



Environment

Helping directly and indirectly to protect the environment is another important aspect of corporate citizenship. Eagle Star is constantly 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.

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 survey of consumer attitudes in Ireland) believe it is important for companies to ensure its products and operations do not harm the environment. There is also a clear business case for Irish companies who do take their responsibilities seriously to communicate this commitment.

There are potential competitive impacts to be gained through proper and effective environmental practices in the workplace. All businesses, 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.

It is interesting to look at how Eagle Star's key customer stakeholders - insurance brokers - have embraced Eagle Star's initiative in this area. The following statistics show that brokers have changed their method of conducting business with Eagle Star as a result.

Interesting Statistics

The success of Eagle Star's online services for brokers can be measured by the fact that, according to the LIMRA (Life Insurance Market Research Association) Broker Opinion Survey 2005, **61%** of brokers visited Eagle Star's secure broker site in the 'last week' (up from 59% in 2003). The highest figure for a similar site for 2005 was 51%.

73% of brokers said Eagle Star has the best online services (up from 54% in 2003).

One very notable finding from the PIBA (Professional Insurance Brokers Association) survey is how different brokers' relationships with Eagle Star Life is to their relationship with all other insurers (see Table below).

Method of Conducting Business	Eagle Star Life	Average Life Insurer
Online Broker Information Website	56%	18.25%
Dedicated Account Manager	30%	39%
Broker Call Centre	12%	36%
Other	1%	4%

With the exception of Eagle Star Life, the main methods used by brokers in conducting business with an insurer is through a dedicated account manager or call centre. With Eagle Star Life, the main method is online through Eagle Star Life's Broker Centre.

E-business and the Environment

E-communication

Financial services companies, as part of their normal business practice use vast quantities of paper. As a good corporate citizen, Eagle Star is endeavouring to reduce the proportion of documents we print and letters we issue, thereby making 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 broker distribution channel. In 2006, Eagle Star issued on average 4 electronic communications per month to approximately 2,000 Independent Intermediaries. This accounted for approximately 90% of all broker communications issued in 2006. 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.

Eagle Star's state of the art employee Intranet, ESI-Net, provides a huge reduction in paper usage across the organisation, making all timely and relevant communications available to all staff electronically. On average 20 employee communications or 'news items' are posted each month to the Intranet.

Benefits of Online Information

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 services allow financial advisors and customer's access to view personal policy information online and keep track of the performance of their funds. These e-business developments mean greater access for customers to their financial information which we believe promotes corporate accountability and transparency.

The number of intermediaries using our online Broker Centre, a secure extranet tailored to their requirements, is growing and usage has continued to increase in the last year. The Broker Centre allows intermediaries to:

- view policy details including current and future values and policy documentation;
- access a reports facility, underwriting forms and questionnaires;
- produce quotations and submit applications online;
- view all Eagle Star's marketing literature;
- view communications and product development news; and
- view account statements and receive account payments electronically.

As part of our online service, we give individual customers access to their policy details online through the Eagle Star Client Centre and so far over 24,000 new

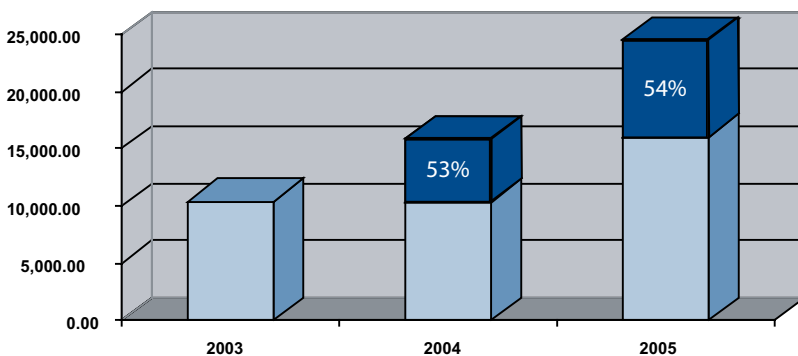
customers (as at Dec 31st 2005) have applied for this new online facility. This means pension and investment customers can look up the funds they have invested in and view live policy values. This is particularly useful for members of group pension schemes.

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.

The Financial Regulator requires intermediaries to hold product literature for each product they sell. Eagle Star provides this literature online and on disk, so another e-business benefit is that the intermediary does not have to store large amounts of paper documents. Also, Eagle Star has developed a new Doctor Centre, an online innovation which gives doctors the facility to complete required medical evidence and reports online, saving on time and paper. No other company in the market offers this facility.

Increase in Applications Submitted Online

Online applications were launched halfway through 2002. For the purposes of comparison, we are looking at the applications submitted during 2003, 2004 and 2005.



There has been a 235% increase in Applications submitted online, over this 3 year period.

The number of online application forms received during 2004 & 2005 was up 107% on the number received in the

same period the previous year. Between 2004 & 2005, Eagle Star estimates that the total online applications received would have weighed 1.75 tonnes if we received the applications in a paper format. And, this is just a small example of the type of e-commerce the company is engaged in. In future, we plan to incorporate an environmental measurement in our reporting of e-business statistics.

During 2004 & 2005, 158,000 online page requests were received on average per week at Eagle Star compared with an average of 48,600 per week for the period of 2003 & 2002 .

Recycling & Waste Management

Eagle Star continues to be committed to limiting the negative impact on the environment through recycling and waste management. To date we have made progress in the area of waste management and energy conservation through the use of recycling cabinets, the recycling of old mobile phones, all printer and photocopier toner cartridges, participation in the ESB Winter Demand Reduction Scheme and the disposal of all old office equipment, in line with the EU Directive on Waste, Electrical and Electronic Equipment (WEEE). This covers hard drives, monitors, keyboards, printers, fax machines, telephones and photocopiers, fluorescent light tubes and batteries.

Recycling of Paper

To play our part in recycling the 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, staff are provided with 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.

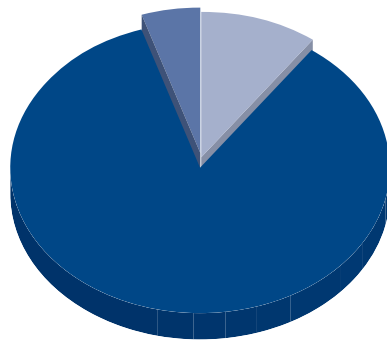
It is a fact that for every tonne of paper we recycle, 17 trees are spared, 7,000 gallons of water are saved and 4,200kWh less of electricity is used*.

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 The UK to produce paper tissue.

*Source: www.raceagainstwaste.com

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 paper cannot be used

Example: For the 6 month period June to end 31st December 2005, Eagle Star Life recycled almost 26 tonnes of paper, which is equal to 442 trees.

Recycling Mobile Phones and Print Cartridges

Eagle Star has encouraged staff to recycle old, broken, redundant or discarded mobile phones. Funds raised will help to assist the Children's Hospital, Temple Street to purchase vital equipment and to help establish and fund research. Employees are notified of this initiative via our employee intranet and a box is in place in a central location for staff to leave their old mobile phones, making it more convenient for employees to participate.

Eagle Star returns all used print cartridges to our supplier. These used cartridges are then transported to Russia, melted down and used to make mobile phones and keyboards. Eagle Star uses on average 20 cartridges per month.

Recycling Cans and Plastic Bottles

Eagle Star recently sourced recycling bins for cans and bottles which have been placed in the canteen. Plastic spoons have been removed from the canteens and replaced with wooden stirrers in an effort to limit the negative impact we as a company have on the environment.

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
- Operate within the Government guidelines and legislation
- Hold a waste management collection permit to transport waste.

Eagle Star published its first Corporate Responsibility report, the first of its kind in Ireland online at www.eaglestarlife.ie and will continue to do so.

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.

- PCs and monitors account for over half of office equipment energy use.
- A computer left on permanently will cost around £25 (€37.50) a year, but if switched off at night and at weekends this can be reduced to around £7 (€11) a year (over 70% saving) and save an equivalent amount of energy to make over 21,000 cups of coffee!*

- 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**. Although Eagle Star participate in this scheme, due to the nature of our business we cannot use it to its maximum capacity.

Our water usage is general domestic usage and we are charged every quarter based on estimated usage***. 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.

* Information supplied by Action Energy in the UK through the ESB's Business Energy Efficiency Services

** Electricity Supply Board

*** No usage records available

Communicating Environmental Awareness

Eagle Star motivates employees to become more environmentally aware through regular environmental communications. Employees were informed of the current procedures and practices in place in Eagle Star and suggestions given as to how each employee can play their part in reducing waste at work.

An **Environmental Suggestion Facility** is available on the Office Facilities section of the intranet requesting employees to put forward their suggestions on how we can further improve as a company in this area. These suggestions are monitored by the Office Facilities Manager and evaluated on a case by case basis.

Environment Summary

We believe that helping to protect the environment is important and Eagle Star is constantly developing practices and procedures in this area. To make sure we're doing all we can, we have set ourselves environmental goals that work together with our business objectives:

Environment Objectives

Eagle Star aims to:

- 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
- Introduce a documented environmental policy
- To continue to motivate employees to become more environmentally aware as part of their normal working practice.