



Abbey National
Group

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Abbey
National
House

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Executive Statement



We are very pleased to publish this, our third corporate social responsibility (CSR) report, which describes our performance over the last year and identifies targets for the coming year.

As many of you reading this report will know, the past year has been a difficult time for Abbey National. Many challenges lie ahead, but we are still committed to our CSR strategy. We recognise that we need to structure our approach to CSR further by setting targets and reporting on them regularly.

In 2003, we plan to carry out a review of our CSR activity and to develop a strong framework to measure and report on our activity. We intend to be able to give an account of this work in our CSR report next year.

"We understand that the social, financial and environmental wellbeing of the communities we serve is important and we are committed to treating all those who come into contact with the company in a fair and ethical manner."

As one of the UK's leading companies, we make a significant economic effect on the societies in which we operate as an employer, a taxpayer, an investor and a consumer. The charts on the opposite page give more details on our economic contribution to the wider community.

We understand that the social, financial and environmental wellbeing of the communities we serve is important, and we are committed to treating all those who come into contact with the company in a fair and ethical way.

We have made significant progress in several areas of our CSR activity. Here are some examples.

- A full review of our statement of ethical principles, "How we do business", which is available on our website at www.abbeynational.com
- As a member of the FORGE Group, we formalised a structured approach for managing and reporting corporate social responsibility (CSR) issues for the financial sector, which was published in November.

FORGE is a group of eight financial services companies, supported by three government departments, in consultation with seven stakeholder organisations and supported by the British Bankers' Association and the Association of British Insurers.

Our new business strategy focuses on personal financial services in the UK and puts more emphasis on the importance of our customers. With around 16 million customers, we have a relationship with around one in three households in the UK and are very much aware of our responsibility to maintain their trust and earn their commitment.

Our people throughout the organisation are critical to our success, and we would like to thank them for their continued hard work and commitment.

We intend Abbey National to be esteemed by all its stakeholders for the positive benefit it provides to shareholders, customers, employees and the wider community in which it operates. Our aim is to create a business of great value in both social and economic terms.

We value your feedback, so please contact us with your comments and questions. The address to write to is on the back of this report.

Luqman Arnold

Lord Burns

Achievements in 2002

It is always welcome when our activity is recognised by external organisations or benchmarking exercises (exercises to measure our performance). In 2002, a number of our initiatives, particularly in the area of workplace, received recognition and these are listed below.



Abbey National is included in the Dow Jones Sustainability Indexes. These indexes track the performance of the top 10% of companies with good records of corporate social responsibility.



In 2002, we were included in the second FTSE4Good series of benchmark and tradeable indexes, which list companies with good records of corporate social responsibility.



We were awarded the Gold Standard in the Opportunity Now benchmarking index on gender (sex) equality.



We were placed in the top 10 of the Race for Opportunity benchmarking index carried out by Business in the Community.



We were placed in the top 10 of the Global Inclusion Disability benchmark carried out by the Employers' Forum on Disability.

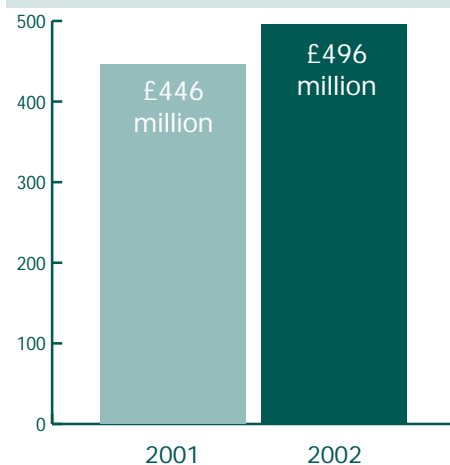
BUSINESS *in the* COMMUNITY

"I am delighted to endorse this report which sets out with great clarity how Abbey National has successfully integrated corporate social responsibility into the fabric of its business. The impact of Abbey National and its work in the marketplace, workplace, environment and community demonstrates integrity and innovation and should act as an inspiration to others."

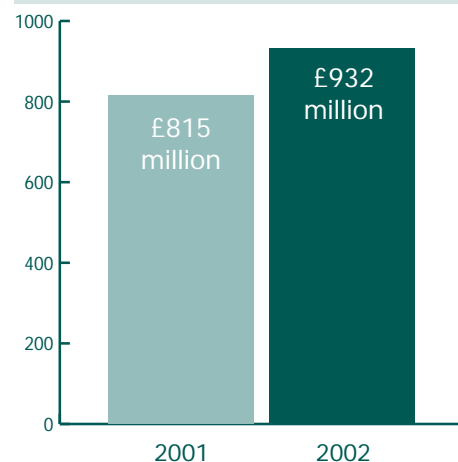
Julia Clevedon CBE
Chief Executive
Business in the Community

Economic contribution

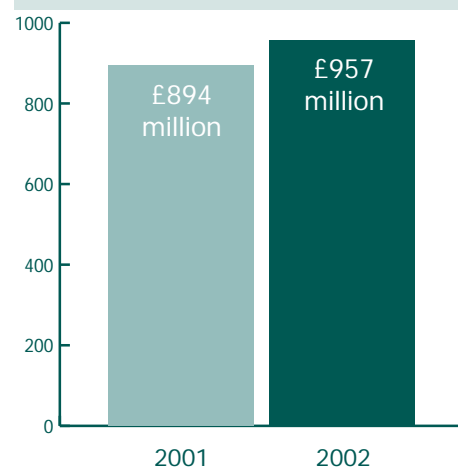
Tax



Employment



Other spending



The figures for 2001 differ from those in our May 2001 Corporate Citizenship Report because they were restated in our Annual Report and Accounts 2002, published in March 2003.

Marketplace

Customers

- Communication
- Choice
- Service

We are very much aware of just how important our 16 million customers are to our business. Our new business strategy focuses on putting our customers at the heart of everything we do, and we already have many processes in place to make sure this is the case.

Communication

We communicate with our customers in many ways – from advertising, postal and telephone and internet banking, through to face-to-face contact in branches. We follow all relevant laws and regulations as a minimum standard, and we aim to make it as straightforward as possible for customers to contact and do business with us.

Feedback from our customers is important to us and we try to make it easy for customers to contact us. Customer feedback boxes or customer comments books are available for customers to use in some of our branches.

Highlights

- Work with the Government and the Post Office to develop and deliver 'Universal Banking Services'.
- Support for three new projects to develop financial literacy for young people.
- Work with the Institute of Public Policy Research (IPPR) on using not-for-profit models in developing public-private partnerships.
- One of the UK's largest lenders to housing associations.
- Carried out a review of our ethical principles policy "How We Do Business".

Choice

The UK personal financial services market is competitive, but we believe we provide a valuable alternative to the big four banks. Since April 2000, we have successfully helped thousands of customers move their bank accounts to us through our 'Switcher Service'. We have a dedicated switcher team, whose only purpose is to arrange the smooth transfer of standing orders and direct debits on the customer's behalf. We keep customers updated throughout the process. When a customer has filled in our bank account application and given us authorisation to move their account on their behalf, they do not need to do anything else.

Service

We encourage branch managers to spend as much time as possible with customers to get a better understanding of their questions and concerns, and to increase levels of customer satisfaction. This also helps branch managers assess their teams' training and development needs. Also, a number of our executive directors have spent time visiting branches over the last few months, talking with colleagues and customers to get a first-hand understanding of what we could do to improve the service and products we offer to our customers.

From time to time, customers may feel we have not met their expectations. Where possible, these situations are handled by the branch or customer team responsible. We monitor the number and type of complaints, and dedicated relationship managers give feedback to business areas to help them improve services or products wherever possible.

For example, refurbishing a branch usually involves closing it for a short period. While customers benefit from the refurbishment, feedback from them shows they feel inconvenienced by the closure. We have taken account of this feedback and now give customers notice of plans to refurbish a branch by using posters, leaflets and individual letters. We advise customers where the nearest alternative branch is and provide temporary premises where possible.

Products and services

- Basic banking
- Ethical investment
- Financial literacy for young people
- Debt management and money advice
- Small businesses
- Social housing
- Access for disabled people
- Not-for-profit public-private partnerships

Basic banking

We have operated a basic bank account (an account specifically designed for people who may have difficulty accessing traditional financial services) since 1996 and have more than 555,000 accounts in operation. In February 2003, we launched a new basic bank account and have worked with the Government and the Post Office on developing and delivering 'Universal Banking Services' – an initiative that allows people who receive state benefits to get access to their money at cash machines or post office counters.

Ethical investment

Since 2000, our fund management arm, Abbey National Asset Managers (which had £29.3 billion of funds under management at the end of December 2002), has offered a fund that 'ethically screens' investments. This means that the fund does not invest in companies that:

- make whole weapon systems;
- make tobacco products;
- generate nuclear power;
- carry out animal testing for cosmetic purposes; or
- are involved with pornography.

They also consider other issues, including:

- environmental factors;
- employment conditions;
- community involvement; and
- animal testing and farming.

Financial literacy for young people

We support efforts to improve financial literacy. Briefing materials to help children aged 11 and over learn the basics of managing money, including financial jargon and budgeting, are available in all our branches.

We provide financial and other support for new initiatives such as the Certificate in Financial Services Practice for 16- to 19-year-olds (developed by the Institute of Financial Services) and the Toynbee Hall Community Finance and Learning Initiative.

We are working with secondary schools in north west England on developing and testing a schools curriculum pack for teaching business studies.

Debt management and money advice

We continue to support organisations that provide help and advice to people who miss payments. We focus our efforts on providing tailored support for our own customers, and spent £325,000 in 2002 on independent debt-counselling services. On top of this, we made donations of £259,000 to the Consumer Credit Counselling Service to provide special help to our customers who had fallen into debt.

We also continued our support for developing the National Debtline, a telephone advice service set up by the Money Advice Trust and supported the Money Advice Scotland conference. One of our employees continues to serve as the treasurer of the Money Advice Liaison Group.

Small businesses

As a relative newcomer to banking services for small businesses, we continue to promote competition and better deals for small-business customers. In 2002, the Competition Commission released a report in which it judged that eight banks, not including us, were part of a monopoly that was acting against the public interest. The report recommended a number of actions, including that banks must offer interest on accounts in credit or free transactions. At the time of the report, we already offered both these services.



The 2001-2002 academic year was the second year that a group of sixth-form students from Stantonbury Campus in Milton Keynes have studied for the Certificate in Financial Services Practice, a syllabus provided by the Institute of Financial Services (IFS). We provide financial support for their studies through a fund handled by the IFS, and members of the training team support tutorial sessions at the school to bring an industry view to the learning. In May 2002, a group of the students visited our head office in London (pictured above).

Social housing

We are one of the UK's largest lenders to housing associations and have funded a number of projects that provide community services as well as housing. At the end of 2002, we had £3.9 billion in loans outstanding to registered social landlords.

"The transfer of housing stock from local authorities to registered social landlords (RSLs) has been an important and successful part of successive governments' social housing policy. Around 148 housing stock transfers have been carried out, involving 593,000 properties and raising around £9.5 billion in private finance."

— Sources of Finance for Housing Stock Transfers, Office of the Deputy Prime Minister, September 2002

Projects have included the following.

A tenant vote in April 2002 confirmed the Government's plans to transfer all of Glasgow's 88,000 council-owned homes to a new registered social landlord – the Glasgow Housing Association. The transfer will allow £1.9 billion of improvements and modernisations to be made to the housing over 10 years. We will contribute £90 million of the £725 million in private-sector funding.

Passmore Urban Renewal Limited, a partnership between the London Borough of Newham and four local registered social landlords, was set up with central government funding to improve poor-quality, private-sector properties and make them available at below-market rents for local key workers (such as teachers, nurses, social workers and police officers). Passmore began by buying and upgrading several homes in east London, and our loan of £8 million allowed Passmore to use the equity in the existing properties to buy more properties, some possibly for commercial use. Passmore expects to provide 125 high-quality flats and houses at below-market rents by 2006.

Access for disabled people

We have put measures in place to make sure that all our services are equally accessible to customers with disabilities. We are currently surveying all our branches to make sure that they meet the latest amendment to the Disability Discrimination Act which comes into force in 2004. There are already communication aids, such as induction loops for customers with hearing difficulties, in most branches, and textphones operate across head office sites. Also, if a customer needs a sign language interpreter, we will arrange and pay for this service.

Our customer and shareholder information continues to be available in many formats, including Braille and large print. And we have designed our websites to be user-friendly for people with sight difficulties.

Not-for-profit public-private partnerships

We contributed to a major piece of work carried out by the Institute of Public Policy Research (IPPR), looking at how not-for-profit models can be used in developing public-private partnerships in delivering public services. The IPPR's report, 'Public Interest Companies', was released in January 2003.

Suppliers

- Ethical behaviours
- Social responsibility

Ethical behaviours

Each year, we spend around £800 million on goods and services from other organisations.

All transactions carried out by our Procurement department meet our ethical statement 'How we do business'. The main points of this policy are listed below.

We have a procurement policy in place that promotes a number of important principles, including competitive tendering and dealing with suppliers fairly and openly. Under this policy, we must take account of the ethical record of a company, among other factors, when looking at possible suppliers. We aim not to do business with organisations that do not share our commitment to dealing with stakeholders fairly and ethically.

We expect all our employees to maintain the highest standards of honesty and ethical behaviour in dealing with suppliers. Employees

cannot use their authority or position for their own interests.

Relationships with suppliers should be carried out openly and should include a declaration of any personal, family or financial interests. We do not allow employees to receive gifts of significant value.

It is our policy to make sure that payments to suppliers are made in line with the terms and conditions agreed, unless the supplier fails to keep to those terms and conditions.

Social responsibility

We are increasingly aware of our obligations and responsibilities towards the social and ethical policies of our suppliers and partners. At the moment, we have no formal policy in place to assess this. As a first step in tackling this, members of our Procurement department took part in training workshops over the past year with the Ethical Trading Initiative and Business in the Environment. These, along with the Chartered Institute of Purchasing and Supply ethical business practices document, have helped develop our understanding of the main issues in this area.

Leeds, Park Row branch



Business principles

- Policy
- Investments
- Human rights
- Codes of conduct and guidelines

Policy

Since 1999, we have had a statement of ethical principles, 'How we do business'. This policy sets out our commitments to dealing with all our stakeholders fairly and ethically and is available on our website at www.abbeynational.com

During 2002, we fulfilled our commitment to carrying out a review of the ethical principles. As a result, we have made the following changes to 'How we do business'.

- We have updated the terminology we use in line with changes that have been made to the organisations regulating us.
- We have updated references to company policies that have changed (for example, we have made significant changes to our environmental policy so we rewrote the relevant section in 'How we do business').
- We have made commitments to keep to certain laws, especially those that have come into force since 1999 (for example, the Human Rights Act 2000).

Investments

We have had a policy in place for several years to make sure we take account of ethical concerns when investing our assets. We also updated this policy, the ethical investment guidelines, and included it in 'How we do business'. The new version of the ethical investment policy confirms the areas where we will take special care when investing our assets. These areas include:

- human rights concerns;
- the defence sector;
- the environment;
- public health;
- mistreatment of animals; and
- pornography.



We are committed to providing more customer-facing staff.

The new version of the policy also includes a specific reference to the Universal Declaration of Human Rights and the International Labour Organisation's principles.

Codes of conduct and guidelines

We are aware of the growth in codes, declarations and guidelines that set out expectations for companies' behaviour on social, ethical, and environmental issues.

As we have already mentioned, we have taken part in, or declared our intention to keep to, a number of these, such as:

- The FORGE Group (a group of eight financial services companies supported by three government departments and in consultation with seven stakeholder organisations, supported by the British Bankers' Association and the Association of British Insurers) which gives guidance on corporate social responsibility, management and reporting for the financial services sector;
- Association of British Insurers' guidelines on social responsibility; and
- United Nations environmental programme financial statement.

We believe that these initiatives – combined with our statement of ethical principles, 'How we do business', and the numerous regulations relating to ethical behaviour set forward by the Financial Services Authority – demonstrate our ethical values and policies. Despite this, we will continue to monitor the development of external codes and stakeholders' expectations of us keeping to them.

Looking forward to 2003

- Increased focus on customer service and advice to meet customers' needs better.
- Review of the product range available through registered social landlords for people who may have difficulty accessing traditional financial services.
- Ongoing work in branches to make sure that they meet the amendment to the Disability Discrimination Act.
- Continue our work with the FORGE Group to develop standards for CSR reporting within the financial services sector.

Workplace

Equality and diversity

- Objectives
- Diversity
- Disability

We have shown a lasting commitment to workforce diversity and have had some form of diversity policy since the early 1980s. Our 'Valuing People as Individuals' policy, which is consistent with the values that underpin our culture, is available on our website www.abbeynational.com

Objectives

In 2002, the director responsible for Human Resources (HR) approved the following as a new set of objectives.

- To make sure our ethnic-minority representation is matched to that of the local workforce in the major locations where we are based.
- To make sure our workforce reflects the mix of religious backgrounds and communities where we operate in Northern Ireland.
- To improve the representation of women and ethnic minorities at management levels.
- To improve awareness of diversity within the company, including the role that everyone has to play in achieving a business where people are valued as individuals.

Highlights

- Review of objectives for equality and diversity.
- Awarded the Gold standard in the Opportunity Now benchmarking index on gender equality.
- Placed in the top 10 of Race for Opportunity benchmarking index carried out by Business in the Community.
- Placed in the Top 10 of the Global Inclusion Disability benchmark carried out by the Employers' Forum on Disability.

- To make Abbey National an employer that disabled people want to work for.
- To increase awareness of our progress and achievements on diversity matters.

Diversity

We were pleased that our work in the area of diversity was recognised in 2002 when Opportunity Now awarded us the Gold Standard in its benchmarking index on gender (sex) equality.

In 2002, we carried out an equal pay audit for the second year in a row. The results showed that overall pay levels of men and women are within 9% of each other. A further audit is planned for 2003.

The tables below give more details of the results from the equal pay audit.

We employ significant numbers of people at our main head office sites in Bradford, Glasgow, London and Milton Keynes. We aim to employ a workforce that reflects the local community, and to support this there are four Diversity Action Groups (DAGs) across the company.

Equal pay audit

	Percentage of roles filled by women	Ratio of average pay for women to average pay for men
Level 4	28.3%	92%
Level 3	45.7%	90%
Level 2	56.4%	90%
Level 1	81.2%	107%

We have changed our management levels from those used in the 2001 report which made comparison difficult. Level 1 is the most junior of the new levels and level 4 the most senior.

Employee figures

Total number of employees	30,164	
Female employees	20,028	
Male employees	10,135	
	Male	Female
Full-time	9615	13,331
Temporary	175	321
Permanent	9440	13,010
Part-time	520	6697
Temporary	82	308
Permanent	438	6389

Total full-time ethnic-minority employees	1663
Total part-time ethnic-minority employees	504
Employees aged 50 and under	26,900
Employees aged 50 and over	3264
Employee turnover (percentage)	12
Average days absent for each employee	9
Total number of staff grievances (at the final stage)	10
Total employee satisfaction (percentage)	65
Total number of training days	204,966
Average number of training days for each employee	8.3
Average invested in training for each employee	£578
Total number of reported accidents	269
Total number of accidents reported to enforcing authorities	12
Total number of adjustments to workplaces	672
Workplace adjustments for disabled employees	99

These work to promote a more diverse workforce in their local areas. Our aim is to focus further on our relationship with our local communities by expanding the number of DAGs and to co-ordinate their work with that of our Community Partnership Groups (which distribute donations from the Charitable Trust) to provide a more focused approach to the community.

Some of the successes of the DAGs are listed below.

- We were voted 'Headstart Company of the Year 2002'. Headstart is a project run by Education Bradford that helps find work for disadvantaged people. The box on the right gives an example of how this project works in practice.
- We have increased our prominence in local communities through programmes like Employers Racing Ahead (ERA) and a community video highlighting Asian role models at work in Abbey National. We started ERA in 2001 and it is supported by a group of employers in the Bradford area. These employers work together to understand and meet the needs of ethnic-minority people in the local area who are looking for work.
- In 2002, we continued to run the Equal Choices programme that was started seven years ago. It is an ongoing project in Milton Keynes that works with Year 9 students from ethnic minorities to raise their ambitions in the world of work.

Project 'Headstart' is designed to increase opportunities for students from ethnic-minority backgrounds by providing them with work experience over an extended period and to create a 'headstart' into jobs.

In 2002, 16 candidates took part in four-week work-experience placements which provided practical, vocational experience. It was a great success, due to the high number of placements accepted and the successful appointment of a Headstart student, Saima Hussain, to a role within the company.

"I thoroughly enjoyed my time at Abbey National. The people were friendly and keen to show me how to progress. The experience has given me a vast insight into working life. I have learnt the skills needed to secure a job and I have been lucky enough to secure a position in Abbey National. The experience will also help me with my personal statement when I apply to university."

Saima Hussain, aged 17, Bradford

We have continued our involvement in national interest groups throughout 2002. We have supported:

- Opportunity Now;
- the Employers' Forum on Disability; and
- the Employers' Forum on Age and Race for Opportunity.

We came in the top 10 of both the Race for Opportunity and Global Inclusion Disability Benchmark.

Disability - raising awareness internally

Our Disability Employment Action Team (DEAT) has continued to focus on setting up a strong framework for the employment of disabled people. This helps to make sure we have the appropriate processes in place to help recruit, develop and hold on to employees with disabilities.

DEAT set up focus groups to help us better understand the views of existing disabled employees about Abbey National as an employer of disabled

people. Action plans have been put in place to make sure that the suggestions and improvements highlighted by the focus groups are achieved.

A mentoring scheme for disabled employees has also been set up across the company. Mentors took part in a 'taster day' to make sure that they had the appropriate skills to advise a disabled employee.

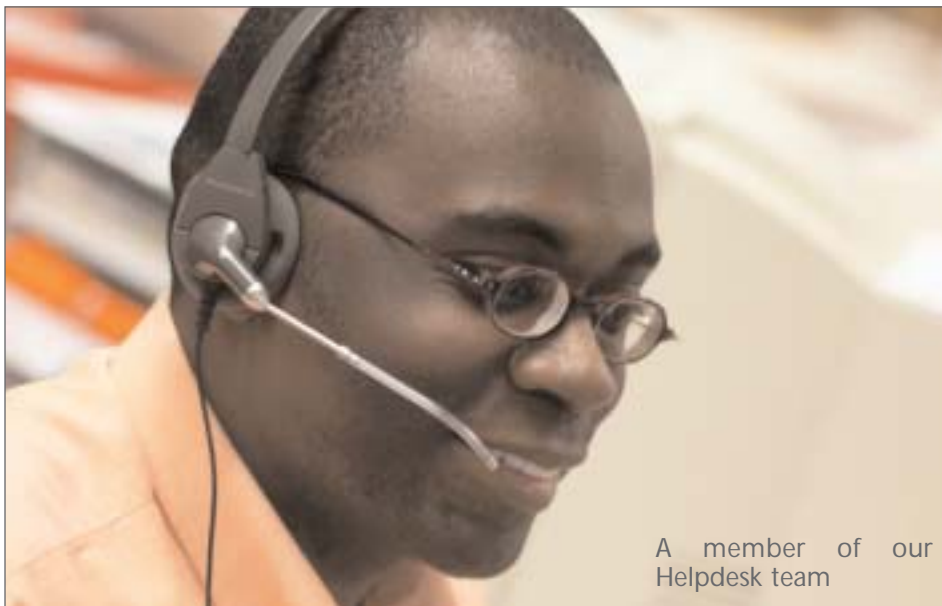
We have created a role in our Infrastructure and Technology (IT) department to develop the process so IT can deliver and support technology solutions for disabled colleagues. They work with our Health and Safety department to deliver effective solutions and to monitor cases individually.

To raise internal awareness of our work in this area further, monthly news items have been published on our intranet and articles have appeared in our internal magazine Abbey View.

Raising awareness externally

We have worked to raise our external profile as an employer of disabled people. To achieve this, we took part in a video funded by Unum Provident, a provider of income protection insurance, which aimed to help companies see the benefits of employing disabled people.

We are committed to the Disability Discrimination Act and are proud to use the Employment Service 'Positive about Disabled People' symbol. We have entered into a partnership agreement with the Employment Service Disability Service to provide access to work for people with disabilities. The agreement aims to make sure that new and existing employees receive the necessary aids and equipment to make their working lives easier.



A member of our Helpdesk team

Work-life balance

- Flexible working
- Leave for working parents

We are committed to supporting people in achieving a reasonable balance between their home and working life. We understand that people must be valued and supported through the various stages of their lives.

Flexible working

We offer a wide range of flexible working options, including:

- part-time work;
- job-sharing;
- homeworking; and
- career breaks.

We constantly review and develop these flexible working options to make sure we still have the competitive

advantage provided by our reputation as an employer of choice. We keep up to date with external best practice and legislative developments, offering improvements to legal requirements where this is appropriate.

Leave for working parents

During 2002, we introduced improvements to our maternity, paternity and adoption arrangements before legislative requirements. We also introduced new benefits relating to IVF treatment, and for the first time employees were able to take advantage of a new policy giving them the choice to work beyond their normal retirement date. Employees are also able to take advantage of our parental leave, discretionary leave and paid paternity leave arrangements, all introduced under our Company's Life Flex Policy at the end of 1999.

Health and safety

- Workplace adjustments
- Health and safety initiatives
- Health and safety legislation
- Projects for 2003

Through our health and safety policy we are committed to developing and maintaining a management culture that protects the health, safety and welfare of staff while on our premises, or elsewhere while they are on company business. We also recognise our responsibility for the health and safety of customers, contractors and the public when they come into contact with our business operations.

We are committed to providing and maintaining, as far as is reasonably possible:

- safe and healthy workplaces, systems of work and equipment;
- risk assessments and measures taken to remove or reduce those risks;
- information, training and guidance to employees and others as necessary, to reduce accidents and ill health;
- our legal obligations to anyone affected by our operations; and
- systems for monitoring how effectively the policy is put into practice.

Occupational Health and Safety (OH&S) works closely with management, employees and the trade union to make sure that we put into practice and maintain our health and safety policy effectively.

Adjustments to workplaces

During 2002, OH&S recommended 672 workplace adjustments for employees with medical conditions. Most of the medical conditions that needed workplace adjustments involved musculo-skeletal disorders such as back, neck or arm problems and problems with posture. In most cases, simple adjustments helped people perform their jobs effectively. The average cost for each adjustment was about £20.



A member of our Helpdesk team

Over the last two years, Health and Safety and our property partners Covista have worked on a major project to improve the health and safety of branch counters. A new L-shaped counter was developed and introduced in some of the branches in early 2002. This counter has greatly improved the safety of our branch-counter operation. The new counter design has been installed in nearly 50 branches, and so far we have received positive feedback from these branches.

Workplace adjustments for disabled employees

We have made 99 workplace adjustments for our disabled employees. When we discover a problem, we identify solutions and put them into practice. These solutions usually involve changes to IT equipment, hardware and software. Other disability adjustments have included providing electric wheelchairs, motorised doors, stairlifts and furniture adaptations.

The average cost of adjusting workplaces is £500 for each person. In 2002, we continued the agreement we reached last year with the National Disability Services. This allows us to buy equipment and services for disabled staff and then claim back 70% of the cost.



Other health and safety initiatives

✓ Call centres – OH&S worked closely with the UK Health and Safety Executive (HSE) to develop guidelines for call centres. As a result of this, we developed a contact (call) centre charter which meets the requirements of the HSE guidance provided to the enforcing authorities.

✓ Homeworkers – An increasing number of employees are choosing to work from home. We developed a homeworker's health and safety guide to help managers get approved equipment and carry out risk assessments. The guide also helps homeworkers carry out their jobs safely.

✓ Stress – Currently, there is no specific legislation that orders companies to carry out stress risk assessments. But the HSE is carrying out research before publishing an approved code of practice for employers on how they should manage stress in the workplace. Our OH&S team took part in the HSE research that identified us as a 'beacon of excellence' which other companies could model themselves on.

✓ Asbestos – Under the Control of Asbestos at Work Regulations, employers must make sure they survey their workplaces for asbestos and then take steps to manage or remove any harmful substances. At the end of 2002, we had surveyed more than 50% of our sites and put arrangements in place to manage all cases where asbestos was found.

✓ Disabled access – We have carried out access surveys on all head office buildings to make sure we provide suitable access for disabled employees.

✓ Inspections by the enforcing authorities – More than 50 sites were visited by the enforcing authorities (environmental health and fire officers) in 2002. They found that our sites were safe and met legislation. However, in some cases, the inspectors found that there was a lack of health and safety knowledge among our managers. We are tackling this through the 2003 Management Training programme. We were not served with any improvement or prohibition notices during the year.

Health and safety legislation

The final part of the Disability Discrimination Act comes into force in 2004. Under this, all companies must provide services to disabled people which are no less favourable than those offered to people who are not



disabled. We plan to carry out access surveys on all our sites through 2003 to make sure we are meeting our legal obligations.

In an attempt to reform existing UK law on fire safety, the Fire (Workplace) Regulations will be amended. Under this amendment, all companies must carry out their own assessments on the risks of fire and their ability to detect and fight fires. As a result, companies will no longer be able to rely on the fire authorities to confirm that properties are safe, and the role of the fire authorities will focus more on enforcement than approval. We have already made arrangements for fire risk assessments to be carried out across our sites, and most of the site assessments of our branch network have already been carried out.

The HSE is drafting legislation under which employers must investigate the causes of workplace accidents and ill health. Our current accident practices already meet the proposed draft legislative requirements.

The Government's 'Revitalising Safety' programme is already being put into practice. As well as the proposed new offence of corporate killing, new ways of cracking down on companies who break health and safety legislation are being considered. The HSE has visited most chief executives of the FTSE 350 companies to find out what they are doing to improve health and safety in their businesses. We produced a briefing pack for our chief executive and have briefed our executive directors on their health and safety responsibilities (who will then pass this information on to each division).

Employee communications

We believe that involving employees and effective communication are vital to our success. We publish a two-monthly employee magazine 'Abbey View', which combines work-related issues and information with more general articles. Almost all employees have access to our intranet 'abbey.net'.

We also use more traditional methods of communication, such as team meetings, to make sure that employees are fully informed of news and developments that interest them and are essential to meet our obligations.

We also carry out 'Talkback' sessions where senior management, including the chief executive and the chairman, answer staff questions face to face.

We believe that good day-to-day management means we can deal with most employee concerns informally. However, we do operate formal frameworks to encourage employees to tell us about work concerns if this has not been possible. We believe we should operate in an open working environment where employees can speak out about any issue without fear of the consequences.

We listen to the views and opinions of our employees. For the last decade, we have asked for their views on a range of issues through departmental and company-wide opinion surveys. These are confidential, and employees do not have to give their names. Data is input and analysed by an outside company and no-one in Abbey National sees the filled-in questionnaires.

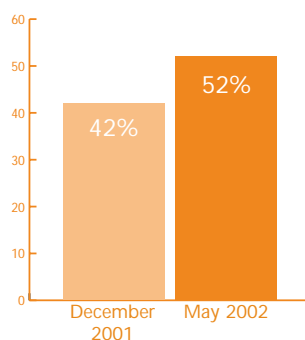
In 2001, we carried out a review of our entire survey approach. Feedback from colleagues showed that often they were largely unaware of the action we took following the survey's findings. As a result, response rates were falling and some people saw the importance of the survey declining.

We made a number of changes to our survey process during 2002.

- We relaunched the survey with a clear set of objectives.
- We ran a yearly census survey with a follow-up sample survey later in the year. The census survey was made up of 50 main questions that are common across the company.
- We redesigned the questionnaire to measure major characteristics. This also allowed business divisions to add local questions to measure the delivery of business specific initiatives.
- We set up a network of divisional contacts to help communicate the survey results more effectively and to help in the action-planning and follow-up processes.
- We redesigned reports of the results to make them more user-friendly and appealing.

As a direct result of these changes, we saw a significant improvement in the response rate (as shown below).

Increase in response rates



Training and development

- Facilities
- In The Spotlight
- Management development and education
- Working in partnership

Our Training and Development department supports employees by providing training and development that is effective, efficient and responsive. This department works in partnership with each business area to provide learning and development activity where it will add the most benefit.

Facilities

We have seven dedicated learning environments where we deliver on-line training. This on-line training means we deliver consistent and high-quality training and provide appropriate and cost-effective learning for all employees. The facilities are also available to staff out of hours to help them study outside their job role for their own personal development.

We also provide a library facility where we lend videos and Office 2000 CDs.

In The Spotlight

In 2002, all 12,000 employees in our retail banking network attended a one-day programme called In The Spotlight. This was designed to boost employee performance in providing our customers with a consistent and high-quality service.

To make a break from classroom teaching, we chose conference-style locations for these events. The only 'formal' presentation was made by a senior executive for the first 45 minutes of every event. These presentations helped introduce the reason for, and desired results from, the course.

In The Spotlight has motivated colleagues – a poll four weeks after the event showed 96% of colleagues felt 'motivated' or 'very motivated' to use the learning from the event.

Management development and education

The management development and education team is responsible for helping our leaders identify their learning and development needs and to provide the learning and development solutions to meet these needs.

We have developed a number of tools that help employees in all roles and at all levels with their personal development. We have designed the 'Performance Development Model' to help staff and managers use a consistent approach in identifying and mapping out the best ways to develop the skills and knowledge they need. The model considers the full range of development options including:

- training;
- directing;
- coaching;
- mentoring;
- supporting; and
- counselling.

We have also created an interactive model called the 'Development Wheel'. We designed this to help people understand the process of personal development planning, giving them the tools, templates and resources they need to manage their own development.

We gave a booklet outlining the 'Performance Development Model' to every employee early in 2002.

Working in partnership

In the UK, we achieved our first 25 years of trade-union recognition in the business, and we will mark the anniversary during 2003 by confirming the partnership agreement with Abbey National Group Union (ANGU), our recognised independent trade union. ANGU is affiliated to the Trade Union Congress (TUC) and operates from its own offices in Hertfordshire.

During 2002, ANGU was involved in many initiatives, and we continue to consult them on significant proposals

within the business. Consultation takes place at both national and local levels. We hold regular relationship management meetings to make sure communication is open and two-way. Results from the partnership with ANGU included the negotiations on the 2003 pay settlement, which we agreed with ANGU in December 2002.

ANGU's contribution to the business includes:

- reviewing health and safety issues;
- reviewing diversity; and
- supporting colleagues affected by organisational change.

ANGU also takes part in the development of HR policies. Significant policies agreed during 2002 included:

- performance management;
- improved maternity and adoption leave arrangements;
- working past normal retirement date;
- managing employee concerns at work;
- fixed-term workers; and
- part-time workers.

The relationship with ANGU continues to grow and they will continue to be a strategic partner with us through 2003.

Employee share ownership

In 2002, as in previous years, we invited eligible employees to become financial stakeholders in the company by taking part in our sharesave scheme.

The same year, we also ran a partnership shares scheme that gave employees the opportunity to save money from their pre-tax salary over 12 months.

Through these schemes, and others we have introduced over the years, around 19,500 of our employees now take advantage of these tax-efficient ways to buy shares in the company. We believe that this offers employees the opportunity to share in the success they have helped to build, matching their interests with those of our shareholders.

Looking forward to 2003

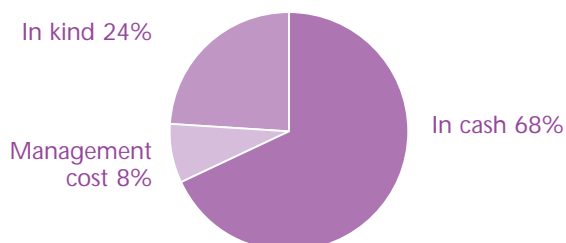
- We have planned a broad range of health and safety projects to tackle significant risks, business requirements and changes in legislation, including:
 - a stress-management programme;
 - a driver road risk programme; and
 - contractors' safe management.
- We will continue our commitment to training and development for our employees.
- We will build on our achievement in the area of diversity and disability.
- We will carry out our third annual equal pay audit in a row in 2003.



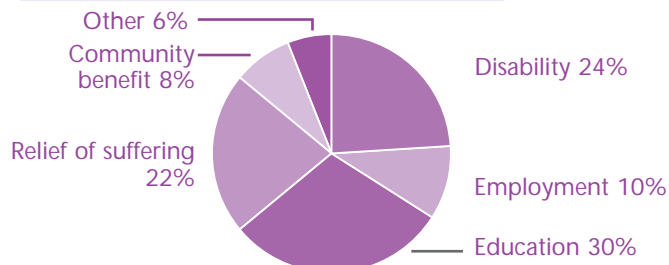
We plan to invest in improved induction and skills training with the aim of better serving our customers' needs.

Community

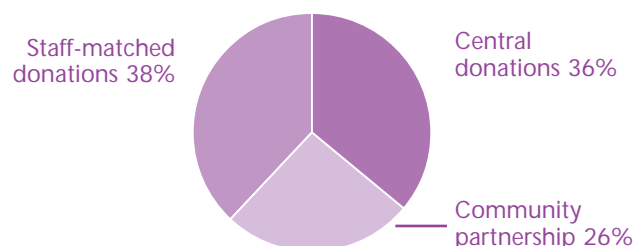
What we give



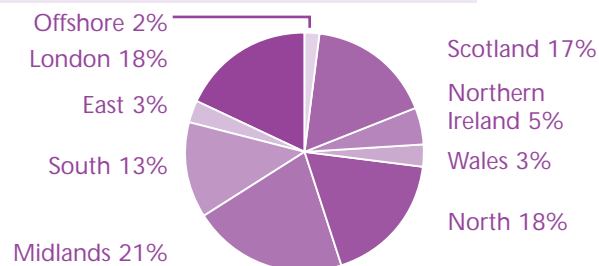
Who benefits



How we give



Where we give



The figures we have reported use the London Benchmarking Group reporting model. (The London Benchmarking Group reporting model is a way of managing and measuring companies' community involvement.)



The Joseph Clarke School for the Visually Impaired was given a donation of £5000 by the East London Community Partnership Group to buy a library of 100 story sack titles. Story sacks are a way of making books accessible to visually impaired children by using real objects to illustrate the story.

"Our Community Partnership Groups are a great way for us to get directly involved with local organisations – such as the Joseph Clarke School. It's really rewarding for us to see our donations making a difference in our community."

Bob Parker
Chair of the East London Community Partnerships Group

Community investment

- **Priorities**
- **Measurement**

The aims and priorities of our Charitable Trust reflect the values of our company and the wider community.

Priorities

In 2002, our priorities focused on a commitment to helping disadvantaged people live fuller lives, whether by helping them to improve their employment prospects or by improving access to leisure facilities.

During 2003, we will be reviewing these priorities so they fit better with our new business strategy. You can find more details of our application procedure and donation policy on the Community Involvement section on our website www.abbeynational.com

Measurement

Each year, we invite charities that have applied to us for support to give us their feedback on the process. This allows us to improve our application procedures. We also invite the charities to tell us about the results of our donation. This helps us to assess the effect of our donations.

Supporting our local communities

Our Charitable Trust has given more than £13 million in cash donations to charities since it was set up in 1990. In 2002, our total overall contribution to the community in cash and in kind was £2.8 million. Of this, cash support was £1.9 million.

Supporting our employees

- Matched donation
- Community partnership groups
- Matched time scheme

Matched donation

The amount claimed by employees through the matched donation scheme has risen by 3% to £600,370. This is on top of the £824,500 raised by the employees themselves. The number of staff taking part has risen by 20% to 4800.

These initiatives mean that employees (one of our key stakeholder groups) are involved in distributing more than 64% of our total charitable budget.



"Abbey National's support means that over 80 young people with ME have attended confidence-boosting workshops to date. The evaluation reveals that the impact has been an improvement in their confidence in expressing their needs to teachers, doctors, carers and family. Additional funding has been received from the Department of Health to develop this work across England and Wales."

Katie James
Association of Young People with ME

Community Partnership Groups

In December 2002, we finished our three-year programme to set up a network of 20 local staff charity groups.

These Community Partnership Groups are based in regions where we have a major presence, and include retired staff and local charity stakeholders who meet regularly to consider donations to charities within their local communities. Involving staff in the donation process means that local people are making decisions that directly affect the area they live and work in. The charities shown on these pages are just a few examples of donations made by these groups.

Matched-time scheme

We are keen to support our employees in getting involved with their local communities. We set up the matched-time scheme over three years ago and we continue to support this important scheme, which offers employees up to 35 hours of paid work time each year to match their own time commitment to volunteering.

In 2002, a wide range of charitable organisations around the country benefited from this programme, including charities for the homeless, elderly, disabled people, and various youth groups.

"The Abbey National Charitable Trust contribution is of enormous importance, not only in terms of the physical equipment that it bought and the highly significant impact this will have for disabled people, but also because it was a vote of confidence for our efforts from a large and well-respected national institution."

Julia Woods
The Papworth Trust

Julia Woods, manager of the Basildon Progression Centre, gives IT training to a client using equipment provided by a donation from our Charitable Trust. The centre provides training and development opportunities to over 30 adults with disabilities.



Environment

A significant part of our developing corporate social responsibility (CSR) strategy is managing and carrying out business in an environmentally responsible way. During 2002, we have continued to develop our environmental management strategy in the middle of organisational changes and in line with external developments.

We reported last year that our main objectives for 2002 were to:

- update our environmental policy to include emerging good practice;
- review environmental law to make sure we have systems in place for managing risk;
- continually review our environmental management system;
- consider the merits of certifying our management system to ISO 14001;
- assess the implications of climate change; and
- take part in environmental management groups.

This section of our report updates you on the good progress we have made in line with each of these objectives, and outlines the responsibilities and controls for environmental management and our intentions for 2003. We have produced it with reference to best-practice reporting standards, including the Global Reporting Initiative guidelines.

Strategy and policy

- **Management strategy**
- **Meeting the law**

Our environmental management strategy is to:

- reduce the direct impacts (effects) of our activities, for example, energy use;
- manage the indirect risks and opportunities associated with our main business interests and our supply chain.

Although we have not changed our strategy, we have revised our environmental policy this year to take account of:

- changes internally and externally;

- the recommendations of independent environmental management reviews; and
- our ability to influence particular environmental impacts and risks.

We have also considered gaps in the original policy, so we have included transport-related impacts, climate-related risk management, and how we consider environmental impacts associated with our products and services.

The updated policy renews our commitment to continual improvement and meeting reasonable stakeholder expectations of a good corporate citizen. It applies to all business areas and support functions, and we will encourage our joint venture and outsourcing partners to support it. We believe that putting the policy into practice will effectively reduce environmental risks and increase efficiency.

Meeting the law

We closely monitor regulatory and legal changes that may affect our environmental management strategy. During 2002, we made formal a register of relevant environmental legislation to make sure company-wide systems are in place for managing risk. We are registered under the Producer Responsibility regulations for the packaging waste we produce, including traveller's cheque wallets, credit-card carriers, coin bags and promotional items. There are no environmental prosecutions to report for 2002.

Drivers of environmental management during 2002

Internal

- Employee expectations
- Strengthened CSR strategy
- Organisational changes and renewed commitment from our board
- Environmental liability issues
- Potential business efficiencies and opportunities
- Climate-related risks

External

- Customer expectations
- Possible damage to our reputation associated with not keeping up with good practice
- Increasing scrutiny of non-financial performance – investor, FTSE4Good, Dow Jones Sustainability Index and so on
- Emerging regulation, for example, Company Law Review and Association of British Insurers' guidelines
- Business in the Environment Index

We kept eighth place in the 2002 'Business in the Environment Index' ranking of banks' environmental involvement, but fell from 12th to 17th place in the financial sector. While we have made good progress, we need to continue the focus on improving our environmental performance.

Environmental management system

- Lending and investment
- Fund management
- Business opportunities
- Climate-related risks
- Property management
- Business-related travel
- Procurement

Our environmental management system follows the principles of, but is not certified to, the international environmental management standard ISO 14001. We reviewed the possible opportunities associated with certification in 2002, but we have decided not to do this at the moment.

We have strengthened our environmental management procedures this year and reviewed the potential to further develop performance indicators and targets. However, the significant ongoing structural and operational changes mean our management system will need updating significantly over the coming months. The following sections show how we are working towards the principles in the revised policy.

Lending and investment

We are potentially exposed to liability for environmental damage related to borrowing, and damage to our reputation if we are associated with environmentally controversial projects.

Managing indirect risks is driven and monitored through the operational risk environmental working group and is increasingly directed at credit risk procedures. During 2002, risk management has continued to work with the business areas to identify how far environmental risk-control processes go in each area and how effective they are. Wholesale Banking has reviewed the environmental risk coding for its credit database in 2002 so it can manage risks better. While First National was part of the Abbey National Group, we updated its credit policies to make sure it took account of environmental risk, and James Hay has strengthened its environmental management procedures for pension fund property. We have revised commercial and residential valuation procedures to reflect environmental risk considerations. We are also developing environmental underwriting guidance for Abbey National business.

It is our policy to:

- identify, assess and manage environmental risks in lending and investment propositions by developing strong risk-management frameworks;
- include environmental risk considerations, where appropriate, in fund management;
- monitor new business opportunities in relation to our environmental risk-management objectives;
- assess how we can affect, and be affected by, climate change;
- consider environmental issues when buying resources and services in line with agreed procurement standards;
- monitor and work to reduce the impacts of business-related travel;
- reduce the use of energy and water in buildings by continuing to use conservation measures;
- reduce waste production, dispose of waste responsibly and, where economical, recycle as much as possible;
- consider environmental issues in buying, designing and constructing buildings;
- take reasonable measures to prevent accidental pollution at our sites.

Putting our policy into practice involves:

- meeting all relevant legislative and regulatory requirements;
- developing company-wide environmental management systems, setting clear responsibilities and accountabilities, objectives and targets, and reporting on environmental performance;
- raising employees' awareness of environmental issues and providing training as appropriate;
- regularly reporting meaningful information on our environmental management and performance to stakeholders;
- monitoring emerging environmental issues and tackling the environmental concerns of our stakeholders;
- promoting good environmental practice in the financial services sector;
- carrying out independent reviews to make sure we keep to policy, legislation and the standards we have agreed to follow; and
- continually improving our policy and performance in line with good practice.

We will review this policy at least every three years to take account of all relevant developments.

Abbey National plc Board
December 2002

Governance

Environmental risk is included in the work programme of internal audit. Environmental risk is also built into operational and credit risk-management frameworks. By including environmental management in the existing risk-management frameworks, we make sure we consider environmental issues appropriately.



Our chief operating officer is responsible for our environmental policy and management. Strategy and performance are monitored by the CSR steering group and operational risk committee, and by the Board twice a year. Operational risk oversees how we put the policy principles into practice, and environmental working groups for support functions and business areas are responsible for making sure we make progress in line with these. The CSR practitioners' group co-ordinates environmental management with other CSR activities.

We made company-wide environmental-risk management roles and responsibilities formal in October 2002, and we will need to review these in 2003 following organisational changes. Senior managers make sure we keep to our policy by making sure our employees act in line with it and by including the principles in appropriate policy documents and risk-management procedures.

By taking an active part in outside groups such as the Environmental Issues Advisory Panel at the British Bankers' Association, FORGE (a group of eight financial services companies supported by the Government, the British Bankers' Association and the Association of British Insurers) and the United Nations Environment Programme Finance Initiative, we can effectively measure our governance and environmental management against other banks.

Tonnes carbon dioxide (CO ₂)	2002	2001	2000	1999	Objectives and progress
Total CO ₂ from energy use					
Not including First National (FN)	58,061	66,236	67,557	67,820	The target we met of 10% was cut in five years from 1999 (not including FN) due to energy savings and organisational changes.
Including FN	62,617	69,604	-	-	
Total CO ₂ from business travel					
Road	10,493	11,632	-	-	The reduction from road travel is likely to be due to organisational changes, rather than changed practice.
Air					The increase from air travel is due in part to better data coverage.
- long haul	318	209	-	-	
- short haul	1,514	1,123	-	-	
Rail	-	-	-	-	Emissions from rail travel will be reported from 2003.
2002					
Total CO ₂ emissions including FN	74,942 tonnes				
CO ₂ emissions for each UK employee	2.75 tonnes for each employee (27,242 UK employees)				

(- shows data is not available.)

Data covers wholly owned and controlled sources in the UK, accounting for over 90% of our employees. Emissions are worked out using conversion factors in the Department of Environment, Food and Rural Affairs (DEFRA) guidelines for greenhouse-gas reporting (2002) www.defra.gov.uk/environment/envrp/gas/

Electricity:	1KW = 0.43kgCO ₂	Air:	Short haul: 1km = 0.18kgCO ₂
Gas:	1KW = 0.19kgCO ₂		Long haul: 1km = 0.11kgCO ₂
Renewables:	1KW = 0kgCO ₂	Car:	Medium petrol car: 1km = 0.22kgCO ₂

An independent employee opinion survey in 2002 showed that 52% of our employees believe we are an environmentally-responsible company. This compares with 40% in 1999 when we began reporting. We need to keep raising awareness of environmental initiatives.

Environmental-risk considerations in fund management

The Association of British Insurers' (ABI) guidelines on socially responsible investment (SRI) are among the many initiatives which drive environmental risk considerations in fund management. Abbey National Asset Management (ANAM) monitors these developments as part of its wider corporate governance responsibilities. Their processes highlight UK companies failing to meet the ABI guidelines for reporting on their environmental performance. Our Ethical Fund will use voting rights if companies are not meeting the necessary environmental standards, and work with them to improve performance. ANAM will continue to consider social and environmental factors more generally if these could financially harm the company concerned, and to identify customer needs for SRI products.

Business opportunities

We currently offer personal mortgage customers a Homeview survey, which includes advice on energy efficiency,

and customers also have the opportunity to invest in our Ethical Fund. We will monitor opportunities for business development associated with good environmental risk management and include environmental risk in our product development standards during 2003.

Climate-related risks

The impacts of climate change are difficult to assess in the short term, and are a greater risk to our medium-to long-term profitability. We have developed an initial view of the potential business threats and opportunities created by climate change.

- Risks from damages due to climate change – that is, the increasing risk of flood, storm and subsidence affecting our corporate buildings, mortgage portfolio and investments.
- Exposure to the costs of greenhouse gas-emissions – creating new corporate obligations and assets, and affecting our corporate strategy.

- The effect on our brand among stakeholders as a result of our response.

We directly contribute to climate change from our use of energy and transport in our business activities, and indirectly through our lending, investments and procurement. Our own emissions are shown in the table above.

We have measures in place to monitor and assess the risks of climate change and emerging initiatives, including the Climate Change Levy and Emissions Trading, and we will follow good practice in this area. We are supporting the Carbon Disclosure Project, which aims to improve public reporting of climate-related impacts and risks.

We were recently recognised by the Carbon Disclosure Project as a company with superior awareness of climate-change risks and opportunities.

Property management

We currently monitor energy and water use and waste production associated with our buildings. We make sure we consider environmental issues when buying and designing buildings, and we take measures to prevent pollution at our sites. We have updated the environmental management system for property management during 2002, and we are resetting company targets and priorities. We recognise that reductions in energy and water use for 2002 will be due in part to the closure of some sites.

Business-related travel

We have developed a new system to help us collect company-wide information on business mileage for

rail, air and road. This will give us an idea of travel patterns and associated emissions, and will highlight areas where we could reduce environmental impacts and costs. We will report using this system next year. Increasing video-conference facilities and providing interest-free loans to employees for season tickets are two examples of initiatives to reduce our business travel and the environmental impacts associated with this.

Procurement

Our procurement department has introduced a formal risk-evaluation process for print and paper suppliers, so we can identify areas of concern, and areas where we can improve our performance more effectively. We are developing internal procurement

guidelines for important commodities such as IT hardware, travel, stationery and packaging. We have also taken part in 'London-Remade' during 2002, an initiative from the London Mayor's office to reduce the impact of the supply chain on the environment.

In 2003, we will make our commitments formal by including environmental issues in the compulsory procurement process for higher-risk commodities and suppliers' environmental credentials in the evaluation process.

2003 objectives

Our priority for 2003 will be to include the environmental management system in the new organisational structure. This is a major task which will involve updating and developing

Environmental impact area	2002	2001	2000	1999	Objectives and progress
Energy use (MWh)					
Not including First National (FN)					We are on track to meet the target of 5% cut in use in five years from 1999.
Electricity	129,704	135,700	139,700	138,500	
Gas	34,447	41,500	39,400	43,500	
Percentage from renewables	6	-	0	0	
FN:					First National data was available from 2001.
Electricity	9,327	6,461	-	-	
Gas	2,888	3,106	-	-	
Percentage from renewables	0.06	0	-	-	We are on track to meet the 10% renewables target by 2010, and will look to revise this upwards.
Total use					
Not including FN	164,151	177,200	179,100	182,000	
Including FN	176,366	186,767	-	-	
Water use (cubic metres)	185,566	257,916	281,638	271,587	We have met the target of 5% cut in five years from 1999 met and we will shortly be updating the target.
Total waste (tonnes)	4,113	4,020	2,960	3,080	
% recycled	59	59	53	43	We have not met the target of 60% recycled in 2002. We will carry this forward for 2003. The increase is due in part to better data coverage.
Business travel (km)					
Road	47,697,673	52,874,826	-	-	The increase in air travel is due in part to better data coverage.
Air Long haul	2,890,552	1,902,629	-	-	
Short haul	8,412,603	6,236,255	-	-	
Rail	-	-	-	-	Rail data will be reported for 2003.
Video-conference facilities					
Head Office	50	45	8	-	We are actively increasing facilities to reduce travel and costs.
Branch network	18	18	0	-	

Data covers wholly owned and controlled sources in the UK, accounting for over 90% of our employees.

Waste data does not cover the branch network.

Business travel by road is reported for the tax year. All other data is reported for the calendar year.

(- shows data is not available or of insufficient quality to be meaningful.)

responsibilities, processes, documents and environmental management awareness. Our objectives will develop as we prioritise the policy requirements and develop management plans to tackle the main 'weaknesses'. Overall, objectives will:

- review and strengthen environmental management governance arrangements;
- improve data quality and coverage;
- refocus performance targets;
- make formal environmental considerations in product development and partnership arrangements;
- monitor climate-related risks and opportunities; and
- put the recommendations of independent reviews and emerging good practice in place.

The organisational changes will ultimately strengthen our position in managing environmental impacts and risks. Our board is still committed to achieving this by putting our environmental policy into practice.

Independent review

Internal Audit has carried out a high-level, company-wide review of environmental risk, to make sure we have an effective control framework for managing the impacts and risks of our operations. We are following up all recommendations.

Independent verification company, SGS United Kingdom Ltd, has verified (checked) the data and statements in this section of the report. This adds credibility to our public reporting and is a valuable process for us.

Verification statement

The verification of the environment section of this report (pages 16 to 21) was carried out in May 2003 and included:

- discussions with Abbey National on the environmental initiatives described in the report;
- discussions with senior management responsible for identifying and putting into practice environmental policy, strategy and governance;
- representative sampling of the data and claims made in the report;
- an examination of internal audits and reviews on key policy principles and future strategies.

As a result, we consider the environment section of this report to be factual and, on the basis of the data examined, a true and accurate account of the key performance indicators selected by Abbey National for reporting.

Verified and signed on behalf of SGS United Kingdom by:



Jeff Dowson

Business Manager: Environment and Health & Safety

May 2003

The sampling and verification methods used were those used by SGS United Kingdom Ltd when performing verifications against the EMAS Regulation (Regulation (EC) No 761/2001).



SGS United Kingdom, as independent verifier, played no part in preparing this report.

Our 2001 environment report was short-listed for the Association of Chartered Certified Accountants UK Awards for Environmental Reporting, rewarding openness and clarity of reports.

Feedback questionnaire

Your opinion is important to us. If you would like to comment on this report or any aspect of our CSR activity, please fill in the questionnaire below, fill it in online at www.abbeynational.com or contact us in writing.

- 1 Companies with a good environmental and social reputation are likely to benefit from improved financial performance

Agree ☐

Disagree ☐

Don't know ☐

- 2 What is your overall view of this Corporate Social Responsibility report?

Good ☐

Average ☐

Poor ☐

If you think it is poor, please outline why

- 3 Was the report easy to understand?

Yes ☐

Average ☐

No ☐

If you think it was average, which sections did you find difficult to understand?

- 4 Which parts of the report did you find most useful?

- 5 How can we improve it?

- 6 How do you think we can improve our social, ethical and environmental performance?

- 7 What do you think are the major corporate social responsibility issues for the financial services industry?

- 8 How did you hear about this report?

- 9 Do you have any other comments?

Thank you very much for your feedback!

Personal details (optional)

Name: _____

Address and postcode: _____

Occupation: _____

I am a (please tick the boxes that apply)

customer ☐ shareholder ☐ employee ☐ other ☐

Please send this questionnaire to: Community Relations, Abbey National plc, Abbey National House,
2 Triton Square, Regent's Place, London, NW1 3AN.

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