

# Corporate Responsibility Report

During 2005 we undertook a thorough review of our Corporate Responsibility programme and put in place a challenging three-year action plan to drive it forward across the Group. We also commissioned Forum for the Future, the UK's leading sustainable development organisation, to audit our programme. Their work confirmed the strong progress that had been made, as well as highlighting a number of further areas for improvement, most notably the need to better align our business and Corporate Responsibility strategies within a sustainable business model.

My appointment as Chair of the Association of British Insurers (ABI) this year has coincided with their work to create a scheme to succeed the Raising Standards Quality Mark. A new initiative, called the Customer Impact Scheme, will include a series of company commitments and a new Consumer Panel to advise the ABI board. I look forward to new, challenging standards for promoting trust and confidence in the Insurance sector in general and in the Friends Provident Group more specifically, where we are determined to make these attributes synonymous with our values-driven business.

Friends Provident maintained its membership of both the FTSE4Good and the Dow Jones World Sustainability Indices and was ranked joint 22nd in The Sunday Times 'Companies that Count' survey, based on an annual assessment by the charity Business in the Community.



We believe it is important to be transparent in all areas of business, including Corporate Responsibility, and we therefore provide a full report, including objectives for 2006, on our website: [www.friendsprovident.com/responsibility](http://www.friendsprovident.com/responsibility)

## Our areas of influence

The life assurance industry is important from both an economic and social perspective, contributing to the generation of wealth and the social wellbeing of society. Friends Provident was originally founded with the aim of alleviating the hardship of families facing misfortune. Today, as we pay out millions of pounds every working day, improving the quality of life of our customers and their families remains our aim and our core social responsibility.

As one of the leading financial services groups in the UK, we recognise our responsibility to society at large and are committed to conducting business in a responsible manner, considering not only the economic factors but also our social and environmental impact. Our Statement of Business Principles, published on our website, sets out our corporate values and responsibilities to all those who have an interest in our business.

We consider our areas of influence to be our business dealings in the marketplace, our investment policies and practices, as well as our relationships with customers, treating them fairly and serving them efficiently. Relationships with our employees, the wider community and the environment are no less important and are also covered later.

## Marketplace

Our most significant impact on society is the indirect influence we can exert through responsible investing, which the Group pioneered. In 1984 we launched the UK's first ethical unit trust, the Stewardship unit trust. Our Stewardship range of products is still the market leader. Customers who invest in Stewardship can be confident their money will be invested only in companies that have been screened by an independent Committee of Reference to ensure the selected investments conform to the Stewardship criteria ([www.friendsprovident.com/sri](http://www.friendsprovident.com/sri)).

The Group operates a state-of-the-art management system, known as **reo**, for engaging with companies on a range of social and environmental issues. We believe that companies that change the way they behave to address these issues also enhance their long-term shareholder value. **reo** is applied to our worldwide equity portfolio, including our staff pension fund.

Friends Provident fully discloses the way it votes on the shareholdings held in other companies at those companies' meetings – worldwide. We publish monthly reports that list the way we have voted and include a brief explanation of every vote that does not support the recommendations made by the boards of those companies ([www.friendsprovident.com/responsibility/votingreport](http://www.friendsprovident.com/responsibility/votingreport)).

## Environment

At our main sites, we continue to manage our direct impacts on the environment through a structured programme of environmental housekeeping and report on progress.

Carbon dioxide emissions from both travel and buildings energy use were reduced by 14% in 2005. These reductions were achieved largely by using less gas, as well as the continued switch to diesel technology in our car fleet. Energy from renewable sources now accounts for 68% of our buildings energy use, although actual energy use across our main office sites has increased by 11%. Reducing overall energy use is a priority for 2006 and we have a planned programme of improvements focused principally on improving our energy management systems in Salisbury, our largest site.

The Group is committed to reducing paper use and the amount of waste generated, as well as increasing recycling and the use of recycled materials. Within our marketing operations good progress has been made in investigating and trialing the use of recycled paper stocks in marketing materials. Our asset management company, F&C, already only uses paper with a substantial recycled content and, during 2006, we plan to extend this across the Group.

**CO<sub>2</sub> emissions from gas and electricity at our main office sites: tonnes**

2005	1,648
2004	1,977
2003	1,858
2002	5,650
2001	7,275

**CO<sub>2</sub> emissions from company cars: tonnes**

2005	2,710
2004	3,075
2003	3,499
2002	3,794
2001	6,074

**Office paper use: million sheets of plain paper**

2005	48
2004	48
2003	53
2002	54
2001	56

**Waste generated: tonnes**

2005	1,069
2004	1,121
2003	1,070
2002	910
2001	1,030

**Waste recycled: % of waste generated**

2005	31%
2004	32%
2003	28%
2002	32%
2001	30%

The statistics have been drawn up in accordance with Department for Environment, Food and Rural Affairs guidelines. The data above relates to FPLP. F&C reports its Corporate Responsibility performance separately.

**Workplace**

While ensuring that the needs of our customers come first, we try to help our people achieve their optimum work-life balance through homeworking, job sharing and flexible working. We have been accredited as an Investor In People since 1999 and we undertake regular employee surveys which this year show that the Staff Engagement Index has increased from 64% to 72%.

Through our broad equal opportunities and diversity policy we work hard to achieve a culture that is free from unfair discrimination. We believe that the diversity in our workforce should reflect the diversity in our local communities. During 2005 we initiated a comprehensive equal opportunities and diversity training programme. We promote equal opportunities more generally through our support of Business in the Community's 'Opportunity Now', the Equal Pay Commission, the Employers Forum on Disability and the Employers' Forum on Age.

We monitor employee sickness and turnover and we publicly report our performance on our website. We have a strong track record on health and safety with Silver and Bronze awards from the Royal Society for the Prevention of Accidents. We recognise the trade union, Amicus, with whom we liaise on employee-related business issues.

**Community**

2005 was the first full year of operation for the Friends Provident Foundation, which has begun to fund programmes initially focused on financial exclusion. Those organisations that have received grants include CentrePoint, Charity Bank, Street UK, Community First, TaxAid, Public Service Broadcasting Trust and Citizen's Advice Bureaux. Full details can be found on the website [www.friendsprovidentfoundation.org](http://www.friendsprovidentfoundation.org)

We also facilitate and promote payroll giving as a simple and cost-effective way for employees to donate to their favourite charity. In recognition of the success of our main scheme (12.5% of employees participate) we are delighted to have won a Gold Award from the Payroll Giving Quality Mark scheme.

Through our company fundraising days, employees raised over £20,000 during 2005 and to encourage even more involvement this year, we have committed to match funds raised by staff.

Finally, we continue to promote our Volunteer Reading Scheme, where employees are given time out of work to visit primary schools to help young children develop their literacy and social skills.



For the Board  
**Keith Satchell**, Group Chief Executive.