Pensions
- Personal Pensions
- Additional Voluntary Contributions
- Approved Retirement Funds
- Buy-out Bonds

Savings and Investments

- Lump Sum Investment Bonds
- Regular Premium Investment Plans
- Guaranteed Deposits

Protection

- Guaranteed Life and Serious Illness Term cover
- Guaranteed Mortgage Protection
- Permanent Health Insurance to cover disability

E-initiatives

Eagle Star is leading the way in terms of delivering online service enhancements to insurance intermediaries and customers through a unique series of secure extranets as part of our website. These secure extranets include a Client Centre and Broker Centre, which features a Sales, Underwriting, Claims, Investor and Compliance section. These services allow financial advisors and customers online access to view personal policy information electronically and to keep track of the performance of their funds.

The Eagle Star Brand

The Eagle Star logo reflects what the company stands for:

The Eagle embodies strength and confidence.

The Rock represents security stability and establishment.

The Star typifies focus, direction and achievement.



Our Mission

Eagle Star's mission statement which is communicated throughout the organisation via our employee intranet is:

- To build a totally customer-focused organisation.
- To be a recognised industry leader in our key markets.
- To deliver significant added value to shareholders.
- To be recognised as the employer of choice.

Our core values reflect our very essence. Any action or business goal we pursue must be consistent with our core values:

- We demonstrate total customer dedication.
- We are pioneers.
- We excel in all we do.
- We encourage everyone to contribute.
- We act with integrity.

Scope of this Report

In publicly communicating our performance across the board in this report, we are aiming to be as transparent and accountable as possible concerning every aspect of our operations. To this end, we have used two sets of CR measurement indicators as a guide in the communication of our social and environmental performance. These are the indicators from the Winning with Integrity Framework, published by Business in the Community UK (2000) and the indicators from the SME Key, published by CSR Europe (2000).

We have endeavoured to measure our performance against all of the above indicators but in some instances, the indicators were either not relevant to our core business or we did not have procedures in place to gather the data in time for publication. Believing it was important to begin the process of formally reporting the impact of our company, we have integrated into our objectives and targets the gathering of additional data so that in our future reports, additional material will be available.

Part of our objective in producing this report is to generate awareness and an understanding of Corporate Responsibility in all our stakeholders.

Relationship with our Stakeholders

Eagle Star recognises that apart from Shareholders, our Stakeholders can be defined as customers, business partners, suppliers, employees, the environment and the community in which we operate.

Eagle Star strives to meet and understand the needs of its Stakeholders. Integrating socially responsible business practices includes having specific policies in place with regard to all our Stakeholders and continually evaluating and improving those relationships.

Customers and Business Partners

We want our customers to protect for the present and plan for the future. To achieve this we focus on our strength and expertise in pensions, financial protection and investment. Over 80% of our business is carried out through a distribution channel that offers customers independent advice and choice between our products and those of other providers. Our customers and business partners want products and services that suit their needs and to conduct business with a company who behaves responsibly.

Customer Dialogue

We are always communicating directly with our customers through regular correspondence about the products they have purchased, promotional literature, our website and interaction with our staff. This is how customers form an opinion of the company they deal with. In order to improve in terms of what our customers expect from us, we partake in industry opinion surveys e.g. the Life Insurance Market Research Association (LIMRA) Broker Survey and the Irish Broker (IBA) Service Excellence Survey.

Eagle Star encourages ongoing dialogue with broker representative bodies and encourages feedback through our team of broker consultants as part of our general customer communications in order to ensure the highest standard of customer satisfaction.

The Irish Brokers Association (IBA) is a representative body for insurance brokers in Ireland. The IBA represents members' interests to the Central Bank, the Government, legislators, the insurance industry and the media.

The findings of the IBA Service Excellence Survey which are summarised in the Marketplace section of this report, are a very good benchmark against which insurers' service to customers and the broker market can be measured.

LIMRA is a member-owned organisation that provides marketing, research and information facilities for over 800 financial service organisations around the world, including Eagle Star Life in Ireland. Being a member company, which contributes to LIMRA's research activities, gives us access to valuable information on the various drivers of our industry and the views of important Stakeholders like consumers and insurance intermediaries.

Employees

We want to attract and retain the best people. Corporate Responsibility matters because according to a number of studies conducted by MORI during the 1990s, they consistently found that companies that are active in the community are considered good companies to work for. Later on, Bain & Co reported that companies that retain their employees have the highest customer retention rates (2001).² We communicate with employees through various channels, which are outlined in the Workplace section of this report. Feedback, an essential element of communication is channelled via the Employee Consultative Committee.

Suppliers

Suppliers like to deal with a company who has integrity and honours terms and conditions of payment. Our commitment to the IBEC code of practice on 'Prompt Payments' ensures that we meet high internal standards and pay suppliers promptly.

Community

This report is the beginning of documenting our community activity. We plan to develop this further by linking community needs to our own business objectives and thereby benefit both.

Environment

Eagle Star is working to improve our capability to contribute in this area in balance with long-term business development. We remain constant in our goal of finding ways to integrate environmental awareness where possible.

Now we will examine how we currently act responsibly under four key headings:

Marketplace, Workplace, Community and Environment.

² Loyalty Rules, by Frederick Reichheld. Published in 2001 by Harvard Business School.

Marketplace

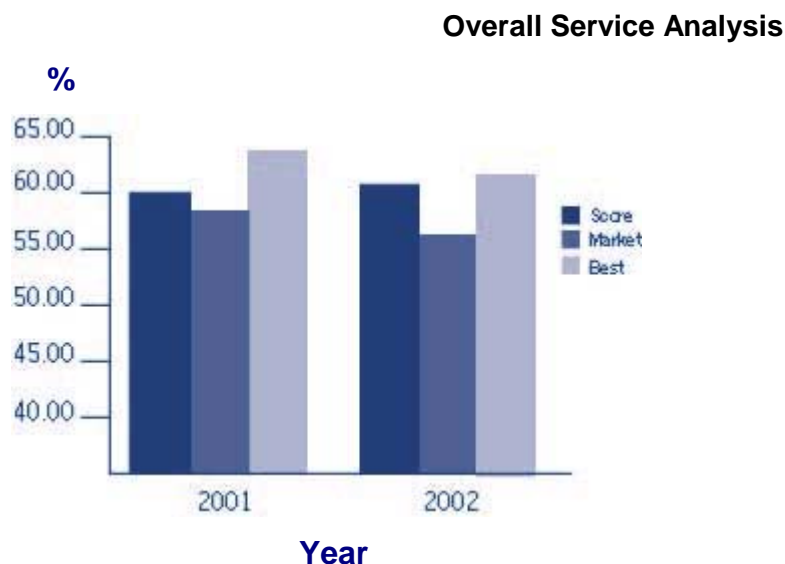
Our vision is to be the best partner for our customers' lifetime financial needs.

Excellent Customer Service

As a company, Eagle Star has a strong commitment to customer excellence in the marketplace. Eagle Star believes that serving the customer is central to the future of its business and strives to give them superior value and outstanding service. It has won the industry's Service Excellence Award eight times and the Most Improved Service Award. We improved our Awards' score in 2002, achieving first place in the 'administration service' category and first place for 'attitude of insurance staff'.

To achieve this high level of service, our customer support areas are divided into small highly focused specialist teams. Each team is a single point of contact and has ownership and responsibility for a complete and personalised service to our customers. We have an experienced trained and expert staff who care about what they do and are committed to continual training in technical expertise and servicing skills.

Findings of the IBA Service Excellence Survey 2002



Source: IBA Service Excellence Survey 2002.

The above graph indicates how well Eagle Star has performed relative to the best in the marketplace and the market average in 2001 and 2002.

With an overall score of 61.55% (60.24% in 2001) Eagle Star outperformed the market average of 57.92% (58.5% in 2001). This result places Eagle Star in overall third position and first in the administration service categories.

Eagle Star finished third place overall, maintaining its ranking in the survey but increased its score from the previous year and narrowed the gap to the leaders significantly.

LIMRA (see page 13) carry out a broker opinion survey every year which provides us with valuable data such as the frequency with which brokers visit websites of life companies, the products and services they rate highly and how the various companies are perceived in terms of quality or innovation.

Eagle Star finished third place overall in the LIMRA Survey in January 2003 and climbed two places in the LIMRA rankings with significant improvements across the board.

A recent letter received from an intermediary stated, " We are very happy with the excellent service provided by you and your colleagues. Every case, be it big or small is given top class priority".

October 2002

Customer Solutions

We also attribute our service success to the fact that we recognise that each of our external Stakeholders; intermediaries, trustees of pension schemes, members of group schemes or individual clients, all have different needs. Eagle Star aims to go beyond 'customer administration' and provide a 'customer solutions' service. In other words, we listen to our customers. We deliver core key services as standard and within pre-agreed timescales. This means we can honestly say that we deliver on our promises. Personalised service, efficient customer management and accurate record keeping are all part of a normal working day at Eagle Star. We are also good at creating relationships with key customers or customer groups e.g. An Post and the Irish Medical Organisation.

"The information you supplied was delivered quickly, well put together and easy to read."

Eagle Star Customer, February 2003

The majority of Eagle Star's business is generated via intermediaries who have agencies with Eagle Star. Business is transacted by a qualified financial advisor within the brokerage who provides the customer with appropriate advice and ensures a product that best suits the personal circumstances, needs and objectives of the customer is recommended.

Eagle Star also has important customer safeguards in place. For example, a documented internal complaint procedure, which complies with the strict guidelines, laid down by the Insurance Ombudsman's office. We have a policy of addressing a customer's complaint within 3 working days and we record and monitor complaints regularly to ensure they are being dealt with effectively and to the customer's satisfaction. In this way we can ensure that lessons are learned which can be used as a basis for identifying improvements in service quality and improvements in business procedures.

Business Integrity

All business activities are based on the fundamental principle of observing the highest standard of integrity at all times. Eagle Star's reputation for professionalism, reliability and integrity is one of its most important assets. All employees are expected to maintain high ethical standards in their dealings, follow good business principles and avoid practices which might damage the company's reputation.

As part of Zurich Financial Services, the Eagle Star management team and employees in key positions in the company sign off each year to acknowledge their acceptance and adherence to Group compliance standards and core values. Each employee has a responsibility to maintain the trust placed in the company by its customers, shareholders, business partners and other employees and to protect confidential data relating to them. Such information must be safeguarded.

A written procedure is in place for employee's disclosure of gifts and benefits in kind. Eagle Star also has a strict money laundering procedure in place, which is communicated to all staff and managers are fully briefed in this area.

Eagle Star has in place a specialist compliance function, which ensures that all independent intermediaries, who sell Eagle Star products, are regulated and authorised by the Central Bank. This ensures greater professionalism and that customers are satisfied and will trust Eagle Star products now and in the future. All intermediaries have standard agency agreements with Eagle Star, which are cancelled in the case of non-compliance.

Eagle Star issues all its customers with informative product guides to ensure that they make an informed purchase decision. Customers have an opportunity to cancel their policy within 15 days of receipt of policy documentation, if they feel it does not meet their needs. The company also has internal business procedures in place to help advise customers who might let their policies lapse and could be at risk of losing valuable financial protection.

Investment Security for our Customers

When people make an investment with Eagle Star, they want investment performance and security. We deliver these twin objectives through our investment strategy and investment management processes. The objective of Eagle Star's investment strategy is to achieve above average investment performance each year while carefully managing risk. By doing so we expect to produce top quartile performance in the long-term.

Controls & Investor Safeguards

Eagle Star provides good customer and investor safeguards through the operation of a *Front Office, Back Office* system. For example, there is clear segregation of duties between the investment dealing area and the cash settlement and accounting and reporting functions.

To ensure independence and give extra security to our clients, Eagle Star chooses to use an external custodian who is not part of the Eagle Star or Zurich Group. Eagle Star uses Citibank as custodian across all funds managed by Eagle Star. We believe that holding securities at a third party custodian is best practice in this key area.

Financial Dealing – Arms Length Relationships

Eagle Star maintains a list of approved financial institutions with whom we conduct banking business. This division of deposit and foreign exchange dealing among a panel of financial institutions ensures that risk is reduced by keeping within acceptable exposures to different financial institutions and thus protecting the funds.

Similarly, we maintain a panel of stockbrokers with whom we may transact share dealing and bond dealing business. The panel consists of Irish and international stockbroking firms and financial institutions.

To ensure independence we do not use banks or stockbrokers that are part of the Eagle Star or Zurich Group. By undertaking our financial dealing activities with institutions who have no direct relationship with Eagle Star we ensure that we always receive competitive rates on behalf of our customers.

Advertising

Eagle Star complies with the standards laid down by the code of Advertising Standards Authority for Ireland (ASAI) for all its advertising. The ASAI has never issued an investigation into Eagle Star's advertising. Eagle Star also adheres to the guidelines for advertising as set down by the Irish Insurance Federation.

Safeguards for our own business

A *business recovery plan* has been prepared to understand the crucial risks and exposures of the company and is designed to ensure a rapid response to any situation that may disrupt operations or control of the business.

Supplier Support

Eagle Star has in place a policy for payment of all bills within 30 days. As a member of IBEC we have signed an agreement for a code of practice on 'Prompt Payments'. The code is designed as a voluntary mechanism to promote good business practice in respect of accounts settlements. The Prompt Payment Code has been incorporated into our existing procedures and it requires that we:

- Have a clear and consistent policy to pay bills in accordance with contract.
- Ensure that the finance and purchasing departments are aware of the policy and adhere to it.
- Agree payment terms at the outset of a deal and stick with these terms.
- Do not extend or alter payment terms without prior agreement.
- Provide suppliers with clear guidance on payment procedures.
- Ensure that there is a system for dealing quickly with complaints and disputes and advise suppliers without delay when invoices, or parts of invoices are contested.

The Eagle Star accounts department has put in place procedures to ensure that we adhere to the code of practice for 'Prompt Payments'. This ensures that we have no major issue with suppliers with regard to payment of bills.

Marketplace Summary

In terms of financial products Eagle Star Life is renowned for innovative product design, delivering a quality product and investment security which operates in a sound and ethical manner. Our customer service standards are high but there is still room for improvement.

Over the next year, we plan to:

- Improve customer communication.
- Continue our progress towards customer solutions and not just products.
- Put in place better stakeholder measures.
- Put in place an annual measurement process to further reduce the number of complaints received on an annual basis.
- Collate unsolicited letters of endorsement from customers in order to use this data as a future CR measurement.
- Put in place an annual measurement process on payment of bills. While we adhere to the code of practice for 'Prompt Payments' as part of our normal business practice we do not have a measurement in place to show how effective this is.

Workplace

Eagle Star Life is a company with a young and dynamic ethos, which currently employs 473 staff of which 232 are Male and 241 Female (as at 31st December 2002).

“The atmosphere within the company is innovative, enthusiastic and competitive”,
Eagle Star employee when asked what they thought about Eagle Star as a
company.

March 2002

Eagle Star employees have a strong work ethic and as a company, we understand that this means our employees need to be motivated and satisfied.

Employee Benefits

To this end, the company provides an extensive pay and benefits package to all employees incorporating:

- Employee reward strategy
- Share participation scheme
- Market leading defined benefits pension scheme with normal retirement at age 60
- Free Permanent Health Insurance
- VHI subsidy
- Exam support
- Personal Development Plans
- Staff discounts on financial and insurance products
- Health screening every two years
- VDU eye care programme and
- Annual anti-flu vaccination.

Health Screening is provided every two years for all employees and is arranged with a reputable health screening company. Each year the company arranges for an Anti-flu vaccination to be administered free of charge to interested employees.

Permanent Health Insurance benefits are also in place for all employees who suffer a long-term serious illness.

Annual Travel Pass Scheme

Eagle Star offers an incentive to staff to use public transport through the provision of the Annual Travel Pass Scheme. This is a tax-free option to purchase train and bus tickets through monthly salary deduction as an alternative to travelling by car. 16% of employees have availed of this scheme in 2003.

The company also endeavours to use car-parking spaces in its buildings to maximum effect and we offer managers the choice of a cash payment as an alternative to taking a company car.

Work Life Balance

"The importance of appropriate measures to assist in reconciling work and family life are important to underpinning economic, social and equality objectives. The emergence of a tightening labour market and the increased emphasis on human resources as a key competitive element serve to underpin the importance of developing innovative ways of maximising the available labour supply."

Turlough O'Sullivan, Director General, IBEC

Family-friendly policies assist workers in combining employment with their family life, caring responsibilities and personal life outside the workplace, while meeting employer's needs. Eagle Star promotes a balance between work and life, providing family friendly initiatives including; flexible working hours, part-time working, paid maternity leave, parental leave, adoptive leave, compassionate leave, force majeure leave and carer's leave.

Parental leave is granted to enable working parents to take care of their young children. Employees are entitled to a 14-week continuous block or in shorter 'broken' periods as agreed with the employer. Eleven employees took parental leave in 2002, which accounted for a total of 250.5 days leave.

Currently 6.75% of staff avail of the part-time working option.

"I was very grateful for Eagle Star's support because of the major lifestyle changes required to balance my new family's needs and my career aspirations", Eagle Star employee when asked about the benefit to them of Eagle Star's family friendly policies.

February 2003

Equal Opportunities for Everyone

Eagle Star is committed to providing equal opportunities for all of its staff in accordance with current legislation.

Our equal opportunities policy extends to all aspects of employment including recruitment, training, career development, promotion and performance appraisal. Trained HR Staff ensure that the policy is implemented across the board and we do this by:

- Ensuring that no applicant or staff member receives less favourable treatment on any discriminatory grounds.
- Ensuring that no applicant or staff member is disadvantaged by any employment conditions or requirements, which cannot be shown to be justifiable.
- Basing selection and promotion decisions on suitability for the job. The individual's potential, ability and merit are the sole criteria.
- Providing an environment within which all staff members have an equal opportunity to progress within the organisation.
- Ensuring that conditions of employment and systems of determining pay do not favour any particular category of staff member on discriminatory grounds.
- Regarding any deliberate discriminatory action by individual managers or members of staff as a serious disciplinary offence.

All employees are familiar with our Equal Opportunities policy, via the staff handbook.

Developing the Potential of Eagle Star Employees

Eagle Star is committed to achieving sustained success and growth by utilising and developing the skills, talents and potential of each staff member. One of the key instruments in developing these skills and maximising job performance is performance appraisal.

Performance Appraisal

This involves appraising performance against agreed personal targets or objectives. In this way, the overall objectives of the company are cascaded down through functional levels, until they are ultimately translated into specific performance objectives for every staff member.

The Process

Prior to the annual Performance Appraisal discussion (December/January) the employee considers their own performance against agreed objectives since their last assessment and completes a self-assessment form. The appraiser assesses the employee's performance against each objective for the past twelve months, following consultation with their manager. The Human Resources team play an important role in ensuring that standards of personal assessment are realistic and consistent company-wide.

Employee Training

The company's approach to development and training is to:

- Ensure that every employee receives the development and training required to do their job
- Recognise staff development and training as an integral part of the management function at all levels
- Ensure every staff member is aware that they are ultimately responsible for their own development.

The identification of individual training needs takes place on an ongoing basis between the staff member and their manager, with appropriate assistance from the HR department. The matching of identified needs with corporate or departmental objectives forms an important part of this process.

To facilitate this, the company offers every employee their own Personal Development Plan. Eagle Star supports this initiative by fostering an employee's development through sponsored training, education and other development actions and rewarding an employee's achievements, through the provision of study leave, reimbursement of fees and payment of qualification awards. Eagle Star also provides in-house training.

- The number of training days on average per person in 2002 was 2.5 based on a total number of employees of 473.
- The **total** number of training days undertaken in Eagle Star in 2002 was 1,185.5.
- 130 staff (28.02%) undertook a course of study in 2002.

Qualified and trained employees improve the quality and dynamics of Eagle Star's workforce while at the same time helping individual employees achieve their personal goals and aspirations.

Personal Development Plans

"Having my own personal development plan has helped me to focus on where I am going in Eagle Star and has also helped me to focus on my own objectives and targets for my job. My overall confidence and skills have developed and I feel more motivated as a person." *Eagle Star employee, January 2002*

Personal Development Planning involves drawing up and discussing a development plan based on the technical and personal competencies of an employee's current position and future career aspirations. It requires direct input from both managers and employee to establish an action plan – encouraging an interactive shared approach.

There are three stages in a PDP, preparing the development plan; the development discussion and implementing the plan.

- Preparation involves employees determining their current role, strengths and development needs and considering their future aspirations.
- The discussion focuses on what employees need to do, the benefits of such action, how best to achieve their objectives and how on completion employees will apply their new skills.

- Implementation can involve a variety of training solutions that can take many forms, including; induction, desk-side training, internal or external courses, use of Eagle Star facilities, interactive technology-based methods, use of outside training consultants and others.

Employee Consultative Committee

Eagle Star has a number of systems in place which encourage communication and feedback from all members of staff.

One of the most important of these is an 'Employee Consultative Committee', the objectives of which is:

- To inform and consult employees on the progress of the business.
- To outline proposals for future developments.
- To provide a regular/structured forum to consult employees and to hear their views.

There are a number of constituencies for which employee representatives are elected. Each constituency represents a particular section of the company. The ECC is complimentary to other communication systems in place throughout the company such as an annual staff survey, team briefs, an employee intranet and notice boards. The ECC also provides a member Trustee to the staff pension scheme.

Eagle Star also recognises Amicus-MSF, the fourth largest union in Ireland, which represents skilled and professional people in all sectors.

How the ECC Works

The committee consists of seven employee representatives who are selected by the employees for a two-year term. They meet regularly, at least quarterly, with management including the Managing Director.

Minutes of the meeting are circulated to all employees via the employee intranet.

An example of an issue raised and resolved through dialogue between the company and the ECC was the provision of paid maternity leave for all employees. Management responded positively to this request and paid maternity leave was introduced for all employees in May 2000.

Zurich European Forum

Eagle Star Life as part of the Zurich Financial Services Group also has a representative on the Zurich European Forum. The ECC provides support to this representative and assists in the effective carrying out of his/her role. The term of office is four years and it is here that anything of a trans-national nature or an issue that significantly affects the interests of employees in at least two countries in Europe, can be discussed.

The Eagle Star Annual Employee Survey

An annual employee attitude survey takes place in December of each year. Employees complete the survey electronically via our intranet during working hours.

Some of the results of the Annual Staff Survey

- The 2002 employee survey had a much improved response rate, 78% up from 67% in 2001. This indicates employee willingness to continue to the ongoing development of Eagle Star.
- There was a good deal of consensus in the answers to the survey, a positive result, as it means employees across Eagle Star see the company in a relatively similar way.
- Employees in Eagle Star believe there is a high priority on customer satisfaction and that the organisation has a bright future. They are clear about their departmental and individual goals, and report that their terms and conditions are fair. Employees feel there is a need for more opportunities for upward communication in the organisation.

A Safe & Healthy Work Environment

Eagle Star has always been committed to providing a safe and healthy work environment for all staff members and to meet our duties to contractors and members of the public who may be affected by our operations. Eagle Star's safety policy is set out in our Safety Statement which is issued to all staff members on joining the company and is available on our employee intranet. All new members of staff receive induction training, an integral part of which is concerned with Health and Safety issues and policies.

A Health and Safety committee, which includes staff representation, meets quarterly to consult on Health and Safety issues. An accident procedure is in place and everyone is obliged to co-operate with any investigations in order to establish the circumstances surrounding an accident. Details of the accident must be advised to the HR department. A central record of all accidents at work is kept in an Accident Report Book.

There are trained Fire Wardens and First Aiders in our premises. There is also a high level of safety awareness and our procedures and equipment including clear evacuation instructions are maintained up to date in all of our premises.

A list of the persons at Eagle Star who are trained in First Aid is available on the staff intranet and clearly identifiable First Aid boxes are provided in all buildings.

Ergonomic Assessments of the workplace are carried out on a regular basis. This assessment involves a full examination of all workstations to ensure the comfort, health and safety of all concerned.

Preventing Bullying/Harassment

Eagle Star is committed to providing all of its employees with an environment free from bullying/harassment.

The policy applies to employees both in the workplace and at work associated events such as meetings, conferences and work related social events, whether on the premises or off site.

The policy applies to bullying/harassment not only by fellow employees but also by a customer or other business contact to which an employee might reasonably expect to come into contact with in the course of their employment.

Workplace Summary

Eagle Star Life as a company and employer goes beyond providing a basic commitment in the 'Workplace' by providing an extensive range of benefits for all employees. We feel we can pride ourselves in our policies on employee training and development, equal opportunities and work/life balance. We place a high value on one of our key assets – our employees. We have practices in place to deal with issues like absenteeism or staff grievances so that were any difficulties to arise, they can be identified and addressed early on. Looking to the future Eagle Star – an employer of choice, will strive to continually measure and improve and to share our examples of good practice with other companies and act as a leader in this area.

Over the next year Eagle Star will aim to:

- Learn from the employee attitude survey and to address specifics, such as more opportunities for upward communication.
- To maintain and increase employee participation in the survey.
- To communicate findings across the organisation.

Community

Eagle Star's corporate citizenship efforts include participating in Plato, supporting non-profit organisations and activities that serve the communities in which we live and work and also encouraging employee volunteering.

Plato

Eagle Star has been actively involved for the last two years in an organisation called Plato. Plato Ireland Ltd. was established in 1995 to provide small and medium enterprises (SMEs) with a unique business support forum for exploring business growth and expansion.

A unique aspect of Plato is the participation of large local parent companies like Eagle Star that offer Plato participants access to the full range of management expertise. Each participating parent company releases its executives on a part-time basis to serve as Plato group leaders. Two senior Eagle Star managers have freely given of their time and expertise to the benefit of participating SME's. These company representatives have acted as group leaders holding training sessions and workshops for on average 10 to 15 small companies. These are a sharing of skills and combined knowledge to help the companies work towards meeting their business needs whether it is drafting a business plan, working on strategy or examining how they can break into new markets.

Practical Community Support

Eagle Star endeavours to respond positively to charitable requests, which have a strong community ethos, making financial contributions to both local and national causes on an annual basis. Some recent examples are the Retirement Planning Council of Ireland, The Irish Youth Foundation and the Simon Community. Eagle Star donates money to the Simon Community's House of Cards Appeal instead of sending corporate Christmas cards to customers. We also support charitable events through a number of employee 'casual' days each year.

Employee Volunteering

Eagle Star actively supports and encourages employee volunteering. For example, for the Special Olympics 2003, the company will allow those who are volunteering, 1 extra day's annual leave from the company for every 2 days leave taken by the staff member.

In total, staff will donate 110 days of their time for this important event.

Involvement with the Business Community

As a member of the Chambers of Commerce, Eagle Star supports their aims to be a voice in business, to provide inspiring leadership, influence, and partnership in the community, in which we live and work. The Chambers provide a cohesive and focused voice to influence the Government of the day on the issues that are important for our business and for the general economic environment. Our company representatives participate in the Chambers' extensive networking activities.

Eagle Star Life is a member of the following Chambers of Commerce: Ireland, Dublin, Cork, Dun Laoghaire/Rathdown and Blackrock.

Enriching the Community through the Arts

"... Business as major stakeholders in their communities can use the magical power of the arts to demonstrate their corporate social responsibility."

Brigid Roden, Chief Executive, Business2Arts, May 2002

Eagle Star won the Special Recognition Award at the Business2Arts, Sponsor of the Year Awards 2002 for its sponsorship of *Monet, Renoir and the Impressionist Landscape* at the National Gallery of Ireland in 2002. This exhibition was the first of its kind to ever come to Dublin and it marked the opening of the new Millennium Wing of the National Gallery. The popularity of this was immense and having the Eagle Star Brand associated with such a major success and something which was of importance to the community as a whole, fits well with our broader commitment to good corporate citizenship in all its aspects.

Brigid Roden, Chief Executive, Business2Arts, at the award ceremony said, "The awards congratulate Irish business as a whole for its invaluable contribution to the arts, which enriches the wider community of which we are all a part."

**Monet, Renoir and the Impressionist Landscape,
22nd January - 14th April 2002**

The objective of the sponsorship was to further our commitment to the community and at the same time encourage an appreciation of the arts. Through Eagle Star's support of this exhibition the public was given a unique opportunity to visit an international exhibition in Dublin. The exhibition had universal appeal and by its close on 14th April 2002, almost 130,000 visitors including 15,000 school children had viewed the exhibition.

Employee involvement was actively encouraged at every level and a sizeable portion of Eagle Star's allocation of visitor tickets was used for staff members, their family and friends to visit the exhibition and so further encourage their personal interest in the visual arts. The sponsorship laid the foundation for Eagle Star and the National Gallery to work together into the future and encouraged other companies to support the arts.

Community Summary

Eagle Star Life brings significant benefits to the community as a member of Plato, by giving financial support to local and national charities and through support of the arts. Our location in the centre of Blackrock creates a need for many services from the local community which has a positive impact on local employment. We also strive to develop positive relationships with the local community as a member of the various Chambers of Commerce.

Over the next year Eagle Star aims to:

- Look at strategising our community involvement as a whole, particularly in the area of volunteering.
- Communicate to employees the financial contributions we make as a company to local and national causes, via the intranet and inform them about our policy on charitable giving.
- Document the impact of existing activities undertaken.

Environment

Helping directly and indirectly to protect the environment is another important aspect of corporate citizenship. Eagle Star is working to improve our capability to contribute in this area in balance with long-term business development. We remain constant in our goal of finding ways to integrate environmental awareness where possible.

Eagle Star is committed to limiting the negative impact on the environment through recycling and waste management. To date we have made progress in the area of energy conservation through the use of recycling cabinets, the recycling of old mobile phones and ink jet cartridges and participation in the ESB Winter Demand Reduction Scheme.

Recycling of Paper

To play our part in recycling paper we use, secure recycling bins have been placed strategically on all floors in order to ensure that 100% of our waste paper is recycled. To facilitate employee's participation, the Office Facilities area provides recycling trays to keep on individual desks. Eagle Star Life believes it is important to recycle so as to reduce the demands on landfill capacity. It is a fact that the production of recycled paper means 35% less water pollution and 74% less air pollution and energy saving of 64% when paper is recycled.³ Even more importantly, it creates a feeling of goodwill among our employees who know they are working for a company who is helping to create a sustainable environment. The recycling bins are serviced by an external recycling company and are emptied on a weekly basis. The contents of the bins are removed from the building for confidential shredding and recycling. The recycling company forms the recycled paper into bales, which are then shipped to Rotterdam.

³ Greenstreets Ltd.

What happens to the paper we recycle?



- 10% is used to produce white paper
- 85% is used to produce tissue paper
- 5% is wastage - where a particular colour in the paper cannot be used.

For a 6-month period to end 31st October 2002, Eagle Star Life recycled 26,235kg of paper, which is equal to 393.5 trees.

E-business and the Environment

Financial service companies, as part of their normal business practice use vast quantities of paper. As a good corporate citizen, Eagle Star is endeavouring to reduce our paper usage for the future and thereby make a positive contribution to protecting the environment.

As market leaders in electronic business to business communication, Eagle Star issues the majority of communications online to our key distribution channel. Eagle Star recognises the tailored service enhancements that can be delivered online and we believe that by encouraging the use of electronic communications, we and our business partners will save on transport and postage costs and most importantly paper usage.

The number of intermediaries using our online Broker Centre, a secure extranet, is growing and usage has trebled in the last year.

12,000 online page requests are received per week.

The Central Bank requires intermediaries to hold product literature for each product they sell. Eagle Star provide this literature on disk so the intermediaries does not have to store large amounts of paper documents.

As part of our online service, we also give individual customers access to their policy details online through the Eagle Star Client Centre and so far 2,000 new customers have already applied for this new online facility. For pension and investment customers this means they can look up the funds they have invested in and view live policy values. This is particularly useful for members of group pension schemes. We issue a weekly market comment electronically and asset splits are updated on a monthly basis to the website rather than issuing in paper copy format.

Eagle Star also provides online access to policy information for group scheme owners, trustees and members. This saves the group scheme employer a lot of paper work because scheme members can look up their own policy details and fund values and members can also access relevant scheme documentation online.

In time, we plan to put most of our administration forms online, e.g. Trust Forms, Company and Partnership agreements etc. Also, Eagle Star's new Doctor Centre, to be launched this year, will give doctors the facility to complete required medical evidence and reports online, saving on time and paper.

We also have a state of the art employee intranet called ESI-Net. This provides a huge reduction in paper usage across the organisation, as timely and relevant communications are made available to all staff electronically.

**Eagle Star has published this report, the first of its kind in Ireland
online @ www.eaglestarlife.ie.**

Recycling Mobile Phones

Eagle Star has encouraged staff to recycle old, broken, redundant or discarded mobile phones which has helped children in Eastern Europe through a project initiated by the charity, Samaritan's Purse. Employees were notified of the initiative via our employee intranet and a box was placed in a central location on the ground floor for staff to leave their old mobile phones, which made it more convenient for employees to participate.

70 mobile phones have been collected so far in Eagle Star and the total amount raised for the Outreach Programme in Ukraine for street children was over €1,000.

Waste Management Procedures

Waste management procedures are in place and Eagle Star only uses reputable private contractors to dispose of waste. The selection criteria for our private contractors are as follows:

- Confidentiality and the provision of a secure destroy facility
- A proven track record
- Regular and reliable collection
- Provision of bins that are clean and presentable.

Efficiency in Energy Use

Eagle Star also endeavours to conserve energy through the use of the ESB Winter Demand Reduction Scheme, which offers customers on maximum demand tariffs, a substantial incentive to reduce their demand for electricity for specific hours during the winter months.

As participants of this scheme we encourage all staff to turn off their PCs before leaving the office in the evening. The company's electrical equipment (heating, lighting and air conditioning) function on timers, so that energy is used as efficiently as possible and metered out in line with adjustments in climate or the demands of the business.

Any reduction in the heavy usage winter peak period, helps the ESB to generate more efficiently.⁴ Although Eagle Star participate in this scheme, due to the nature of our business we cannot use it to its maximum capacity and therefore do not see a cost benefit.⁵

⁴ Electricity Supply Board

⁵ The main objective of the Winter Demand Reduction Scheme is to put off large jobs, which use huge amounts of electricity during the day that can be carried out between 5 - 7 in the evening.

Our water usage is general domestic usage and we are charged every quarter based on estimated usage.⁶ All company cars are serviced regularly in accordance with manufacturers recommendations and all cars are NCT tested which ensures CO₂ emissions are kept to a minimum. For the period January 2002 to January 2003 Eagle Star's energy consumption was 20,932 Kilowatts.

Who Benefits?

Society's environmental concerns are no longer limited to companies dealing with hazardous waste. The public now demands environmentally sound practices irrespective of the type of organisation. In fact 56% of all adults surveyed in the Business in the Community, *Ireland* first ever survey of consumer attitudes in Ireland, believe it is important for companies to ensure it's products and operations do not harm the environment and there is a clear business case for Irish companies who do take their responsibilities seriously to communicate this commitment.⁷

There are potential competitive impacts to be gained through proper and effective environmental practices in the workplace. Not only are Eagle Star making cost effective efficiency gains but we are responding to our customers' expectations for high standards in business practice beyond product and service development. Because all business, including financials have an impact on the environment, every business that acts, even in a small way, to reduce the negative impact can gain a competitive advantage.

Recycling Inkjet Cartridges

Eagle Star recycles on average 25 - 30 print cartridges per month which account for 100% of all the cartridges used internally. This is a recent initiative, begun within the last twelve months. For the first ten months all recycled cartridges went to a company who recycled and donated money towards two charities with only a small percentage of the money raised going direct to charity. We have since reviewed this and now deal with a private individual who collects and sells the cartridges to a recycling company - Ergo Services. 85% of the money from this sale is donated to Crumlin Hospital and Temple Street Hospital. Since October 2002, €250 has been raised and donated to charity from the sale of inkjet

⁶ No usage records available.

⁷ First ever survey of Irish Consumer Attitudes Towards Corporate Responsibility, Business in the Community *Ireland*, 2003.

cartridges from Eagle Star. We have requested that we receive quarterly updates in the future on the amount of cartridges recycled and the money raised for charity.

Ergo Services clean and refill the inkjet cartridges and sell them at a lower price than the branded cartridges. Eagle Star purchase these and therefore use generic recycled cartridges in all printers using black ink and fax machines throughout the company.

In this instance, the charity benefits through financial assistance and Eagle Star are not only assisting a good cause but are helping the environment in the process.

Environment Summary

Eagle Star is managing well, areas where it has a direct impact on the environment like energy management, waste management and paper use. Our targets in the area of environmental practice in particular with regard to e-business are:

- Build on our e-business initiatives by putting in place measurements to demonstrate that e-business reduces paper usage and helps the environment and to further reduce the volume of paper wastage within the company.
- To further motivate employees to become more environmentally aware as part of their normal working practice.
- Produce a written environmental policy.
- Communicate policy throughout the organisation.

Summary of Objectives

Objective	Target	Timeframe	Performance Indicator
Marketplace			
1. To improve customer communication.	Through regular, direct, timely correspondence ensuring that all communications contain the information customers want or need. Improve and make relevant information available electronically for customers.	March 2004	Compiled data to demonstrate an increase in effective customer communications. Statistics on number of customers who access customer data through our website.
2. To continue our progress towards customer solutions not just products.	Listening to our customers through our front line employees and through market research surveys. Improve product design with the customer's needs in mind.	March 2004	Improved customer satisfaction measured by improved performance in customer surveys.
3. To put in place better stakeholder measures.	Summarise and evaluate results of various surveys which Eagle Star participates in and make recommendations on areas for improvement in order to maximise our strengths and minimise our weaknesses.	March 2004	Improved customer satisfaction measured by improved performance in surveys.
4. To put in place an annual measurement process to further reduce the number of customer complaints.	Examine level of complaints from year to year and ensure the number is reduced further.	March 2004	Documented number of complaints available on a monthly basis with a view to achieving an annual reduction.
5. Collate unsolicited letters of endorsement from customers in order to use this data as a future CR measurement.	Communicate this requirement across the organisation.	Dec 2003	Central Record keeping.
6. Put in place an annual measurement process regarding prompt payment of bills. While we adhere to a code as part of our normal business practice we do not have a measurement in place to show how effective this is.	Regular reminders issued at key intervals to those responsible for approving payments.	Dec 2003	To be able to state in our next report that E.S. was not late with payments to suppliers in the last year.

Objective	Target	Timeframe	Performance Indicator
Workplace			
<ol style="list-style-type: none"> 1. To learn from the employee attitude survey and to address specifics, such as more opportunities for upward communication in the organisation 2. To maintain and increase employee participation in the survey. 3. To communicate findings across the organisation. 	<p>Summarise findings of survey and draft recommendations. Obtain top level management agreement to implement these recommendations and take action where appropriate.</p> <p>Remind and encourage employees to participate via Employee Intranet.</p> <p>Message from the Managing Directors Office via employee Intranet.</p>	<p>Dec 2003</p> <p>January 2004</p> <p>March/April 2004</p>	<p>An increase in employee positive response rate.</p> <p>Increase in take up rate.</p> <p>Feedback on communication via ECC which would indicate increased awareness among employees</p>
Community			
<ol style="list-style-type: none"> 1. Look at strategising our community involvement as a whole, particularly in the area of volunteering. 2. Communicate to employees the financial contributions we make as a company to local and national causes via the Intranet and inform them about our policy on charitable giving. 3. Document the impact of existing activities undertaken. 	<p>Review our current policy in line with our business objectives and in particular the needs of the community. Obtain top level agreement to implement. To discuss options for volunteering projects with a BITC representative.</p> <p>Via the employee Intranet</p> <p>Initiate contact with relevant organisations.</p>	<p>March 2004</p> <p>Dec 2003</p> <p>February 2004</p>	<p>A documented strategic charity policy in line with our business objectives and with the needs of the community.</p> <p>Increased awareness among employees measured via feedback from employees.</p> <p>A written record of feedback in this area.</p>

Objective	Target	Timeframe	Performance Indicator
Environment			
<ol style="list-style-type: none"> 1. Build on our e-business initiatives by putting in place measurements to demonstrate that e-business reduces paper usage and helps the environment and to further reduce the volume of paper wastage within the company. 2. To further motivate employees to become more environmentally aware as part of their normal working practice. 3. Produce a written environmental policy. 4. Communicate policy throughout the organisation. 	<p>Incorporate an environmental measurement in our reporting of e-business statistics.</p> <p>Inform employees of the benefits to the environment and the company of being more environmentally conscious.</p> <p>Review existing practices and draft policy for approval by Executive Committee.</p> <p>Email policy to all employees and request feedback</p>	<p>March 2004</p> <p>Dec 2003</p> <p>March 2004</p> <p>March 2004</p>	<p>Statistics available to show environmental savings in this area via monthly reports to management.</p> <p>To have in place a vehicle for employee suggestions in this area and to act upon them.</p> <p>A documented policy on how Eagle Star aims to impact as positively as possible on the environment</p> <p>Employees are informed of new policy</p>
General			
Document case studies on examples of good CR. practice across the business	Put in place procedures to collate data across departments.	March 2004	Written case studies on examples of best practice in the workplace, marketplace, community and environment.

The Future

Having obtained top level commitment to integrate Corporate Responsibility in Eagle Star Life, we have now collated companywide information about our current practices under the headings Workplace, Marketplace, Community and Environment. We plan to communicate our commitment and progress in these areas throughout the organisation and to the general public through our website. While we are pleased at our progress in collating the data and other material pertaining to our social and environmental performance indicated in this report, we know we have more to do. Our objectives set for the next twelve months will support us firmly in this regard.

Over the coming year senior management will drive this initiative through the organisation by making CR part of their business objectives. This will involve developing a standard reporting mechanism with performance indicators under each of the headings: Workplace, Marketplace, Community and Environment. We will regularly review and update this report with a view to improving our Corporate Responsibility strategy.

A senior company representative, Helen McIver, Marketing Manager has taken on the additional responsibility of co-ordinating Corporate Responsibility within Eagle Star.

Already since we have started the process of measuring our impact as a company and producing this report, awareness has been raised in key areas of the organisation. It has focused us on the start of a process we hope to continue and to build on for the future.

We would very much welcome your feedback on this report. Feedback forms are available from Joanne.Doran@eaglestarlife.ie or you can contact us at 01 283 1301.




“Integrating social, environmental and ethical concerns into the business decision-making process is a challenging task and in issuing their first ever Corporate Responsibility Report in March 2003, Eagle Star has started on this journey. As one of the very first corporate responsibility reports in Ireland, this document is warmly welcomed. I congratulate the company not only in committing to the Business in the Community Ireland Company Measurement & Reporting Initiative but in showing true leadership and taking the major leap forward of formally communicating their practices in the areas of the workplace, marketplace, community and environment and publishing this report.”

Tina Roche, Chief Executive, BITC.



EAGLE STAR

A member of the  Zurich Financial Services Group

EAGLE STAR LIFE ASSURANCE COMPANY OF IRELAND LIMITED

EAGLE STAR HOUSE FRASCATI ROAD BLACKROCK CO DUBLIN IRELAND TELEPHONE 01 283 1301 FAX 01 283 1578

WEBSITE www.eaglestarlife.ie

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