

workplace

environment

marketplace

community

safety

ESB Corporate Responsibility Report 2006



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Chief Executive's Statement

This is ESB's second report on Corporate Responsibility. It reflects our commitment to being a successful, responsible and progressive company contributing to the economic and social life of Ireland and in the countries in which we operate abroad.

Our industry is going through very significant change and this presents us with challenges to ensure that as we adapt our business processes we do so in a responsible manner. We in ESB are as committed to the social and environmental dimensions of our business as to our financial performance. The examples, outlined below, clearly reflect this commitment.

Over the past number of years ESB has invested over four billion euro in our transmission and distribution systems in support of Ireland's growing economy. This is the single biggest non-government investment in the history of the state.

We have, year on year, set and achieved very stretching workplace injury reduction targets in our pursuit of zero injuries in ESB. Our total commitment to safety has also been reflected in our public safety partnership with the Health and Safety Authority. This is directed towards promoting best health and safety practice where people in the Agriculture and Construction sectors are working close to ESB networks.

In 2005 we launched, in partnership with our staff and pensioners, our new community support initiative. A fund of one million euro per annum will focus on two key social issues: Homelessness and Suicide Prevention – a decision reached through consultation with our staff. The intention is to make a real and meaningful contribution to these two areas of great concern to all of us.

In the environmental area we are reducing our CO₂ emissions by upgrading existing power plants, investing in new plants and renewables, and by closing older inefficient plant. Under the National Emission Reduction Plan agreed with Government in 2004 we are currently investing over two hundred and fifty million euro at our Moneypoint power station which will result in the reduction of NO_x and SO₂ emissions by over 80% when completed.

For over eighty years now, we have built a relationship with our customers based on trust, reliability and expertise. This year we have launched our Customer Service Enhancement Programme to restate our total commitment to our customers. This will ensure we meet their needs and expectations as valued customers in all areas of our business.

There are many more examples in this report of how we are continuing to manage the impact of our activities on our stakeholders. We are in business for the long term and that means we aim to ensure the impact of our actions on all our stakeholders will be positive, fair and ethical. I hope this report will help to inform you of those actions and I would welcome any comments and suggestions that you may have.

This report may also be viewed on our website at www.esb.ie

Padraig McManus,
Chief Executive
November 2006.

“Balancing the needs of stakeholders, the groups on whom a business has an impact, with commercial requirements is a key challenge in corporate responsibility.”

Corporate Responsibility in ESB

What we understand Corporate Responsibility to be

At ESB, we understand Corporate Responsibility to be about applying good business behaviour, over and above legal requirements, to areas such as safety, environmental impact, customer service, working conditions and community involvement. We have used the term Corporate Social Responsibility in previous publications. We now refer to Corporate Responsibility which we see as more descriptive of the broad range of targets we set ourselves, not just in the social area but in areas such as waste management, equality and diversity and customer service. We have incorporated the concept of Corporate Responsibility into our strategy.

Reporting on Corporate Responsibility

This is our second report on CR. The publication of our first report in October 2004 represented a milestone for the company. The social and environmental dimensions of our activities were always crucial to our business, but this was the first time that we measured and reported on the practical ways we integrate them into our everyday operations. This report describes the new issues we face in maintaining our commitment to Corporate Responsibility and the new measures we are implementing to ensure that this commitment is visible in our day-to-day operations.

Corporate Responsibility and Partnerships

Balancing the needs of stakeholders, the groups on whom a business has an impact, with commercial requirements is a key challenge in corporate responsibility. We regard consultation and partnership-building as crucial in helping us meet that challenge.

The groups who make up our stakeholders include:

<ul style="list-style-type: none">• Our owners (Government and Employee Shareholding Ownership Trust)• Customers• Staff• Business partners and suppliers• Trades unions• The communities around us	<ul style="list-style-type: none">• CER – the Commission for Energy Regulation• Non-governmental organisations• HSA – the Health and Safety Authority• EPA – the Environmental Protection Agency• Opinion formers and policy makers in society as a whole• Investors
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“The key goals of the alliance with the Health and Safety Authority are to promote best health and safety practice in the agriculture and construction sectors when working in proximity to ESB networks.”

Recent examples of consultations with our stakeholders include:

- Briefing for politicians on planned ESB investments in their counties, with an opportunity to discuss issues of concern to customers and the community.
- Consultations with local people in relation to ESB’s proposal to develop a renewable energy wind farm at Moneypoint Co Clare.
- Detailed discussion between ESB Networks management, staff, customers, and elected representatives in preparing its plans for improving customer service.
- Participation by 300 staff of Customer Supply in country-wide workshops to discuss the revision of business strategy and identify the challenges ahead.
- Discussions with organisations such as the Society of St Vincent de Paul and the Money Advice and Budgeting Agency (MABS) prior to the closure of ESB shops, in order to ensure that vulnerable customers were not adversely affected by the decision.
- Production of a leaflet in partnership with Bord Gais, the aim of which was to support and assist customers with bill payment difficulties.

Our partnerships include:

- A three-year strategic alliance with the Health and Safety Authority. The key goals of the alliance are to promote best health and safety practice in the agriculture and construction sectors when working in proximity to ESB networks, and to reduce injuries and fatalities arising from contact or near contact with networks.
- The Partnership Agreement in operation between company management and unions which has led to a significant reduction in issues requiring resolution through the industrial relations process.
- Working with a number of organisations in providing advice for elderly and vulnerable customers on energy-saving, temperature monitoring and avoiding hypothermia. These organisations include Combat Poverty, Sustainable Energy Ireland, and the Health Service Executive.
- Initiatives developed in co-operation with the Money Advice and Budgeting Service and the Society of St Vincent de Paul to support and assist customers with bill payment difficulties.
- Working with SEI, Bord Gais, Airtricity and Flogas to jointly hold a seminar on assistance for low income customers that are affected by increasing energy charges.

Building on our CR Commitments

We are building on the commitments we made when we became founder members of Business in the Community (Ireland) (BITCI), a group of companies committed to continually improving their positive impact on society. One of our priorities is to deepen the understanding of CR among all our staff, so that acting responsibly becomes the core value underlying all their actions. We have appointed a senior manager with responsibility for CR and set up a senior management review group, reporting to the Executive Director Team (EDT), to look at “Embedding CR in ESB”.

“Trying to do a little bit of everything may minimise rather than optimise the resulting potential benefit.”

The objectives for the review group are:

- To consider the major risks to ESB relating to Corporate Responsibility.
- To demonstrate to stakeholders the benefits of embedded CR.
- To develop initial steps for embedding CR among all ESB managers & staff.

Steps taken to-date include consultation with similar companies and with BITC Ireland, a full consideration of the range of CR measures already in place, a consideration of their effectiveness and any shortfalls, an analysis of potential risk areas and a development of appropriate coordinating frameworks and processes.

The review considers the principal risks to ESB, identifies what is being managed well and identifies areas for improvement.

Examples of the types of risks identified include the following:

- Reduced local contact with the community in the liberalised market.
- New and diversified stakeholders from an All Island/international market.
- Environmental housekeeping e.g. energy efficiency and waste minimisation.
- Workplace diversity.
- Contractor/Supplier CR.

ESB already engages in many activities which contribute to effective CR. However, trying to do a little bit of everything may minimise rather than optimise the resulting potential benefit. To counteract this, and to heighten the awareness of CR within ESB, a plan is being put in place that addresses:

- Organisational arrangements required to support CR;
- Processes which must be put in place for the ongoing success of CR, such as internal and external communication;
- Benchmarking, monitoring and reporting; and
- Initial tasks and timescale.

As part of our development of the CR measurement process, we have completed the BITC(UK) Corporate Responsibility (Shadow) Index. This management tool will, in the future, enable us to benchmark our performance against that of other participating companies.

We remain an active member of BITC (Ireland). We contributed to events such as the “European MarketPlace on CR” conference held in Brussels in March 2005 and the joint BITCI/BITC Northern Ireland conference “Exchanging for the Better” held in Dublin in May 2006.

“Our domestic market is now fully open to competition and we are moving towards an All Island market in 2007. This will see our market share in supply fall to a projected 50% and our share of the generation market to below 35%.”

About ESB

ESB (Electricity Supply Board) is a statutory corporation, 95% owned by the Government of Ireland, with the remaining shares held by an employee share option trust. We are a leading Irish company in the energy utility sector, employing a total of 7,427 people.

Since publication of our previous CR report, we have seen significant change in our sector. In common with other businesses dependent on the fuel markets, we have been affected by the significant volatility in fuel prices. Fuel accounted for over 50% of power generation operating costs in 2005, and, while every effort was made to ensure energy was delivered economically, price rises for customers were unavoidable.

Our domestic market is now fully open to competition and we are moving towards an All Island market in 2007. This will see our market share in supply fall to a projected 50% and our share of the generation market to below 35%. To compensate for this loss of market share, we are pursuing a policy of international growth. Our aim is to balance the reduced domestic market share by expanding the resources devoted to the international business and to achieve significant profit growth, in line with overall strategy.

We are continuing to support the growth in the Irish economy with a significant investment programme requiring an estimated €1 billion per annum over the next five years. New connections in 2005 amounted to 89,000. The renewal of an ageing generation portfolio is a priority, including the need to expand the thermal and renewable generation portfolio to meet environmental targets.

The “PACT” change programme agreed with staff and unions in 2001 delivered significant improvements to operational efficiency and reduced payroll costs. Following intensive negotiations, a further agreement on Pensions, Pay and Change was accepted in February 2006. A key element of this is the agreement to combine additional funding for the ESB Pension Scheme with management of liability growth.

“The current company structure involves four businesses, operating independently in the market.”

In response to the regulatory requirements and the changing market, there has been some re-organisation of the Group's businesses.

- From 1 July 2006, the operation of the transmission system is conducted independently of ESB by EirGrid plc, a separate state-owned organisation.
- ESB exited from the retail appliance business through the sale to Bank of Scotland (Ireland) of the Retail/FinancElectric loan book and a number of retail properties. This resulted in the closure of all ESB shops, but alternative employment was offered to staff either with the Bank or within ESB.
- ESBI Engineering UK was sold in a deal which ensured continued employment for the workforce and ongoing service to ESBI Engineering UK customers.
- ESB International completed the sale of 50% of its interest in the Amorebieta power plant in Spain to the Osaka Gas Group.

The current company structure involves four businesses, operating independently in the market:

- **ESB Power Generation** owns and operates power stations in the Republic of Ireland with an installed capacity of 4,651MW at the end of 2005. A subsidiary (Hibernian Wind Power) operates wind farms.
- **ESB Customer Supply and Group Services** provides electricity to all its customers based on published tariffs which are approved by the Commission for Energy Regulation (CER). It also provides a range of commercial services to external and internal customers.
- **ESB Networks** provides services to all electricity customers and all generators and suppliers of electricity in the Republic of Ireland.
- **ESB International** is responsible for the delivery of projects worldwide in the area of power generation, transmission and distribution, plant construction and operation, and consultancy.

“ESB also complies with the corporate governance and other obligations imposed by the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001.”

Corporate Governance

ESB complies with the Code of Practice for the Governance of State Bodies approved by the Government on 2 October 2001. The Code sets out principles of corporate governance which the Boards of State Bodies are required to observe. ESB also complies with the corporate governance and other obligations imposed by the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001. ESB conforms as far as possible and on a voluntary basis to the Combined Code of Corporate Governance of July 2003. Companies listed on the Irish Stock Exchange are required, as part of the listing rules, to describe how they apply the Code's principles and either to confirm that they comply with the Code's provisions or provide an explanation of non-compliance. ESB is a statutory corporation established under the Electricity (Supply) Act 1927, and, as a result, the Combined Code is not applicable to ESB. However, ESB supports the principles and provisions of the Combined Code and complies with them except for the following:

- Appointments to the Board are a matter for Government and accordingly ESB does not have a nomination committee.
- Board Members are appointed for terms of four or five years and therefore are not subject to re-election to the Board at intervals not exceeding three years.
- ESB's policies in relation to remuneration of Executive Board Members (Chief Executive) are in accordance with “Arrangements for determining the remuneration of Chief Executives of Commercial State Bodies under the aegis of the Department of Public Enterprise” issued in July 1999.
- One Worker Board Member served on the Audit Committee for part of 2005. On his resignation the Audit Committee comprised two independent non-executive Board Members.
- The Chairman consults regularly with the non-executive Board Members, but not by way of formal meetings.
- Two independent Board Members are employees of companies which themselves, or through a Group company, provide credit.

“More detailed information on some of the areas described in the report is available in other documents such as our Group Safety Review, policy on Respect and Dignity for the Individual in ESB, or case studies published in conjunction with BITC.”

Report on Performance in Key CR Management Areas

In 2004, we reported on our CR policies and practices, grouped by the key management areas of:

Health and Safety

Environment

Community

Marketplace

Workplace

We were pleased by the selection of our first CR report as the overall winner in the ACCA Ireland Sustainability Reporting Awards, and by the judges' comments on its openness, comprehensiveness, clarity and readability. We have prepared this report in a similar format.

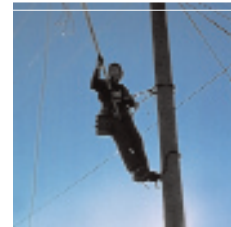
For each of the five CR management areas we provide:

- A summary of the CR policies and practices which remain in place since publication of our first report (a copy of which is available on www.esb.ie).
- An overview of issues and priorities for ESB as we work to sustain and deepen our approach to CR in the particular management area.
- A description of new CR actions we are taking and their impact.

More detailed information on some of the areas described in the report is available in other documents such as our Group Safety Review, policy on Respect and Dignity for the Individual in ESB, or case studies published in conjunction with BITC. Additional material of interest to readers may be obtained from the CR Co-ordinator, Eugene Dalton, ESB, Lower Fitzwilliam St, Dublin 2, email: eugene.dalton@esb.ie

Health and Safety





“We have a genuine belief that all injuries are preventable and we will provide the continuous leadership input required to deliver this goal.”

CR policies and practices in place

- A Safety Leadership Programme directed by the Chief Executive and fully supported by the Board.
- A Group Safety Policy and Safety Statement developed in partnership with staff and containing a set of 14 statements that aim to convert safety commitment into daily practice.
- Significant investment in health and safety (€24m in safety management, administration and training costs in 2005) in addition to ongoing safety costs embedded in operating and maintenance activities.
- Use of the OHSAS 18001 management system standard as a basis for the uniform integration of safety within mainstream business management and planning across all ESB activities.
- Continuation of annual reviews of safety performance within the Business Lines conducted by the Executive Director HR and Corporate Affairs who has overall functional responsibility for safety in ESB.
- Implementation of an extensive range of web-based information and reporting systems to support the efficient operation of the safety management system.
- A requirement to report all injuries (including contractor injuries) involving an absence of more than one day from work (“lost time” injuries) directly to the Chief Executive within 24 hours.
- Listing of safety as the first item dealt with by the Chief Executive at the monthly meeting of his Executive Director Team at which new initiatives are adopted, progress on existing programmes is reported and overall safety performance is reviewed in the context of the requirement for continuous improvement.
- A three-year Safe Driving Programme, launched in 2005, with the objectives of zero fatalities and a 50% reduction in collisions by end 2006.
- A comprehensive occupational health initiative to coordinate the delivery of existing programmes and improve the general wellbeing of staff.
- An Employee Assistance Service.
- A recognition that Bullying and Harassment impacts on Health and Safety and is included in our Safety Statement.

Issues and Priorities

Our corporate responsibility for health and safety in ESB is unambiguous – our objective is to be a company where no harm is caused to staff, contractors or the public, and in which everyone is personally committed to achieving this goal on an on-going basis. We have a genuine belief that all injuries are preventable and we will provide the continuous leadership input required to deliver this goal. We have focused strongly on deepening this commitment and delivering tangible improvements in our safety performance over the past number of years. We recorded our lowest ever level of injuries to staff in 2005, and saw several extended periods where no injuries occurred to any staff at any of our locations worldwide. A number of our best performing locations achieved over 2000 working days without injury during 2005. We also maintain a vigorous focus on effective management of contractor safety and on the safety of the public who are affected by our operations.

There have been no staff, contractor or public fatalities in 2006 to date (Nov). This will be a unique achievement if continued to year end. It has not occurred since records are available (1965). Tragically, one



“The Chief Executive and the Executive Director Team maintain their highly visible commitment to safety through the safety audits and reviews which they personally conduct.”

contractor was fatally injured during 2005 while working on the Networks infrastructure programme. In addition, two people died arising from accidental contact with our overhead networks in 2005. We have enhanced our efforts in support of our contractors working safely as a consequence of these events. We have also made significant progress with the implementation of our Strategic Alliance with the Health and Safety Authority. This is aimed at improving awareness and knowledge of key safety risks associated with electricity among the high-risk occupations of agriculture and construction and appears already to be demonstrating a high level of success in its first year of operation.

Responsibility for high standards of safety is equally important in our overseas as in our domestic operations. In 2005, we had 1,200 staff engaged in projects at locations including Eastern Europe, the Middle East, the Far East and Africa. There are challenges in delivering ESB's rigorous safety standards internationally, but we are vigorously pursuing our objective of zero injuries to staff and contractors. Positive results have been achieved in projects such as the construction of the Biskaia power plant at Amorbieta in Spain. The lost time injury rate during the construction phase was only 20% of the Spanish average, with no serious injuries to any site workers. ESB International activities worldwide have so far (Nov) resulted in no lost time injuries in 2006.

The Chief Executive and the Executive Director Team maintain their highly visible commitment to safety through the safety audits and reviews which they personally conduct. Fostering and maintaining individual commitment and personal responsibility for safety among staff and managers at all levels in the organisation will remain a cornerstone of our approach towards a zero-injury culture.

We published our second ESB Group Safety Review in 2005. This format extends the scope of our previous reporting on Group safety performance in ESB. It provides an evaluation of our level of adherence to Safety Policy, fulfilment of the undertakings contained in our Safety Statement and the effectiveness with which we discharged our safety responsibilities as an employer. The full report is available on our website www.esb.ie.

New CR Policies, Practices and Impacts

Strategic alliance with the health and safety authority

The Health and Safety Authority and ESB formed a strategic alliance in 2005, the first such partnership between the national safety authority and industry. The aim is to promote best safety practice in the agricultural and construction sectors when working in proximity to ESB's networks.

Working groups have been formed and three-year action plans have been launched for the construction and agricultural sectors. A series of co-branded HSA and ESB advertisements have been produced and screened and an improved process has been developed for dealing with conflict when third parties are found to be working dangerously close to power networks.

In October 2005 a seminar on construction safety near electricity networks was hosted jointly by the Health & Safety Authority and ESB Networks. The seminar was very well attended and more construction safety seminars are planned.

Leadership safety audits and safety reviews

- The Chief Executive and his team are continuing their programme of conducting safety audits and safety reviews throughout ESB Group to a target schedule. In 2005, 57 safety audits and 33 safety reviews were undertaken against targets of 54 and 31 respectively. The team carried out 55 audits and 18 reviews to date in 2006. The targets for the full year are 56 and 33 respectively.



“Safety improvement plans are firmly in place in all divisions and safety priorities are set by senior management as part of the business planning cycle.”

Management of health and safety

- Safety improvement plans are firmly in place in all divisions and safety priorities are set by senior management as part of the business planning cycle. Regular safety reviews are carried out locally and end-of-year reviews are completed by the executive director and management team for each business, on foot of which the safety improvement plan is updated. This safety management process is being enhanced through the roll out of the internationally recognised OHSAS 18001 safe business management standard. The performance gaps identified through the OHSAS assessment process also provide a critical input to each division's safety improvement plan.
- A web-based register of legislation is being implemented across all business lines to support the development of a harmonised safety management system. A legal compliance tool has also been developed and is being implemented during 2006. This enables divisions to determine their level of compliance with legal obligations on an ongoing basis and identify any actions required.
- As the number of injuries has reduced, greater attention is being paid to identifying and analysing near misses. The numbers of near misses reported in ESB Networks increased from 332 in 2004 to 975 in 2005. This welcome increase in reporting gives increased information about hazards and risks and a new web-based system has been developed for recording and disseminating such knowledge. The system enables easier reporting of near misses, together with comprehensive analysis and follow up on trends.
- There has been continued focus on the elimination of unsafe behaviour by individuals in the workplace. In 2005 over 1500 coaching style behavioural audits were carried out in Power Generation. As well as focusing on unsafe acts, Power Generation line management has maintained a strong focus on unsafe conditions. This was achieved by the implementation of the Self Audit programme. The programme requires each station at year end to assess the level of compliance with a full range of safety systems. This self-audit was completed by all stations.
- In ESB Customer Supply, in excess of 500 safety audits were carried out by management and safety committee personnel in 2005, with the executive director and senior management completing 51. This level of activity resulted in the identification of audit deviations and improvement actions which were implemented on a prioritised basis.
- In ESB Networks, 4153 behavioural audits were conducted in 2005. The new Safety Audit Reporting System (SARS) provided for detailed analysis of these audits allowing preventative action to be taken. The independent audit programme was also extended. Expert, ESB trained, auditors conducted un-announced behavioural audits and inspections in locations remote to their normal work locations. These focussed on the main risk areas of working with electricity, working at heights and driving and transport. They provided vital information as an independent check of the SARS outputs.
- ESB completed 800 safety audits across all projects in 2005. Each location maintains their own register of safety audits and safety reviews, which allows them to monitor the progress of action items raised during the audits. A key aspect of the approach to safety auditing, as is the practice across the full Group, is the identification of commendable safety-related issues and not just a focus on areas for improvement.
- The safety performance recorded for ESB staff in 2005 showed a significant 17% improvement on 2004, with 72 lost time injuries against an objective of 71. Lost time injuries (LTIs) involve an absence from work of more than one day. The lost time injury rate per 100 employees was 0.94 in 2005, as against 1.04 in 2004. Our goal for a further 15% reduction in LTIs to no more than 65 is on target for 2006. Currently the LTI rate is 0.74 for 2006.



“All lost time injuries to external contractors were recorded for the first time in 2004, where the outturn was 95. A reduction to 41 such incidents was achieved in 2005.”

Report prepared following the fatalities in Tarbert Power Station in 2003

- All recommendations contained in the Tarbert Fatal Accident Report of 2003 have been addressed by the task force established to deliver implementation. These included improved management of contractors when maintaining switchgear, development of fault-finding guidelines, condition assessment of high voltage switchgear and development of training for electrical and instrumentation staff.

Contractor safety management

- Contractor Safety Management standards were further revised in 2006 for major projects and generating stations. Extensive contractor audit and safety inspection processes are also in place to ensure to the fullest extent possible that all contractor injuries are recorded. Following detailed investigation and review during 2006 we remain confident that these systems give an accurate assessment of all contractor LTIs.
- A number of other contractor safety initiatives were introduced including extended contractor safety induction courses and contractor authorisation cards in ESB Power Generation, and the issue of new timber contractor safety notes to contractors cutting timber near electricity networks.
- A review of safety in design and project management of substation construction projects was carried out by ESBI in 2005, along with ESB Networks and a number of civil contractors with experience of these projects. Areas for improvement were identified and key changes implemented included weekly safety auditing, development of a new ‘Substation Civil Safety Guidelines’ document for inclusion in all tenders, the issue of a new Construction Stage Safety Plan Guideline to all contractors and a revised process of contractor safety performance rating.
- All lost time injuries to external contractors were recorded for the first time in 2004, where the outturn was 95. A reduction to 41 such incidents was achieved in 2005. 18 contractor LTIs have arisen to date in 2006 against a target of 67. Tragically, two fatalities to contractors engaged on ESB infrastructure projects in Ireland occurred in 2004, there was one contractor fatality in 2005 with none so far in 2006.

Public safety

- The safety of the public continues to receive significant attention, and a range of actions were put in place in this area in 2005. The most important of these was the Strategic Alliance with the HSA, which is described above. Public safety improvement plans were also developed and delivered at national and local level throughout ESB Networks during 2005.
- Actions taken by ESB Networks to raise public safety awareness included an art safety competition aimed at developing understanding of electrical hazards among primary school teachers and pupils, direct mailing of 3,000 safety packages to groups identified as being at risk following investigation of electrical fatalities in 2004, and direct mailing of safety packages to leisure groups such as those involved in sailing and field sports.



“The ESB Safe Driving Bureau was set-up in 2004 to research, manage and reduce occupational road risk through a programme which includes awareness; education; assessment and training.”

- ESB Power Generation's 15 dams and 60km of embankments present a major risk to public safety. In the absence of specific national legislation addressing dam safety, ESB has adopted best international practice on the maintenance of dams and embankments. A Dam Safety Committee, composed of external international experts, reviews, monitors and reports on an on-going basis on the safety and integrity of all ESB structures. The Committee most recently re-certified the safety of all ESB dams and embankments in December 2005.
- The recommendations contained in an Irish Water Safety Association Risk Assessment Report for the main waterways under ESB control have been substantially implemented. These recommendations relate mainly to the areas of public awareness campaigns, improved signage and restricting access.
- Two members of staff at ESB's Poulaphouca Reservoir rescued four adults and two children in July 2006 when their fishing boat capsized on the reservoir. Key factors in the success of the rescue were the speed with which the staff responded to the call for assistance and their water rescue skills.
- During 2005, ESB notified the Health and Safety Authority of 1,420 dangerous occurrences where third parties and members of the public made contact with ESB Networks infrastructure carrying electrical current. In addition, eight dangerous occurrences were reported by Power Generation. This is a slight increase on the level recorded in 2004. Regrettably, instances of accidental contact resulted in three fatalities (to third parties and members of the public) in 2005. Five fatalities occurred as a result of such incidents in 2004. So far there have been no such incidents in 2006.

Road safety

- No transport fatalities occurred in 2005 or to date in 2006. There was an increase in the number of fleet transport incidents from 274 in 2004 to 288 in 2005. While disappointing, a significant proportion of this increase may be attributed to improved reporting and recording of these incidents. To date the 2006 target of 206 incidents is on track to be achieved.
- A policy document on road side working, with inputs from relevant parties, was developed by Customer Supply and implementation began in early 2006.
- The ESB Safe Driving Bureau was set-up in 2004 to research, manage and reduce occupational road risk through a programme which includes awareness; education; assessment and training. To date, approximately 200 staff have successfully completed and been certified as having achieved Advanced Driver status, 70 young drivers have completed Ignition driving training and up to 600 staff have received Specialist Vehicle Driving licences, including 4-wheel-drive and all-terrain vehicles. Motorbike education and assessment for staff riding motorcycles in their spare time has been provided through a joint initiative with An Garda Síochána.
- A new Safe Driving Programme was launched in 2006, rolling out online Driving Risk Assessment to 4000 staff and Advanced Driving training to 1000 staff. It is anticipated that the programme will have a substantial impact on staff safety and, due to the numbers involved and the topical nature of the programme, it is expected to result in a very positive impact on driving culture and road safety in general.



“A Task Force on Occupational Health and Wellbeing presented its report and recommendations in July 2005.”

Health and safety training

- A training programme was developed for those audit teams in each business area that will undertake OHSAS based safety benchmark assessments. Forty four staff in total have been certified as having successfully completed this course which ensures a sufficient body of auditors will be available within the Group to deliver annually the required programme of assessments.
- A range of training in the areas of safety standards, practices, behaviours and procedures continues to be provided to staff throughout the Group. Examples include Safety Passport Training provided for 1091 staff in Power Generation during the period 2002-05, a new Confined Space Entry Course, and the UCD Safety and Health Certificate Course which was completed by 14 staff from Power Generation in 2005.

Safety communication process

- A more streamlined process for communicating safety information was introduced in ESB Networks in 2005. The previous system of ad-hoc emails ran the risk of ‘information overload’ and did not guarantee the kind of impact required for safety measures.
- Network Safety Bureau now edits packages and distributes safety information in a timely and consistent way. Electronic briefings are issued to managers monthly for onward briefing to all staff. Urgent safety alerts are sent out as necessary and re-affirmed in the next monthly briefing.

Occupational health and wellbeing

- A Task Force on Occupational Health and Wellbeing presented its report and recommendations in July 2005. The report identified a number of areas that need to be addressed, including a lack of strategic focus on occupational health and wellbeing and the need for better co-ordination and reporting. Total Occupational Health cost in 2005 was €745,000. The Wellbeing project expenditure is €100,000 to date.
- The Group Occupational Health and Safety intranet site was revamped in 2005 with the aim of increasing awareness of health and wellbeing health risks, chief amongst these being stress and obesity.
- Occupational Health Services (OHS) has developed a new health initiative programme called “Living Well – Feeling Great”. The programme aims to provide staff with the motivation and psychological impetus to get active and choose healthier options. It provides insight into the benefits of different forms of exercise, balanced diet and maintaining a healthy weight.
- OHS continues to run general health improvement programmes. Initiatives implemented during 2005 included cancer and general health screening, flu immunisation and smoking cessation programmes. Specific occupational health programmes were provided in relation to asbestos awareness and screening, hearing conservation, sun protection and travel vaccination – see table below.
- All ESB offices have been tested nationwide for radon and minor remedial work has been carried in a small number of premises.



“Defibrillators have also been introduced at all locations throughout the country with significant staff numbers.”

OHS Provisions 2005 and 2006	2005 Figures	2006 Figures
Health screening	498	1988
Bowel Cancer screening	1043	1755
Flu immunisation	1746	*1272
Travel Vaccinations	60	62
Smoking Cessation aids	507	530
Pre-employment medicals	600	620
Asbestos	56	**22
Hearing Tests	520	***76
Living Well – Feeling Great	194	3592
Medical Examinations (OHP)	70	75
HGV Medicals	5	25
Deep breathing apparatus testing	5	****1
Extra Death Benefit Clearance	26	53
Female Cancer Screening	245	*****70
Radiation Medicals	0	7
Blood Donation Ferrying Service	0	62

*Flu Immunisation: - Programme is still ongoing.

**Asbestos Screening: - Numbers as per consultant's advicer.

***Hearing Tests: - Represents follow on test only as part of 3 year programme.

****Deep breathing Apparatus testing: - Testing frequency is age dependent.

*****Female Cancer Screening: - This screening is routinely offered to staff on a 3 yearly basis, any individual who is not able to attend at that time can go to own GP and have same performed at a time that suits them.

Absence/Lost days

- The days lost through certified absences from work in 2005 continued a downward trend with a 6.7% reduction on 2004. The dominant causes of absence were musculoskeletal and respiratory illnesses.
- A number of awards were given to staff who had exemplary attendance records.

Defibrillators

- Five automated electronic defibrillator units have been provided at ESB head office locations and appropriate training has been provided to selected staff.
- Defibrillators have also been introduced at all locations with significant staff numbers.



Environment





“A significant investment programme underway in environmental protection, in particular focussed on reduction in emissions to air of SO₂ and NO_x at our coal-fired power station at Moneypoint.”

CR policies and practices in place

- Board Committee with responsibility to advise the Board on policy, strategy and performance issues relating to the environment and also Health and Safety.
- An Environmental Policy approved by the Board which commits ESB to environmentally responsible action, the use of effective environmental management systems, energy efficiency and conservation, risk management and emergency planning, and responsible waste management.
- Measures to reduce the carbon intensity of the electricity we produce over time, including investment in new plant, monitoring, control and maintenance of existing plant and development of generation capacity from renewable energy.
- Active promotion of energy efficiency awareness and best practice to customers including dissemination of educational materials, co-operation with state agencies and delivery on energy saving targets agreed each year with the Commission on Energy Regulation.
- A network renewal programme aimed at improved supply quality and energy loss reduction.
- An air emission reduction plan agreed with Government aimed at reducing aggregate air emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and dust from generating stations below levels required by legislation.
- A significant investment programme underway in environmental protection, in particular focussed on reduction in emissions to air of SO₂ and NO_x at our coal-fired power station at Moneypoint.
- Environmental Management Systems accredited to the international standard ISO 14001 at all generating stations and Integrated Pollution Prevention and Control (IPPC) licences at all thermal power stations.
- A waste management programme aimed at continual improvement in waste management performance.
- Procedures ensuring that contractors comply with environmental obligations.
- A policy of reducing fuel consumption in staff transport by purchasing fuel-efficient vehicles, ensuring they are well maintained, provision of video conferencing, and encouraging staff to make use of public transport.
- Provision of information on electric and magnetic fields associated with power lines including the taking of field measurements on request.
- Provision and improvement of public amenities such as canoeing and recreational areas at our hydro and fisheries locations.
- Participation in and compliance with obligations under the EU Emissions Trading scheme (EU ETS).



“We have actively engaged in the climate change debate at national and EU level (via Eurelectric, the EU electricity industry body) on how the issue might be best addressed by the electricity sector.”

Issues and Priorities

ESB’s large scale activities in the generation, transmission, distribution and supply of electricity inevitably give rise to environmental impacts which we must manage responsibly and seek to minimise.

The most significant impacts from our activities relate to emissions to air of SO₂, NO_x and CO₂ from fossil fuel combustion. As all our thermal power stations are designed and operate in accordance with the strict terms of Integrated Pollution Prevention and Control (IPPC) Licences issued by the Environmental Protection Agency, no local air quality impacts arise. However our emissions to air contribute to regional and global environmental problems.

SO₂ and NO_x are acid gases which are transported over long distances and contribute to acidification, eutrophication and air pollution. In the section on emissions we detail our approach to reducing such emissions which was agreed with Government. While this entails very large investment in abatement technology our approach ensures that investment is targeted to where it can be most effective.

Climate change is primarily caused by increased levels of CO₂ in the atmosphere as a result of fossil fuel combustion and is the most pressing environmental challenge of our time. The results of ongoing scientific research point to a growing urgency to address this issue on a global scale.

We understand and accept the science and the need to significantly reduce emissions of CO₂ associated with energy use over the coming decades. This presents an enormous global challenge in view of rapid growth in demand for energy from the developing world, increasing fuel security concerns and also concerns regarding competitiveness of national economies in a context of increasing globalisation.

We have actively engaged in the climate change debate at national and EU level (via Eurelectric, the EU electricity industry body) on how the issue might be best addressed by the electricity sector. We were supportive of the establishment of the EU Emissions Trading Scheme (EU ETS) and participated in early simulations to establish its potential practicality and benefits. We are strongly of the view that a well-designed greenhouse gas emissions trading scheme provides the most appropriate market compatible mechanism to harness investment in emission reductions on the global scale required. It also provides a way to maintain coal in the energy mix while offsetting its emissions, pending the future development of carbon capture and sequestration technology to prevent CO₂ emissions to atmosphere.

Our actions in addressing climate change include the following:

- Promotion of energy awareness to our customers.
- Modernisation of our generating plant portfolio aimed at increased efficiency and lower CO₂ emissions per unit of electricity produced.
- Participation in the EU ETS including investments in offsetting projects in the developing world.
- Investment in renewable generating capacity.
- Network development to facilitate renewables and reduce energy losses on the network.



“All previously certified stations have successfully retained their ISO 14001 accreditation, based on independent third party site audits.”

New CR Policies, Practices and Impacts

Environmental policy

- The environmental policy was reviewed and updated by the Board in January 2005.

Environmental management

The implementation of effective management systems is a key component of ESB's efforts to drive continual improvement in environmental performance.

- The most recently constructed peat fired power stations, Lough Ree Power and West Offaly Power, achieved accreditation to the ISO 14001 Environmental Management Standard.
- All previously certified stations have successfully retained their ISO 14001 accreditation, based on independent third party site audits. ESB Fisheries activity is in the process of obtaining accreditation for its EMS.
- During its first year of commercial operation, ESB's Coolkeeragh power plant at Derry achieved accreditation of its management systems to three international standards. The station's Quality Management Systems have been accredited to ISO 9001, the Environmental Management System to ISO 14001 and in addition the Health and Safety Management systems at the station have obtained OHSAS18001 recognition.
- Power Generation has extended its performance management system to include key performance indicators (KPIs) focussed on important aspects of environmental performance.
- Waste management systems in the Networks business and Customer Supply and Shared Services business continue to be developed.
- A process is underway throughout ESB to consolidate the present nationwide multiplicity of waste management contracts to facilitate the effective supervision of wastes that leave our premises. This initiative will also contribute to the collation of more accurate waste statistics and enable more focussed reduction initiatives.

Environmental incidents

- No significant environmental incidents have arisen due to ESB activities since the last report in 2004.
- The 60MW windfarm project at Derrybrien, Co. Galway was completed in January 2006 at a total cost of €72m. Construction work on the 70 turbine windfarm had been suspended for a year following a peat slide in October 2003. Following a comprehensive review, construction recommenced with revised work practices and the project was successfully completed without further incident.
- Power Generation has developed a formal incident reporting system based on EPA guidance to ensure appropriate response.



“The increased efficiency results in the production of over 25% more electricity per tonne of peat used than was the case heretofore, with an attendant reduction in CO2 emissions.”

Emissions

ESB generated approximately 18.78 Terawatt hours (TWh = billion kilowatt-hours) of electricity in 2005 in the Republic of Ireland. In addition, ESB also generated circa 1.76 TWh at its new gas-fired 400 MW Combined Cycle Gas Turbine (CCGT) plant at Coolkeeragh in Northern Ireland and 0.63 TWh at Corby Power station in the U.K. which is 50% owned by ESB. The electricity generated by ESB in the Republic of Ireland was derived from a range of primary sources of which some 4% was renewable (see Figure 1).

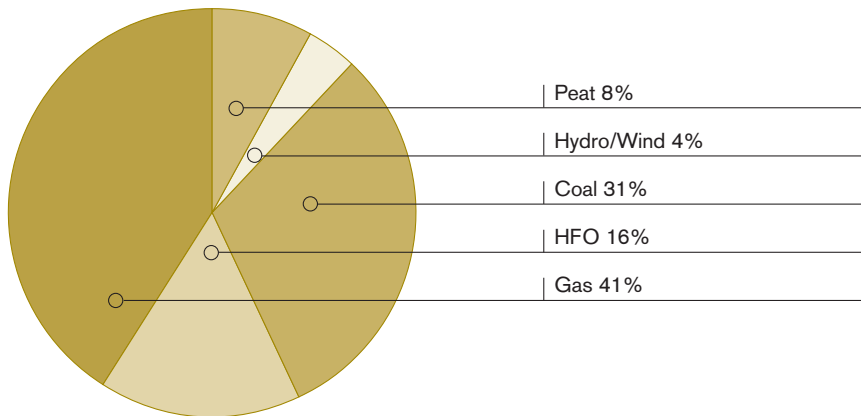


Figure 1: 2005 ESB generation fuel mix

The trend in the electricity sector is one of continued demand growth, increasing natural gas utilisation and also increasing generation from renewable energy sources. The above situation for ESB generation will change in line with sector trends. In this regard it may be anticipated that a significant reduction in oil use for electricity generation will occur in the near term as older plants are closed.

In 2005 ESB power plants in the Republic of Ireland emitted a total of 40.7 kilotonnes of SO₂, 31.0 kilotonnes of NO_x and 13.1 million tonnes of CO₂.

ESB is seeking to reduce the CO₂ emissions associated with its generation by investing in new plants, closing older less efficient plants, ensuring that our existing plants are operated efficiently and increased investment in renewables.

ESB has obtained planning permission and an IPPC Licence from the Environmental Protection Agency (EPA) for a new gas fired CCGT at Aghada. When constructed, this plant will emit 0.35 tonnes of CO₂ per MWh generated in comparison to the present average emission rate for our plant portfolio in the Republic of Ireland of 0.71 tonnes of CO₂ per MWh.

The closure of the older and less efficient peat fired stations at Lanesboro, Caherciveen, Gweedore, Bellacorick, Rhode and Shannonbridge and their replacement by two state of the art plants (West Offaly power station and Lough Ree power station), has significantly increased the efficiency of peat utilisation for electricity production. The increased efficiency results in the production of over 25% more electricity per tonne of peat used than was the case heretofore, with an attendant reduction in CO₂ emissions.

All ESB power station emissions are reported to the Environmental Protection Agency. Our CO₂ emissions in 2005 were independently verified to the satisfaction of the EPA and we complied with our obligations to surrender allowances to match emissions as required under the terms of the EU Emissions Trading Scheme (EU ETS).



“This initiative will reduce emissions of NO_x, and SO₂ by over 80% at a total cost of €250 million of which €112 million has been expended to date.”

Reduction in emissions of SO₂ and NO_x from all sources including industry, domestic energy consumption, power generation and transport is a key objective of EU and national policy aimed at reducing air pollution and the adverse effects of acid gases on the environment.

In 2004 we agreed a reduction plan with Government designed to achieve a very significant reduction in emissions by 2008 from our plants. The plan entails implementing the EU Large Combustion Plant Directive by adopting a National Emission Reduction Plan (NERP) approach for existing plants. The aim is to cost effectively reduce aggregate emissions from our portfolio of plants by focussing investment on units with expected future high load factors. It was agreed by Government and approved by the EU Commission in late 2004 and will achieve reduction in emissions considerably in excess of legal requirements.

The most significant component of the plan entails major investment at Moneypoint power station where Flue Gas Desulphurisation (FGD) technology will be fitted to reduce SO₂ emissions and Selective Catalytic Reduction (SCR) technology to reduce emissions of NO_x.

Fitting the technology to the first two units will be completed in 2007. The retrofit of the remaining unit will be completed in early 2008. This initiative will reduce emissions of NO_x, and SO₂ by over 80% at a total cost of €250 million of which €112 million has been expended to date.

The chart below shows the emissions performance per MWh of electricity generated by ESB in the Republic of Ireland over the past number of years. This illustrates that for SO₂ a progressive reduction has been achieved primarily associated with the utilising of lower sulphur fuels. SO₂ emissions will be further reduced with the commissioning of FGD technology at Moneypoint by end 2008.

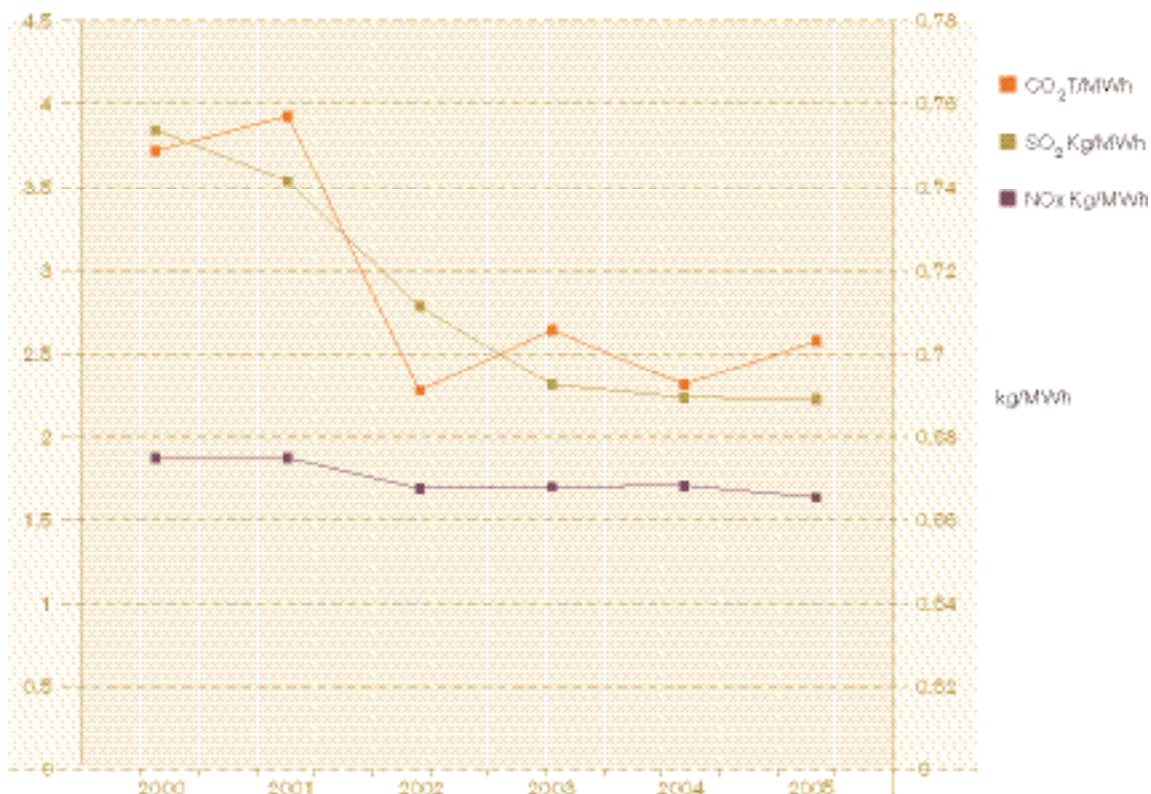


Figure 2: ESB Emissions per MWh generated





“ESB supports the decision by Government to increase the target set for renewable electricity generation from 13.2 to 15% by 2010 and the new target set for 2020 of 30%.”

Following the reductions achieved with the fitting of primary NO_x controls the chart shows only modest improvement over time reflecting the increased load factor on older plants counterbalancing the improved performance from the newer plant. However a very substantial reduction in emissions of NO_x will be achieved in the period to end 2008 due to implementation of the NERP and also reduced operation of older units as new generating capacity is built. Further improvement in the CO₂ emission performance of our plant portfolio will be achieved with the closing of older plants, the planned development of new gas-fired state of the art CCGT plants and increasing production from renewables.

Sulphur hexafluoride (SF₆) is used in some of our high-voltage switchgear on the transmission and distribution networks. SF₆ is a highly potent greenhouse gas with a global warming potential that is 23,900 times that of CO₂. It is used because of its very high electrical insulating properties and allows the switchgear to work efficiently and safely. We use monitoring equipment, controls and maintenance programmes to ensure that gas leakage is kept to a minimum. We report emissions to the EPA on an annual basis. In 2005 approximately 980 kilogrammes of SF₆ was emitted representing 1.4% of the total inventory of SF₆ employed.

Reduction in the use of natural resources

Renewables

ESB supports the decision by Government to increase the target set for renewable electricity generation from 13.2 to 15% by 2010 and the new target set for 2020 of 30%. We are actively engaged in developing wind projects.

At present, in addition to 219 MW of large scale hydro capacity, ESB has full or part ownership in 77 MW of wind capacity and is in the process of constructing an additional 30 MW. We have a significant pipeline of projects at varying stages of development, some in Northern Ireland. We are also examining wind power investment opportunities internationally.

Increasing the level of renewable generating capacity as required by Government policy poses technical challenges and the target set for 2020 is onerous. We are committed to playing our part in developing the electricity network to overcome these challenges in particular that arising from the intermittency of wind generation.

In designing the new peat plants we made provision for a future requirement to co-fire biomass without fundamental plant modification. We have recently completed a preliminary study of the engineering and operational aspects of co-firing. This matter will be pursued following completion of the plant guarantee periods and resolution of outstanding technical problems.

We also keep abreast of new and emerging technologies. For example, in 2005 ESBI completed a major study on the potential of wave energy around our coasts for the Marine Institute and Sustainable Energy Ireland.



“International recognition was given to ESB Customer Supply’s campaign to promote more efficient lighting and greater awareness of energy efficiency.”

Energy efficiency

In light of our position as the supplier to the majority of Ireland’s residential and small to medium sized business customers we have a nationally important role to play in promoting efficiency and best practice in the use of electricity. Energy efficiency promotion is a core activity in ESB Customer Supply and has been so since 1991 with the commencement of our focus on Demand Side Management. The cumulative savings in direct costs to business, industrial and residential customers (life time savings) of our activities in the 15 years since then amounts to circa 6.3 TWhs with consequent reduction of CO₂ emissions to atmosphere of 5.3 million tonnes.

The following highlights some recent activities and achievements.

- International recognition was given to ESB Customer Supply’s campaign to promote more efficient lighting and greater awareness of energy efficiency. At the World Sustainable Energy conference held in Austria in April 2006, attended by 800 participants from 80 countries, Eurelectric, the international union of electricity industry, identified ESB’s campaign as the most effective project of its kind in Europe in reducing CO₂.
- ESB Customer Supply sponsored the Sustainable Energy Awards, organised by Sustainable Energy Ireland in 2006. This is our third year in sponsoring these awards which recognise and highlight excellence in energy management in the industrial, commercial, and public sector.

Network loss reduction

The distribution of electricity via the network inevitably gives rise to energy losses. The network renewal programme aimed at meeting demand growth and improved supply quality will have a positive effect in reducing the percentage energy loss.

The main initiative underpinning this improvement in efficiency in transporting electrical energy is the planned changeover of rural Medium Voltage network to 20kV operation. Increasing the voltage reduces line resistance losses and also the new transformers installed are more efficient. At the moment there is just over 20% of the rural MV network operating at 20kV and it is planned to increase this to around 70% by 2010.

The loss as a percentage of electricity distributed is forecast to reduce from the 2005 level of approximately 8% of GWh distributed to 7.5% in 2010, saving 132 GWh approximately.





“ESB policy in relation to waste accords with the established hierarchy for the responsible management of waste. This sets the preferred order in which waste issues are to be addressed, i.e. prevention, minimisation, reuse, recycling, treatment and disposal.”

Waste management

ESB policy in relation to waste accords with the established hierarchy for the responsible management of waste. This sets the preferred order in which waste issues are to be addressed, i.e. prevention, minimisation, reuse, recycling, treatment and disposal.

In 2005 ESB activities gave rise to an estimated 278,500 tonnes of waste. Of this total, Power Generation accounted for 260,000 tonnes (mainly coal and peat ash), with Networks producing an estimated 17,300 tonnes and Customer Supply and Shared Services 1,200 tonnes. In light of the large quantities of ash arising in power generation the sale of this material for beneficial use is a major focus of attention.

Waste management and recording systems are well developed in our power stations and are maintained in compliance with stations certified environmental management systems. In the Networks business and Customer Supply and Shared Services business systems continue to be developed. A process is underway to consolidate the present nationwide multiplicity of waste management contracts to facilitate the effective supervision of wastes that leave ESB premises. This initiative will contribute to the collation of more accurate waste statistic and facilitate the development of focussed reduction actions.

Power Generation waste

Ash from ESB’s generation activities accounted for approximately 90% of all waste generated. The Tables below indicate the nature of the waste generated within Power Generation and the amounts recycled.

LOCATION	TOTAL WASTE TONNES	TOTAL ASH TONNES	NON HAZARDOUS WASTE TOTAL TONNES	HAZARDOUS WASTE TOTAL TONNES
Aghada	195.7	0.0	146.7	49.1
Ardnacrusha	45.4	0.0	44.8	0.56
Bellacorick	1,303.9	1,096	1,222.2	81.7
Erne	20.2	0.0	9.3	10.9
Great Island	202.8	0.0	132.9	69.9
Lanesboro	109.4	0.0	44.6	64.8
Lee	23.9	0.0	20.5	3.4
Lough Ree	28,901.3	25,548	28,885.3	16.0
Marina	108.9	0.0	55.2	53.6
Moneypoint	191,598.2	190,000	191,141.2	457
North Wall	108.7	0.0	84.2	24.5
Poolbeg	617.6	27	270.5	347.1
Tarbert	757.4	0.0	665.9	91.6
Tawnaghmore	95.0	0.0	2.0	93.0
Turlough Hill	66.3	0.0	43.1	23.2
West Offaly	36,084.7	34,300	36,058.3	26.4

Table 1: Power Generation Waste Statistics – 2005



“In 2005 we recycled 91% of wood waste and 52% of non-wood packaging waste.”

LOCATION	TOTAL WASTE ARISING TONNES	TOTAL DISPOSED TONNES	TOTAL RECYCLED/ REUSED TONNES	PERCENTAGE RECYCLED/ REUSED
Aghada	195.7	23.56	172.195	88%
Ardnacrusa	45.4	15.82	29.54	65%
Bellacorick	1,303.9	1,162.43	141.49	11%
Erne	20.2	7.88	12.33	61%
Great Island	202.8	96.794	105.99	52%
Lanesborough	109.4	109.42	0.0	0
Lee	23.9	23.9	0	0
Lough Ree	28,901.3	26,982.5	1,918.8	7%
Marina	108.9	63.95	44.9	41%
Moneypoint	191,598.2	81,142.2	110,456	58%
North Wall	108.7	53.26	55.43	51%
Poolbeg	617.6	241.71	375.92	61%
Tarbert	757.4	326.85	430.58	57%
Tawnaghmore	95	75	20	21%
Turlough Hill	66.3	53.53	12.75	19%
West Offaly	36,084.7	35,578.4	506.25	1%
TOTAL	260,239.4	145,957	114,282	44%

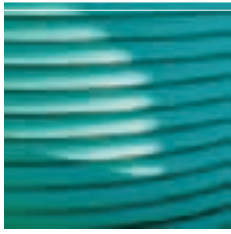
Table 2: Power Generation Waste Treatment – 2005

Ash sales

Ash is the most significant waste produced by ESB and considerable effort is made to ensure that it is beneficially used as far as possible. Coal ash is inert and can be used in the construction industry either as a filler / landscaping agent or, if it is within certain specifications, as a cement additive. Peat ash is not as versatile, but may also be used as a filler/ landscaping agent. ESB sells considerable quantities of ash to the cement industry. Ash that is not sold is landfilled with a view to reclaiming it if opportunities for use are identified in the future. The beneficial use of ash avoids the impact of quarrying associated with the material substituted and if used as a cement substitute avoids CO₂ emissions which arise in the process of cement manufacture. In 2005 approximately 58% of ash produced at Moneypoint was sold, slightly down on the highest use rate to date achieved of 60% in 2004.

Packaging waste

In 2005 ESB activities gave rise to 3,723 tonnes of packaging waste which we reported as a member of REPAK. Wooden cable drums and pallets make up nearly 84% of this figure. In 2005 we recycled 91% of wood waste and 52% of non-wood packaging waste. Arising from the closure of ESB retail outlets in 2005 we are no longer specifically obligated as a major producer of packaging waste under the Packaging Regulations.



“In our head offices a new Office Recycling Programme was introduced in 2006, involving recycling centres with bins for paper, plastic bottles and aluminium cans, and general waste. Collection points for printer and toner cartridges and used batteries are also provided.”

Networks waste

In our Networks business we produced an estimated 17,300 tonnes of waste. Waste wooden cable drum and pallets and scrap metal made up over 60% of this figure. The overall recycling rate achieved in 2005 was 77%.

In early 2006 ESB Networks commissioned an audit of contractors used to recycle scrap metal to assess compliance with environmental regulations. No material non compliances were discovered.

Office waste

In our head offices a new Office Recycling Programme was introduced in 2006, involving recycling centres with bins for paper, plastic bottles and aluminium cans, and general waste. Collection points for printer and toner cartridges and used batteries are also provided. Recycling desktop trays have also been provided to staff to assist them in segregating waste.

The table below shows the results achieved in the last six months of 2005.

LOCATION	TOTAL WASTE TONNES	RECYCLED TONNES	DISPOSED TONNES	RECYCLED %	DISPOSED %
Head Office Complex	290.753	129.973	160.78	45%	55%
Osprey House	27.26	12.40	14.86	46%	54%
16 St Stephen's Green	16.28	10.65	5.63	65%	35%
Total	334.3	153.03	181.27	46%	54%





“We continue to actively encourage and promote environmental awareness among our staff through internal communication channels and through training programmes.”

Hazardous waste

A project to remove all accessible asbestos insulation from our operating generating stations is now complete. This was done in order to eliminate any risk to the health of staff from inhalation of asbestos dust. Small quantities of asbestos waste will continue to be disposed of during station maintenance from activities such as the removal of old gasket material.

In 2005, circa 1,005 tonnes of asbestos contaminated material was consigned for specialist disposal abroad. Over 90% of this material arose in the demolition and remediation of the Rhode Generating Station which was closed in 2002. Similar quantities may be anticipated in the coming years from the demolition and remediation of the now closed peat fired stations at Shannonbridge and Lanesboro.

After asbestos, waste oils and oil contaminated materials represent the largest volume of hazardous waste. We employ specialist fully authorised contractors in the treatment and recycling of these materials.

Environmental awareness

We continue to actively encourage and promote environmental awareness among our staff through internal communication channels and through training programmes. In addition, we highlight environmental requirements to all contractors we employ and make compliance a part of our standard contract conditions.



Community





“In 2005, we launched ESB ElectricAID Ireland, a new fund which focused an initial €1m per annum on two key social issues in Ireland – suicide prevention and homelessness. This represented a new direction and a major increase in spending.”

CR policies and practices in place

- ElectricAid, a joint staff/ESB charitable support initiative which has been running since 1987, and which provided over €1m to overseas aid projects in 2004.
- Sponsorship in Ireland for a range of music and sporting events, together with the annual ESB Rehab People of the Year awards.
- Sponsorship internationally in the communities where ESB operations are located.
- A strong tradition of local charity work by staff.
- A commercial partnership with Rehab to encourage bill payment on time and raise funds for the charity.
- A fully resourced archive and heritage section with responsibility for historic documents, artwork owned by ESB, and “Number Twenty Nine” a restored Georgian house in Fitzwilliam St, Dublin.
- Partnership with local communities to foster local enterprise, and job creation in areas affected by power station closures.
- Engagement with Non-Governmental Organisations (NGOs) such as the Consumers Association; the Irish Small and Medium Sized Enterprise Association (ISME); the Irish Farmers Association (IFA); the Irish Business and Employees Confederation (IBEC); and with community groups in relation to issues such as electricity cost, safety and supply.

Issues and Priorities

ESB has always had deep roots in the community. Through the services we provide, we maintain a strong and visible presence in day-to-day life. ESB vehicles are a familiar sight on every road in Ireland, and power generation is a significant source of employment in many locations. Some of these immediate links to the community are, however, changing in the new business environment. Six power stations have closed in the past six years. Fifty four ESB shops closed throughout the country in 2005. Our role in community life is not diminishing, however. Through avenues such as sponsorship, funding, voluntary work and support for economic regeneration, we aim to ensure that our contribution remains meaningful and effective.

In 2005, we launched ESB ElectricAID Ireland, a new fund which focused an initial €1m per annum on two key social issues in Ireland – suicide prevention and homelessness. This represented a new direction and a major increase in spending. The existing staff-led third-world development fund – Electric Aid – was also re-launched and given substantial additional resources. We have received excellent feedback from clients and the sense of ‘common cause’ and community spirit in ESB itself has been strengthened.

The international dimension of our community activity is becoming increasingly important as our business grows overseas. We respond in a variety of ways to the needs of local communities. At the time of the Pakistani earthquake in October 2005, staff at the ESBI power stations at Uch and Rousch responded rapidly and generously. They sent supplies immediately, donated personal belongings, went to work with the relief effort and raised funds. ESB staff in Ireland also provided donations to support the work of the Red Cross and Oxfam. In other communities surrounding our international operations, we forge links through activities such as our support for the Kamakshi Child Home in Kulim, Malaysia and our support for the arts in Northern Ireland where Coolkeragh ESB was awarded the “Arts & Business – Arts, Business & Community Award” in 2005.



“Following the Asian Tsunami, ElectricAid immediately donated €10,000 to the Red Cross. An appeal was then launched which raised €220,000 from staff and pensioners. This was matched by €280,000 by the company and tax relief raised the total fund to €550,000.”

Partnership with our staff and with external organisations is an essential element of our community activities. Before launching ElectricAID Ireland, we consulted with a range of organisations and the selection of the areas on which funding would be focused was made through a staff ballot. We have longstanding partnerships with organisations such as Rehab and work with local community groups to constructively resolve issues of concern. We continue to inform local communities, through their local representatives, of investment in electricity infrastructure in their areas. We aim to maintain and deepen these partnerships so that we will continue to contribute, not just to the commercial, but also to the charitable, sporting and cultural life of communities at home and abroad.

New CR policies, practices and impacts

ElectricAid

- In its first year of operation, ESB ElectricAid Ireland funded 112 projects with €1.17m. These range from national research projects, to small community initiatives, and cover the entire island of Ireland. 75 projects have been funded in the suicide arena, while 37 homelessness projects have benefited.
- ESB contributes €2 for every €3 contributed by staff to the ElectricAid third world development fund, up to a cap of €200,000 (increased from €150,000 in 2005). The numbers of staff and pensioners contributing to the fund increased from 1,400 to 2,300 at the end of 2005 following a successful recruitment drive. Total income for 2005 exceeded €1m and the number of projects grant-aided increased from 55 in 2004 to 81 in 2005.
- Following the Asian Tsunami, ElectricAid immediately donated €10,000 to the Red Cross. An appeal was then launched which raised €220,000 from staff and pensioners. This was matched by €280,000 from the company and tax relief raised the total fund to €550,000. Discussions were held with a number of groups before making donations to the work of reputable agencies who have low overhead costs and will provide progress and completion reports.

Staff involvement with local charities

Staff support local charities in a variety of ways. These are some recent examples:

- Network staff for Carlow, Kilkenny and Portlaoise completed an urgent job outside of normal working hours and donated their pay to local cancer charities. The total raised was €10,000.
- Staff at Poolbeg station donated their prize of €1,500 in the 2005 Tidy Station Award to three Irish Charities. Prize money received by Power Generation from the HSA Presidents Award was donated to the Irish Heart foundation.
- Two members of Network staff raised €27,000 and helped build houses for poor families in South Africa through the Niall Mellon Township Initiative.
- There were 170 participants in the annual 30K/50K Sligo walk in 2005 and 185 in 2006. They raised funds for a variety of charities.



“ESB sponsor a Christina Noble Children’s Foundation medical centre in Chi Min City, caring for 20 girls who had been former street children.”

- An ESB team took part in the Four Peaks Challenge, in 2005 and 2006, climbing the highest mountain in each of the four provinces in one weekend. They raised over €15,000 for Focus Ireland over the two years.
- Staff at Moneypoint power station raised €6,200 to enable the Irish Sri Lanka Trust Fund to purchase two fully equipped fishing boats for orphans of the tsunami in Asia.

Sponsorship

- ESB currently has five sponsorships: the People of the Year awards, the GAA football and hurling minor championships (of which it is the first ever sponsor), Irish women’s hockey, Ceol Beo, an annual Irish music event at the National Concert Hall and an athletics support programme.

Sponsorship internationally

- ESB sponsor a Christina Noble Children’s Foundation medical centre in Chi Min City, caring for 20 girls who had been former street children.
- In Kulim Power Plant in Malaysia station management donated funds, in addition to funds raised by staff, for the purchase of furniture and air conditioning equipment for the Kamakshi Orphanage Home and the Disabled Rehabilitation Centre. Staff at the Power plant were also very active in assisting in the aftermath of the tsunami which affected Kuala Muda which is located close to the power station.
- Through its partnership with The Playhouse and Arts & Business in Derry, Northern Ireland, Coolkeeragh ESB has supported four secondary schools in a year long initiative to support local artists to develop and encourage community involvement in the arts in addition to giving the students new skills.

Heritage

- Recent Heritage initiatives included the presentation of a collection of books recording the history of electricity from 1870 to 1930 to Cork City Archive, to mark Cork’s year as City of Culture in 2005. Two publications were also launched. “A Heritage Inventory of ESB Buildings in Ireland” provides details of the buildings which include offices, depots, stores, shops, power stations, engineering, customer service and visitor centres. In compiling the work and reviewing the buildings in terms of their setting, use and structure, it became very apparent that they form an outward expression of the company’s history, culture and tradition. A book titled “High Tension – Life on the Shannon Scheme” by Michael McCarthy has also been produced and provides a fascinating account of this landmark project.
- “Number Twenty Nine”, a Georgian museum, was opened to the public in 1991 to celebrate Dublin’s status as European Cultural Capital for that year. It is now run by ESB in association with the National Museum of Ireland as a museum of Dublin home life for the period 1790 to 1820. It has received over 400,000 visitors since its opening.





“As part of its partnership with Age Action, ESB Customer Supply sponsored a Seminar on Making Poverty History for Older People in 2005. In 2006 it sponsored Positive Ageing Week.”

- Children from the local Catherine McAuley National School have participated in art workshops in Number Twenty Nine for the past three years. The Lord Mayor of Dublin visited the school in 2005 to view the work done by the children and in 2006 four of the students presented ESB with pieces from the collection which are on display in the Head Office Restaurant.
- Number Twenty Nine also hosted music workshops for children from schools in Tallaght and Drumcondra with musician Des Lacey.

Economic regeneration

- A fund of up to €3 million was approved in 2005 for the establishment of a community and enterprise fund to set up new industries in north Co. Mayo. The fund is in line with ESB's policy of supporting the local community at a time of the closure of a power station.
- An enterprise park is being developed on the site of the demolished power station in Rhode, Co Offaly. At the time of the closure of the power station, ESB provided £3m to support local enterprise development. The fund is administered by the North Offaly Development Fund. In July 2006, the Board of ESB decided to hand over 5.3 hectares of land to Offaly County Council at the former power station site, on a 99-year lease. The Council can sub-let the property to the North Offaly Development Fund for development as an enterprise park.

Relations with Non-Governmental Organisations (NGOs)

- A mediation process has been completed in response to the concerns of the Cork Harbour Anti-Pylon Representative Association (CARA) about plans to build a network of pylons linking Aghada power station to the other side of Cork Harbour. The original proposal had received full planning permission but a sustained campaign of community opposition prevented the development from going ahead. ESB suggested a mediation process under an independent chairman and agreement was reached on a final proposal. CARA has since disbanded and the line is under construction.
- ESB Customer Supply sponsored the publication of the ISME Employers Guide to Health and Safety in 2006.
- As part of its partnership with Age Action, ESB Customer Supply sponsored a Seminar on Making Poverty History for Older People in 2005. In 2006, it sponsored Positive Ageing Week, a major element of which was a National Conference on the Rights and Entitlements of Older People. Customer Supply also supported the Over 50's Show in the RDS in October.

'Know your neighbour weekend'

- ESB sponsored this Macra na Feirme initiative which took place for the first time on the weekend of 15-16 July 2006. It was aimed at encouraging people to organise an event and invite a neighbour. Many residents associations and community groups participated.



“During the construction of the new West Offaly and Lough Ree power stations in 2005, staff decided that it would be a good idea to have their own defibrillator in each station and also to present one to each of the local communities in Shannonbridge and Lanesboro.”

Links between power stations and local communities

- North Wall and Poolbeg stations presented high visibility jackets to St Joseph’s School, East Wall Road and to the Star of the Sea National School, Sandymount as part of the ESB Good Neighbour Safety Awareness Scheme.
- Poolbeg sponsored swimming lessons and water safety classes in Sportsco for children from St Patricks National School.
- In November 2004, the Chief Executive unveiled a sculpture on Sandymount Strand, Dublin, to mark 100 years of electricity generation on the Poolbeg peninsula. The invited audience included local residents association and local councillors.
- During the construction of the new West Offaly and Lough Ree power stations in 2005, staff decided that it would be a good idea to have their own defibrillator in each station and also to present one to each of the local communities in Shannonbridge and Lanesboro. This has proved a very popular and well-received gesture in both locations, where they are the first defibrillators available to the public in the communities.



Marketplace





“We see our key responsibility in the marketplace as maintaining a viable, dynamic business while providing excellent standards of customer service.”

CR policies and practices in place

- A National Customer Call Centre (NCCC) handling over 3.5m calls per year.
- A range of mechanisms for customer consultation and reviewing customer satisfaction.
- Consumer education programmes focused on energy awareness and safe use of electricity.
- Active participation in Energy Awareness Week for the past 13 years.
- Customer Charters for both the Networks and Customer Supply businesses, and a published procedure for dealing with complaints.
- An independent and impartial arbitration service (ELCOM) for complaints which are not resolved locally.
- A range of services for customers who may be vulnerable through financial difficulties, old age or disability.
- A website meeting the highest accessibility standards.
- Procurement procedures involving openness, non-discriminatory award procedures, transparency, fairness and the application of ethical and socially responsible considerations.
- Compliance with the terms of the Prompt Payment of Accounts Act, 1997 so that undisputed supplier invoices are paid within the agreed terms of payment within thirty to sixty days.
- A Code of Ethics which specifies the standards and values to be observed by Board members in fulfilling their duties.
- An employees' Code of Business Ethics setting out general principles of integrity, loyalty, legality, confidentiality and fairness to be observed and providing ethical guidelines for specific business activities.

Issues and Priorities

Since publication of our first CR report in 2004, our marketplace has changed significantly. We see our key responsibility in the marketplace as maintaining a viable, dynamic business while providing excellent standards of customer service. Our customers now have a greater degree of choice than ever before. In February 2005 the level of the market open to competition increased from 56% to 100%. The proportion of electricity demand met by independent electricity supply companies increased from 34% in 2004 to an average of 41% in 2005. Seventeen new participants joined the market during 2005. Competition will increase further with the introduction of the All Island Market scheduled for 2007. We welcome the benefits which competition is offering to the consumer and have devoted significant resources to the meeting the new regulatory requirements.

The changes in the market have required that we make major organisational changes such as those involved in the separation of the networks and transmission businesses. The expertise and commitment of our staff and their ability to form effective partnerships has been crucial to the successful delivery of the major business change projects involved. The Market Opening IT Programme (MOIP), which enabled all suppliers have equal access to the network and to customers was the largest project of its kind undertaken in Ireland. Costing €120m and involving 350 people, it was delivered on time and without disruption of service. Our staff have also developed the necessary new capabilities to enable us to engage constructively with the Commission on Energy Regulation (CER) consultation processes on arrangements for the operation the competitive market.



“Key customer information has, to date, been translated into Romanian, Chinese, French and Arabic and Irish.”

Customer service improvements are being undertaken in all areas of the company. This includes the Networks business which has no direct competitor. The Networks Customer Service Improvement Plan aims to maintain the proud tradition of service which had been placed under strain in the face of the record demand for new connections and the scale of the network renewal projects undertaken in recent years. It focuses on meeting customers' expectations of a dependable service at all times and on maximising the ease with which they can contact us.

In our international operations also, service excellence is a key factor in achieving growth. The customers of ESBI's consultancy, construction and operations services include major utilities worldwide as well as clients in a range of commercial sectors. The reputation established internationally has contributed to such recent notable achievements as winning the contract to run a 2,100MW coal fired plant in Malaysia and securing an extension to the management contract to run the state-owned electricity utility in Kosovo.

In our domestic market, the impact of rising fuel prices on the cost of electricity is of significant concern to customers. We provide these customers with a range of information and advice services to help them achieve energy savings and lower their bills. We place particular emphasis on assisting vulnerable customers such as the elderly and those on low incomes. Partnerships with organisations such as the Society of St Vincent de Paul and MABS is particularly valuable to us developing and delivering practical measures such as payment options, information campaigns and distribution of energy-saving devices.

New CR Policies, Practices and Impacts

Meeting customer demand for electricity

- Over 89,000 new customer connections were made during 2005, just short of the record level achieved in 2004. The number will be in excess of 90,000 in 2006. Since 2001, more than 370,000 new customer connections have been provided, the largest growth in customer numbers in ESB's history.
- The power system continued to be operated prudently and availability reached 83% in 2005, an improvement on the previous year.
- Capital investment amounting to €3.3b since 2000 is delivering significant benefits in terms of network resilience and supply quality as well building the infrastructure needed to connect new generation capacity, including wind farms, to the networks.
- ESB brought an additional 550MW of generation plant into commercial operation in Ireland in 2005 with the opening of the 150MW West Offaly power plant and a 400MW plant at Coolkeeragh, near Derry.

Customer consultation

- ESB Customer Supply monitors customer satisfaction on an ongoing basis. It enables the business to understand its customer base, their evolving needs and the impact of market changes.
- Further work has been undertaken to identify how to make it easier for customers whose first language is not English to do business with ESB Customer Supply. Key customer information has, to date, been translated into Romanian, Chinese, French, Arabic and Irish.
- ESB Customer Supply engages directly with customers in a variety of ways. The Business Energy



“ESB Networks launched a Customer Service Improvement Plan for 2006-2010.”

Efficiency Team had over 10,000 contacts with key customers in 2005, while the Business Contact Centre processed over 50,000 business queries. At the 2006 Energy Show at the RDS in Dublin, staff demonstrated a range of products and services to help customers with energy management. Visitors to the stand welcomed the opportunity to avail of their expertise.

- ESB Customer Supply also participated in the “Over 50s Show” with Age Action Ireland and provided a range of information to customers on Energy Efficiency.

Customer service

- ESB Customer Supply’s National Contact Centre received over 3.5m calls in 2006, and answered 80% within 20 seconds. There has been a significant improvement in call answering times in 2006 and high standards have been achieved. An interactive Voice Response (IVR) system allows customers to check balances, make arrangements, submit meter readings and retrieve information without having to wait for an agent.
- The Customer Supply billing system, which had been in place for more than 20 years, was replaced by a system which better facilitates operation in the deregulated market. As part of the implementation of the new system, significant customer support and communications were put in place to ensure that customers experienced minimum inconvenience and continued to receive accurate and timely bills.
- A number of improvements were made in the area of e-service. On-line facilities are now available for customers of ESB Customer Supply to sign up for direct debit, submit a meter reading, do a home safety audit or use an electricity usage calculator. All business accounts can be accessed online and multi-site billing is also available on-line for business customers.
- When ESB shops were closed in 2006, a comprehensive customer communications programme was put in place to ensure that customers were fully briefed on alternative means of contacting ESB and paying their bills through payment channels nationwide. These channels include post offices, paypoint outlets, billpay.ie, internet banking, direct debit and laser. Customer support is continuing through a designated call centre service.
- ESB Customer Supply launched a short message service on March 2006. Using the service customers can, for example, use text messages to send a meter reading or request confirmation of payment.
- ESB Networks launched a Customer Service Improvement Plan for 2006-2010. This focuses on practical issues such as reducing lead times in design/construction, reducing interruptions and customer minutes lost and improving performance in handling high volumes of customer calls. This plan will also help meet the challenging customer service standards set by the CER.
- Over the past five years, ESB Networks has invested more than €3.5bn in upgrading the medium voltage electricity network across the country. This work involved creating a culture of contractor partnership that did not exist in the country before and also involved a large scale communication process with electricity customers across the country. The work was carried out on a seven day a week plan with planned outages advertised well in advance. As a result of the work which was completed in 2006 the medium voltage network has shown a considerable improvement in resistance to severe weather. Successive “storm” events over the past two years have seen a marked reduction in customer outages and customer minutes lost. ESB Networks intends to roll out a similar improvement plan for the lower voltage network over the coming years which will see an even greater reduction in the numbers of customers adversely affected by severe weather.



“ESB Customer Supply also works through partnerships to deliver important care messages such as temperature monitoring and avoidance of hypothermia for disadvantaged and vulnerable customers.”

Response to severe weather

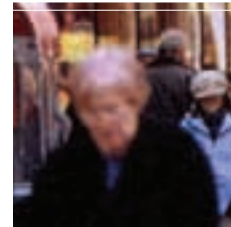
- Two storms battered the country in January 2005 resulting in power cuts to over 65,000 customers. Networks staff worked through the night to restore power and many staff volunteered to provide additional assistance in handling the extra calls to the NCCC.

Consumer education

- The introduction of full market opening, especially in the early months of 2005, presented a very significant customer service challenge. Education programmes targeted at specific customer groups and relevant representative bodies combined with an extensive staff training programme have successfully addressed these issues.
- Bill inserts are used regularly for campaigns which are designed to ensure customers are informed and up to date with the latest happenings in ESB Customer Supply. A ‘welcome pack’ has been compiled to provide all the information needed by new customers.
- ESB Customer Supply continues to work in partnership with a range of organisations to create awareness of the importance of energy efficiency and to promote energy efficiency initiatives for both residential and business customers. This included supporting Energy Awareness Week, sponsoring SEI’s Energy Efficiency Awards, providing information on energy management to over 4,300 small businesses and attending the Small Firms Association Better Business Road Show. Energy efficiency for vulnerable customers is also promoted through work with the Society of St Vincent de Paul, Age Action Ireland, ICMSA and other rural partnerships. A new CD on Energy Efficiency was produced and distributed to every primary school in the country. It will also be available on the ESB Website.
- During 2005, ESB helped customers save more than 309GWh, or approximately €5.5 million in lifetime energy savings, in line with the targets agreed with the CER.
- ESB Customer Supply also works through partnerships to deliver important care messages such as temperature monitoring and avoidance of hypothermia for disadvantaged and vulnerable customers. A range of information booklets such as ‘Energy for the Elderly’ and ‘Stay Well and Warm’ have been produced and distributed in co-operation with MABS, SvP, Age Action, Energy Action, Combat Poverty Agency and other agencies throughout the country.

Customer complaints

- ELCOM, the independent and impartial complaints arbitration service for ESB customers, resolved 247 complaints in 2006, an increase of 7% on the previous year. Commenting on the annual figures, the ELCOM arbitrator said that while the trend in complaints was up, many areas had shown improvements. The reduction in complaints about quality of supply was an indication that customers were seeing the benefits of infrastructure developments. He also commented that while billing showed the highest rate of increase, the 75 complaints must be seen in the context of 11 million bills issued. He welcomed the implementation of recommendations which ELCOM had made to ESB regarding communication to customers where a series of estimated bills has occurred and noted that these were starting to have a positive effect on complaint levels.
- A revised Customer Charter and Code of Practice for ESB Customer Supply is under discussion with the CER and will be introduced in 2007. The role of ELCOM will also be taken over by the CER.



“ESB Customer Supply continued to work with Energy Action and eleven other fuel poverty agencies to support the SEI-funded Warm Homes Scheme.”

Provision for vulnerable customers

- We are working with the CER on the implementation of their decision paper on the provision of services to vulnerable customers. The CER defines these customers as those vulnerable to supply interruption and those who have special communication requirements. They include people reliant on life-support equipment in the home, elderly and disabled persons and those with visual, hearing or mobility impairments. We are developing procedures for the registration of vulnerable customers and codes of practice detailing the services we offer to them, as required by the CER.
- ESB Customer Supply continued to work with Energy Action and eleven other fuel poverty agencies to support the SEI-funded Warm Homes Scheme. Two-thousand cylinder lagging jackets and 1,500 CFL long-life bulbs were distributed for low-income families and the elderly.
- The SMS service launched by Customer Supply in 2006 was welcomed by organisations dealing with the interests of the deaf and hard-of-hearing community.
- ESB Customer Supply participated in energy awareness seminars which were organised for social welfare recipients and the elderly.
- ESB Customer Supply sponsored Positive Ageing week in partnership with Age Action Ireland. The highlight of the week was a Conference on the Rights and Entitlements of Older People.
- ESB Customer Supply sponsored the launch of a report which examined a number of households affected by fuel poverty and assessed their energy efficiency performance.
- Booklets on energy efficiency advice and help with bills were provided for MABS to help customers with bill payment difficulties. Bord Gais joined with ESB Customer Supply on production of these booklets and agreed to share production costs.

Provision of services through Irish

- ESB complies and continues to be compliant with its obligations under the Official languages Act 2003.

Use of fairtrade products

- Catering services at ESB Head Office use Fairtrade tea and coffee beans and aim to increase usage of other Fairtrade products.
- A Fairtrade exhibition was arranged by ElectricAid in Head Office during Fairtrade Fortnight to promote products such as dried fruit, sweets, handmade chocolates, jewellery, biscuits teas and coffee. A high level of interest was shown by staff and visitors.

Workplace





“A Dignity at Work Charter which all staff and contractors have a duty to uphold, and which specifies what forms of workplace behaviour are acceptable and unacceptable.”

CR policies and practices in place

- A Human Resources Strategy designed to ensure that all aspects of the human resource management process contribute to business success. The strategy defines vision and objectives for leadership capability, performance, partnership, change management, resourcing,
- An Equal Opportunities and Diversity Policy aimed at mainstreaming an ethos of equality of opportunity and diversity in relation to recruitment, career development, pay, working arrangements and the working environment.
- An Equal Opportunities Office with responsibility for progressing equality and diversity issues throughout the company. The Office is supported by the Joint Equality Council, which is made up of trade union representatives and management, and holds regular meetings with staff to identify their concerns in relation to equality and diversity.
- A range of Life-Work Balance practices that help people to combine and manage their working lives with responsibilities and interests outside the workplace. These include flexible working arrangements, additional maternity leave, teleworking, crèche facilities and career breaks.
- A policy which guarantees the right of all employees to work in an environment which is free from all types of bullying and harassment, with seventy five trained designated contact persons whom staff may contact if they are experiencing difficulties.
- Training and development programmes providing core skills requirements (including, mandatory technical training and mandatory safety training) personal development, continuous professional development and educational scholarships.
- A range of internal communication media and methods including team briefings, intranet sites, an employee handbook, in-house newspapers and a network of partnership groups.
- A pay and benefits package, negotiated through collective bargaining, and including health benefits, sick pay, an employee share ownership plan, and a contributory pension scheme.
- A Partnership Agreement, with full time staff resources supporting the future development of Partnership.
- A Dignity at Work Charter which all staff and contractors have a duty to uphold, and which specifies what forms of workplace behaviour are acceptable and unacceptable.
- Programmes to ensure that the same standards of working conditions are applied in the companies overseas locations as apply domestically, particularly where local standards of human rights and employee protection are lower than in Ireland.
- A Code of Business Ethics applicable to all employees, which sets general principles of integrity, loyalty, legality, confidentiality and fairness as well as providing ethical guidelines for specific business activities.



“We are committed to ensuring the change to a more ethnically-diverse workplace is managed in a way that fosters a positive working environment for all.”

Issues and priorities

ESB Group employs 7,427 people. The workforce, currently and in the past, have participated in a challenging change process, which included a reduction of 2000 in their numbers over the last five years. Partnership has been crucial to this process and many of the staff who left the company did so through a voluntary redundancy scheme. They were also supported by a range of services including outplacement, career change advice and re-training.

The Partnership approach, which has been central to relationships within the company since the early 90s, was tested by the prolonged period of negotiations preceding the agreement on Pay, Pensions and Change in late 2005. However, the solid relations developed between management and unions over the years enabled the agreement to be reached without industrial unrest. The importance of Partnership as a vehicle for handling major change was endorsed and Partnership Groups throughout the company continue to meet regularly. This culture of shared objectives remains crucial in meeting the challenges ahead.

As Ireland becomes a more multicultural society, we welcome the contribution which people from different countries and backgrounds are making to our workplace, as staff, potential employees, contractors and sub-contractors. We are committed to ensuring the change to a more ethnically-diverse workplace is managed in a way that fosters a positive working environment for all.

We also recognise the increasing pressure on staff arising from issues such as longer commuting times, as well as caring for both young and aged dependents. Life-Work Balance programmes are therefore, a central element of our approach to human resource management. We aim to build on the range of measures already in place and to get to a stage where flexibilities are an integral part of working life in the company, and are accepted as supporting rather than diminishing productivity and motivation.

Our current priorities are to maintain workplace morale and commitment in the face of change and to continue to develop workplace policies and practices which reflect the changing needs of our workers and of our business.

New CR policies, practices and impacts

Human resources strategy

- Significant progress has been made in the delivery of the HR and Change Strategy which was put in place for ESB Group in 2003. This has involved major initiatives such as the launch of a senior management development programme, implementing the recommendations of the Joint Working Party on the Review of Partnership and reviewing the internal selection process at all levels to ensure transparency and fairness.
- A new HR and Change Strategy is being drawn up for the period 2006-2010. This will address key challenges of the changing business environment such as valuing diversity in the workforce, maintaining employment standards in the face of increased engagement of contractors and delivering high performance. A review of our internal communications has also been identified and is already underway.



“A new programme – Life Balance Time – was launched in March 2006, to enhance the existing range of flexible working available.”

Workforce changes

- The “Programme to Achieve Competitiveness and Transformation” (PACT) successfully achieved its overall headcount reduction and financial saving targets at the end of 2005. The programme, which was agreed between management and unions, achieved annual cost savings of over €135 million and voluntary staff reductions of almost 2,000.
- The profile of the workforce remains similar to that in the electricity sector in other European countries. The average age of workers is 44.16 for men and 39.75 for women. The male/female ratio remains at 80:20. The number of women at senior level has increased from 44 in June 2001 to 75 in June 2006 and in December a woman was appointed at Executive Director level for the first time in ESB. We do not currently keep records of ethnic diversity among the workforce but the new pHR human resources management system will include a voluntary option for employees to record whether they belong to a group to which equality legislation applies. This change was recommended by the ESB Joint Equality Council, made up of management and union representation.
- The company exited from the retail appliances market in 2005 with the sale of its network of shops to Bank of Scotland Ireland (BOSI). This involved extensive negotiations with staff unions to ensure the sale and staff exits or transfers operated smoothly.

Equality and diversity

- Ensuring that equality and diversity are mainstreamed in the business and reflected in our culture remains a key strategic concern. Significant progress has been made since the completion of an equality audit in ESB Group in 2002. The structures in place include a Management Diversity Advisory Group, a Life-Work Balance Steering Group, an Equality and Diversity Designated Person in each of the businesses and in the corporate centre and an Equal Opportunities Office.
- A range of measures have been introduced to promote greater gender equality. Developmental opportunities have been provided through workshops and coaching, there has been awareness-raising aimed at reducing negative perceptions about the impact of life-work balance initiatives on career progress. and monitoring is in place to review consistency of treatment for salary performance ratings and bonus.
- A new programme – Life Balance Time – was launched in March 2006, to enhance the existing range of flexible working available. It allows staff with three or more years service to avail of a continuous period of special leave without pay ranging from six to twenty weeks to facilitate a wide range of needs including personal development, education, travel, childcare and eldercare, Salary can be adjusted so that payment will be received while availing of the special leave.
- ESB Customer Supply provided a series of cultural diversity training programmes in early 2005. The programmes involved assessing the issues facing staff as a result of increasing cultural difference among customers and development of the skills needed to do business with non-national customers in a sensitive and efficient manner. The 300 staff working in the National Customer Contact Centre (NCCC) and Debtors areas who attended showed a very positive response to the programme.
- A breast feeding support facility was opened at ESB head office in July 2005. The facility is private, has sterilising equipment, a refrigerator and a hospital grade double breast pump. The facility enables mothers to continue breast feeding after their return to work with less than an hour’s interruption to their working day. There is also a facility in the office in Wilton, Cork for this purpose.



“In March 2006, eleven people with disabilities started a six-month work placement with ESB as part of a three-year traineeship programme. This programme was developed to give disabled people a chance to get real work experience.”

- ESB head office restaurant received an equal opportunities award from Glen College, a training facility for people with intellectual disability in February 2006. The restaurant has provided work experience for students from the college for a number of years.
- ESB has hosted presentations by speakers from different cultural backgrounds to address staff and raise awareness of diversity. Speakers have included a member of the Travelling community, a poet from the Nigerian Community and a Theologian from the Muslim Community.

Traineeship for people with disabilities

- In March 2006, eleven people with disabilities started a six-month work placement with ESB as part of a three-year traineeship programme. This programme was developed to give disabled people a chance to get real work experience. It is envisaged that a total of thirty people will avail of the traineeship over the three year period, getting six months work experience each.
- On completion of their six month placement, trainees identified numerous ways in which they had gained from the experience. These included improved confidence and communication skills, the opportunity to use and develop computer skills and the support of helpful colleagues. Line managers were very welcoming of the initiative and many identified real benefits which the trainees had brought to their work areas.

Dignity at work

- The policy document 'Respect and Dignity for the Individual in ESB has been revised and updated. This brings the policy into line with changes in equality legislation.
- Twelve additional staff members volunteered and received training to enable them to take on the role of Designated Contact Persons (DCP) to provide individuals with support and advice in relation to bullying, harassment and sexual harassment. This brings the total number of DCPs to 75. A confidential survey carried out in 2005 found that 276 staff members contacted the DCPs between 1999 and 2005. Of these, 160 people dealt with the issue themselves after talking to a DCP, and a further 74 cases were handled locally and solved internally. This success rate of 88% clearly demonstrates the crucial role of the DCP.

Training and development

- Expenditure on training provided internally in ESB in 2005 amounted to over €6.3m, with 1,420 courses provided for 10,000 participants.
- The HR systems and processes used to ensure professional development of engineers in Power Generation were recognised through the re-accreditation of the Continuing Professional Development (CDP) programme, Engineers Ireland granted the award and it will run for a further three years.
- A range of training initiatives have been developed for staff who are experiencing major work changes as a result of re-deployment or restructuring.
- Forty three members of staff are currently pursuing full time courses under our educational scholarship scheme.



“Management and Trade Unions have also re-stated their commitment to industrial peace and their adherence to the existing procedures and agreements in the company.”

Internal communication

- Internal communication policy and practices are presently under review. This review will take account of the requirements of the Employees (Provision of Information and Consultation) Act 2006. The Partnership process and the Partnership groups will provide one of the key channels by which the requirements of the Act will be met.
- In 2006 a consolidated staff survey was carried out for the first time since 1992. The process involved gathering information across the whole ESB Group in response to a set of common core questions on areas such as communication, training and development, morale, bullying/harassment and briefing. The output is now available to management and staff and will provide important data that will help to ensure that action is taken in areas requiring improvement.
- Enhancements have been made to the intranet site to facilitate access for staff to all corporate publications and daily news stories. Steps have been taken to increase intranet usage and accessibility amongst staff.
- A 2006 reader survey of the staff newspaper Electric Mail gave it an overall rating of 8.12 out of 10.

Industrial relations and partnership

- Industrial relations at ESB are perceived to be good with much of the last two years being dominated by negotiations on Pay, Pension and Change within the company. These negotiations provided a stiff test to the partnership process and the industrial relations machinery in the company. While there was a short strike by one category of workers during the period, the negotiations were successfully concluded in December 2005. There has not been a strike which affected customers since 1991.
- In the new Pay, Pension & Change Agreement, management, unions and staff fully commit to ensuring that business areas will adapt to reduce costs and improve efficiencies to ensure the continued financial health and profitability of the company. It also confirms that the ESB Partnership model has provided the company with a vehicle for handling change over a period of considerable development in the electricity market. The parties to the agreement endorse the model of Partnership and commit to conducting their ongoing business in the same spirit.
- Management and Trade Unions have also re-stated their commitment to industrial peace and their adherence to the existing procedures and agreements in the company.



“In order to ensure that there is a consistent approach to the management of contracted staff, we have recently developed a new Contractor Employment Standards framework.”

Contractor employment standards

- In early 2006, our auditing mechanism for implementation of registered trade union agreements by contractors highlighted possible irregularities in relation to one of the subcontractors on site at Moneypoint power station. The ESB investigation concluded with the signing of a memorandum of understanding involving the sub-contractor and the main contractor and a commitment that the contractor would remedy the situation.
- In order to ensure that there is a consistent approach to the management of contracted staff, we have recently developed a new Contractor Employment Standards framework. Among the key objectives of this framework are fulfilment of ESB's social responsibility, upholding the rights of workers under Irish and European legislation and implementation of a consistent and demonstrable contractor employment management process. Implementation of this framework is now in progress.

Reporting suspected fraud

- The normal route by which suspected fraud may be reported in ESB is through the immediate manager. For staff who may have difficulty doing this, a new Fraud Hotline Service has been introduced. This provides a safe, confidential and, if necessary, anonymous means for staff to report illegal or unethical behaviour. The hotline is managed and operated by an independent company. Group Internal Audit receive reports from the company, and conduct an internal inquiry when there is sufficient evidence.

Recognition of staff achievement

- ESB Customer Supply's 'Take a Bow' Recognition Scheme rewards individual staff members for excellence and skill in dealing with customers and fellow workers. Nominations are made by colleagues and the selection of the recipients is made at meetings of Partnership groups.

“We particularly note that the report’s title, “ESB Corporate Responsibility Report – Partnerships for Impact”, reflects the positive impact of partnership collaboration; the attention and commitment given to this by the ESB is detailed throughout the report.”

Business in the Community Commentary

Commentary from Business in the Community
(BITC) Ireland:

“Corporate Responsibility is about the integration of wider societal expectations into a company’s operations; it is about a systematic process of consultation with internal and external stakeholders to foster dialogue and understanding of how the company operates and interacts with them”.

Last year’s report rightly won the ACCA Ireland Best Sustainability Report Award and this 2006 Corporate Responsibility report continues the company tradition of presenting a balanced assessment of the company’s operations and impacts in the areas of workplace, marketplace, community and environment. The report clearly states the business principles that guide the organisation, the policies and practices that derive from these, and the challenges for future development and improvement. We particularly note that the report’s title, “ESB Corporate Responsibility Report – Partnerships for Impact”, reflects the positive impact of partnership collaboration; the attention and commitment given to this by the ESB is detailed throughout the report. Especially in the area of Environment it is interesting to note that the company’s campaign encouraging customer awareness on efficient lighting and enhanced promotion of energy efficiency has received international recognition. The campaign was identified as the most effective project of its kind in Europe in reducing CO2 at the World Sustainable Energy conference 2006.

Supply chain and ethical procurement issues are increasingly posing challenges to companies in the area of the market place in the global economy. With respect to the international scope of the ESB’s activities we would be interested in seeing the company disclosing data on their supply chain management and sustainable procurement practices and policies in the next report.

This report clearly demonstrates leadership by the ESB on corporate responsibility in Ireland and we think the report will contribute to raising the bar on CR reporting and conducting responsible business practices in the Republic of Ireland as well as abroad.

Business in the Community Ireland, as the leading membership organisation promoting corporate responsibility in Ireland, commends the ESB for this achievement and its continued commitment to embed corporate responsibility across the company.”

**Tina Roche,
Chief Executive,
Business in the Community Ireland**