

Corporate Social Responsibility Report 2007



Bradford & Bingley is a UK based financial services business, focused on providing specialist mortgages and savings products.

Contents

01	Introduction
02	Group Chief Executive's message
04	Doing the right thing in the marketplace
06	Doing the right thing in the workplace
11	Doing the right thing in the community
15	Doing the right thing in the environment
18	Our results
22	Our environmental policy
23	Verification statement
24	Feedback

Introduction

Welcome to Bradford & Bingley's Corporate Social Responsibility ('CSR') Report for 2007. The purpose of this report is to cover, in detail, our CSR programme, providing results and case studies from the year.

Bradford & Bingley believes in placing CSR at the heart of our business activities. This report aims to show how we conduct business in a socially responsible manner in respect of the environment, and staff, customers, shareholders and local communities.

We continue to structure our CSR reporting along the FORGE framework for CSR Management and Reporting for the Financial Services Sector. This report follows the four major themes identified by FORGE as being those most relevant to financial services organisations – Marketplace, Workplace, Community and Environment. The FORGE Group is a consortium of financial institutions and involves the British Bankers' Association and the Association of British Insurers. (reference – www.abi.org.uk/forge)

Bradford & Bingley has published a stand alone CSR report since 2003 and, each year, we have responded to feedback on the previous year's report by including more information on Key Performance Indicators ('KPIs') and targets for our CSR programme.

Feedback forms are an important part of developing and improving our CSR programme. We seek and value feedback from the investment community, staff,

customers and community and voluntary groups. In particular this year we have been collecting feedback online via our website www.bbg.co.uk/bbg/csr and the reporting website www.corporateregister.com

In addition, in 2007 we included questions about our CSR programme in our staff satisfaction survey. This is discussed in more detail in the Workplace section of this report.

This report continues to be published on our corporate website www.bbg.co.uk and we encourage people to access the report online. We also produce a limited number of paper copies and, as in previous years, both this report and our Annual Report & Accounts have been made Carbon Neutral® through our carbon offsetting programme with The Carbon Neutral Company (www.carbonneutral.com).

Bradford & Bingley is committed to minimising its carbon footprint and continues to be a Carbon Neutral® company.

As part of our commitment to sharing best practice in the field of CSR, Bradford & Bingley is a national member of Business in the Community ('BITC'), and the London Benchmarking Group. During 2007, our Chief

Executive led a 'Seeing is Believing' tour and senior executives and directors have taken part in, and spoken at, BITC events.

Bradford & Bingley continues to be a member of the FTSE4Good Index of socially responsible companies, and participates in the Business in the Community Corporate Responsibility Index. In 2007, Bradford & Bingley was proud to be named as one of the top 100 "Companies That Count" in the Corporate Responsibility Index.

Bradford & Bingley was awarded Gold status in the BITC Corporate Responsibility Index and was awarded Platinum status in the BITC Community Index and BITC Environment Index, the highest grade possible.

We were also proud to be awarded a BITC Silver Big Tick for our ten year partnership with Shelter, and a BITC Big Tick in the EDF Energy Environmental Leadership Award category.

The Group's HR Director, Ian Anderson, took over executive responsibility for the Group's CSR programme in 2007, with overall accountability for the CSR budget and line management of the Group's CSR Department. Robert Dickie, Group Operations Director, continues as the Executive Director responsible for the Group's Environmental performance.

Group Chief Executive's message



Steven Crawshaw
Group Chief Executive

Building a better future, our company's purpose, is at the heart of everything Bradford & Bingley does.

Bradford & Bingley was formed in 1964 from the merger of two of the country's oldest building societies - Bradford Equitable Building Society and Bingley Permanent Building Society. These societies were both formed in 1851 when they were set up to provide a secure place for savings and to provide mortgages for families to purchase a home.

Over 150 years on, Bradford & Bingley continues to help millions of people, across the UK, to save and invest for their future, and to buy their own home. We continue to be the leading provider of buy-to-let mortgages within the UK and have a strong share of the equity release and self-certification market. These products are also helping people to build a better future - whether by improving the quality of the rental housing stock, enabling people to improve their standard of living by releasing some of the equity in their home or by helping self employed and contract workers onto the housing ladder.

CSR is a tangible expression of what building a better future means to us. Bradford & Bingley is committed to doing the right thing for our customers, our staff, and the environment, the communities in which we live and work. Over the past decade we have seen many companies improve their CSR performance, but I am proud to say that I believe Bradford & Bingley has one of the best CSR programmes in the UK and is at the forefront of integrating CSR into every part of our business.

This report details many examples of how successful our programme was in 2007, but I want to highlight what I believe are some of our major achievements:

- Bradford & Bingley became a CarbonNeutral® company by offsetting all our CO₂ emissions;
- we reduced our carbon footprint to under one tonne of CO₂ per employee;
- we saw a 34% reduction in stress-related absence;
- we increased participation in our staff satisfaction survey to 82%, the highest participation rate for over ten years; and
- we saw a 42% increase in employee matched fundraising.

Special mention must also go to Kirsty Watts, a business improvement analyst in the Retail Operations area of the business, who won the Young Customer Services Professional of the Year at the National Customer Service Awards. I am delighted that Kirsty was recognised in these high profile awards and feel that she is a credit to the Group.

In 2007, we have returned to our partnership with the Wallace & Gromit's Children's Foundation and used a new character, Shaun the Sheep, to promote a wide range of savings and investment products. I am pleased that Bradford & Bingley is working with the Foundation, who raise funds to improve the quality of life for children in hospitals and hospices throughout the UK.

One of the hospitals the Foundation works with is Great Ormond Street Hospital. Our staff in London have developed strong links with the hospital as our London offices are based just round the corner, in Lambs Conduit Street. As well as the staff fundraising that goes on for the hospital, I was proud to see that staff across the Group have chosen to support the hospital through our Sharesave scheme and we have now raised over £5,000 for Great Ormond Street Hospital.

We have continued to invest heavily in our Culture and Values programme for staff. I was delighted to take part in over 30 sessions across the UK where the Executive Directors presented to all staff the importance of our Culture and Values. This followed the training of 180 managers on our programme in 2006. Staff are embracing our purpose and mission, with positive, supportive behaviours evident across the Group.

The financial services sector has been identified as an action area for stress management by the Health & Safety Executive. I am pleased to say that the work done by our Health & Safety Department has not only reduced stress-related absence and improved the workplace environment at Bradford & Bingley but has been recognised by the Health & Safety Executive as setting best practice.

Bradford & Bingley continues to invest in the communities in which we live and work. This year we have seen an increase not just in the numbers of charities that we have supported but also the number of staff who have participated in our matched fundraising or matched payroll giving schemes. I think it is really important that we support our staff in their activities and choice of charities and I am proud that we have matched over £100,000 in these schemes in 2007.

Environmental change continues to gain media attention, but Bradford & Bingley has been working to reduce its environmental impact for a number of years. On 1 January 2007, the Group became Carbon Neutral®, offsetting our carbon dioxide (CO₂) emissions with a mixture of forestry, renewable energy and methane capture programmes through the Carbon Neutral Company.

However, we also continue to reduce our carbon footprint and this year saw a reduction in CO₂ emissions to below one tonne of CO₂ per staff member.

Bradford & Bingley continues to be committed to transparency and openness with our CSR programme and I was delighted to see in April that we were included in the Sunday Times Top 100 Companies that Count. We achieved Gold status in the BITC Corporate Responsibility Index and Platinum status in the BITC Community Index and BITC Environment Index. We continue to publish our confidential feedback from these Indexes on our website as part of the disclosure of our CSR programme.

We also received a further two 'Big Ticks' in BITC's Awards for Excellence; a Silver Big Tick recognising our ten years of partnership with Shelter; and a Big Tick in the EDF Energy Environmental Leadership Award.

We continue to grow our mortgage book and are one of the UK's leading specialist mortgage lenders. We have over £23bn of buy-to-let lending in our portfolio (2006: £18bn) and we have grown our lifetime mortgage lending to over £780m (2006: £600m) whilst continuing to be an active member of Safe Home Income Plans ('SHIP').

Bradford & Bingley is a FTSE250 company, employing over 3,000 staff and in 2007, we paid £126m to shareholders in dividends, £33m in taxes and over £120m in staff salaries. These employment opportunities, taxes and dividends are all beneficial to the UK community, in addition to our CSR programme which is detailed in this report.

It is important to me that I set a good personal example in our CSR programme. I continue to support a number of events throughout the year and, in 2007, I led a national visit on HRH The Prince of Wales's Seeing is Believing Programme. fourteen chief executives and senior business leaders visited Bradford to see at first hand how public, private and voluntary sectors can work together to drive a regeneration agenda.

I also encourage my fellow directors to support our CSR programme and I was pleased to see our new HR Director, Ian Anderson, take responsibility for CSR across the Group. Other directors have taken part in the Seeing is Believing Programme in other cities across the UK, or have participated in Bradford & Bingley's CSR programme.

Independent verification of our activities is important and we continue to use Bureau Veritas to audit and verify our report. We have incorporated their recommendations from last year and we intend to follow their recommendations on this year's report.

It is important to review goals and objectives for the year before setting new ones and so I would first like to focus on our 2007 goals and objectives:

Key Goals for 2007

- **To lead a successful Seeing is Believing visit to Bradford.**
Achieved: fourteen chief executives and senior business leaders came to Bradford in June 2007 to discover how it's regeneration plans are developing.
- **To incorporate financial literacy into our community investment schemes.**
Achieved: Bradford & Bingley and our staff have participated in the UK Career Academy course in Bradford, mentoring students and taking lessons. We have also developed Quidz In, a personal finance education course for parents, in conjunction with Care For the Family.
- **To increase the number of staff using environmentally friendly transport schemes.**
Achieved: The use of guaranteed car parking spaces at central locations has driven an increase in the number of staff participating in car sharing schemes. We have also increased the number of staff using interest free loans from the Group to purchase annual public transport season tickets and our shuttle service continues to grow in popularity.
- **To reduce the carbon footprint of the business.**
Achieved: We now have a footprint of less than one tonne of CO₂ per employee – a significant reduction.
- **To actively seek feedback on our CSR programme.**
Achieved: We have invited feedback via our website and www.corporateregister.com as well as engaging with institutional shareholders and investment analysts. We have also asked all our staff for feedback through our staff satisfaction survey.

Key Goals for 2008

- To run a successful Business Action on Homelessness programme in Bradford
- To run Quidz In personal finance education courses across the UK in association with Care For the Family
- To continue to integrate the culture and values programme across all departments and functions of the Group
- To seek further ways to minimise the carbon footprint of the business
- To increase the number of staff participating in employee volunteering and personal development opportunities

Other Key Achievements in 2007

- Achieved Gold status in the BITC Corporate Responsibility Index
- Achieved Platinum status in the BITC Community Index
- Achieved Platinum status in the BITC Environment Index
- Included in the Sunday Times Top 100 Companies that Count
- Awarded two Big Ticks in the BITC Awards for Excellence

Bradford & Bingley believes that CSR can help to give a company a competitive business advantage. I hope that this report will help you to understand our activities better and that you find it of interest. Can I encourage you to take the time to feedback to us any suggestions or comments which will help us make our programme even better.

Steven Crawshaw
Group Chief Executive

Doing the right thing in the marketplace

Awards received in 2007 include:

Best Lifetime Mortgage Lender
Your Mortgage Awards

Best Buy-to-Let Mortgage Lender
Your Mortgage Awards

Best Buy-to-Let Portfolio Lender
Your Mortgage Awards

Best Overall Buy-to-Let Mortgage Provider, Business Moneyfacts Awards

Gold Standard, Mortgage Strategy Technology Service Awards

Highly Commended 100% Mortgage Lender, Your Mortgage Awards

Best Online Account, Moneyfacts Awards

Best Monthly Interest Account, Moneyfacts Awards

Since 1851, we have been helping people to build a better future through the provision of savings and mortgages. In recent years, we have striven to provide innovation and excellence in emerging markets and our mission is to lead the UK specialist lending market.

Bradford & Bingley is a FTSE-250 financial services company with 197 branches across the UK. Our branch network is complemented by a further 140 third party agents who offer Bradford & Bingley savings and mortgage products.

Customers can also access us online, by post or by telephone. When sold via intermediaries our mortgage range is sold under the Mortgage Express brand, Bradford & Bingley's wholly owned specialist mortgage subsidiary.

Bradford & Bingley offers a range of specialist mortgages such as buy-to-let, lifetime (also known as equity release) and self-cert mortgages through branches and intermediaries. The branch network offers our customers a range of savings products, providing a stable and secure source of funding for our lending. Bradford & Bingley does not participate in the unsecured area of the lending market.

Lending

Bradford & Bingley's residential lending activity continues to focus on a range of niche areas providing mortgages for individuals who need a more specialist product than those available in the mainstream mortgage market. The three main products are:

- Buy-to-let – providing loans to landlords and property investors.
- Self-cert – loans for individuals who have more complex income streams including the self employed and those with more than one job.

- Lifetime – enabling customers to gradually release the equity they have built up in their main residence.

These niche areas are attractive to Bradford & Bingley because they generally offer higher margins than mainstream lending with risk levels mitigated by Bradford & Bingley's long track record, good understanding of the markets and their customers and strong underwriting and collections skills.

Buy-to-let

Bradford & Bingley is the market leader in buy-to-let with the largest buy-to-let customer base in the UK, accounting for around 20% of the market. In 2007, we lent £7.7 bn in buy-to-let mortgages, a year on year increase of 92% (2006: £4 bn).

All of our buy-to-let products offer flexible payment features as an integral part of the mortgage which enable people to overpay or underpay their mortgage or even take a payment holiday. This is part of our commitment to understanding our customers' needs and responding to changing lifestyles and employment patterns.

We also offer a value-added telephone service to portfolio landlords. Landlords with more than one property accounted for more than 60% of our buy-to-let lending book and so the telephone service was designed to help make it easier for multiple ownership landlords to run their portfolios.

In 2007, we developed this further by launching a portfolio plan product for customers with six or more Bradford & Bingley buy-to-let mortgages. This allows customers to use the equity across their portfolio to allow mortgages on new properties, whilst preventing customers from over committing themselves.

Bradford & Bingley's intermediary brand, Mortgage Express, also uses its position as a market leader to publish authoritative reports on confidence in the buy-to-let market, and economic outlook reports from its chief economist. Both of these reports are published on our website, www.mortgageexpress.co.uk

When looking at our purpose of building a better future, we can see that buy-to-let has increased the availability of rental housing stock in the UK, making it easier for people to find affordable decent housing. Bradford & Bingley's product range has been at the forefront of buy-to-let and we intend to keep our market leading position.

Self cert

Our activity in this area is another example of Bradford & Bingley adapting to meet the needs of customers in an ever-changing employment market.

Bradford & Bingley's self-cert product range aims to help customers who are finding that their employment patterns are becoming increasingly more diverse and therefore do not fit the requirements of most mainstream high street lenders.

Self-employed customers make up almost 10% of the working population (source: Office of National Statistics) and multiple jobs or income sources and seasonal or short term contracts are common. Part time working now accounts for 25% of the total labour force (source: Labour Force survey).

Our self-cert product range is designed to help these customers. With the valuable underwriting experience we have gained in specialist lending markets, we are able to work with our customers to decide how much they can afford to borrow.

In addition, all of our self-cert products offer flexible payment features as an integral part of the mortgage which enable people to overpay or underpay their mortgage or even take a payment holiday. Feedback from our customers show that this is a very welcome development and shows understanding of the type of customers for whom self-cert mortgages are the right choice.

Lifetime

Lifetime mortgages enable homeowners over the age of 60 to release some of the equity they have built up in their properties to enhance their lifestyle in retirement.

Bradford & Bingley is one of the leading lenders in the lifetime mortgage market, sold through our Mortgage Express brand. In 2007, we increased our total lifetime lending by 30% to £780m (2006: £600m).

Lifetime mortgages are regulated by the Financial Services Authority ('FSA') and Bradford & Bingley continues to be a member of SHIP through the Mortgage Express brand.

SHIP is the UK's leading professional body for equity release providers. It was launched in 1991 and is dedicated entirely to the protection of borrowers and promotion of safe home income and equity release plans. Mortgage Express's observes the SHIP Code of Practice, which has been welcomed by many voluntary groups and charities working with the elderly, including Age Concern. As a member of SHIP, Mortgage Express guarantees that borrowers cannot lose their home – whatever happens to the stock market or interest rates. More details about SHIP are available on its website, www.ship-ltd.org

20%

of the **Buy-to-let market** is accounted for by Bradford & Bingley

£780m

in total lifetime lending, a 30% increase from the previous year

Top centre:

Paul Mitchell, Community Affairs Manager, Marie Clements, Fundraising Manager at Wallace & Gromit's Children's Foundation and Mike Hammond, Head of Corporate Social Responsibility wear their Wrong Trousers for Wallace & Gromit's Wrong Trousers Day

Mortgage Express' lifetime product is a fixed rate for the duration of the mortgage term. Interest is rolled up monthly and added to the loan throughout the term. No monthly repayments are required.

The loan is not payable until the death of the last surviving borrower, or when the property ceases to become the main residence, for example, when the last surviving borrower moves into long term care. In addition, Mortgage Express provides a no negative equity guarantee which ensures that borrowers (or their estates) will never owe more than the value of the property.

In addition to these specialist loans, Bradford & Bingley also has a portfolio of traditional residential mortgages, which are secured on UK residential property and are sold through our branch network.

Savings

Bradford & Bingley's branch and third party network offers a very competitive range of deposit based savings and investment products, backed up by online, post and telephone accounts.

Since 2005, Bradford & Bingley has participated in the affinity savings account market with children's instant access savings accounts to benefit the Wallace & Gromit's Children's Foundation and the World Wildlife Fund for Nature.

Our accounts, FirstSave and SmartSave, offer high rates of interest for instant access savings accounts for children and young adults up to the age of 25. These accounts also benefit the charities through donations for account openings or account activity.

In 2007, Bradford & Bingley returned to the Wallace & Gromit's Children's Foundation to utilise one of their major new characters, Shaun the Sheep, in a range of product initiatives. As well as the tie-in with FirstSave and SmartSave,

we used the link with the charity and Shaun the Sheep to promote parental and grandparental savings for their children and grandchildren.

The Wallace & Gromit's Children's Foundation is a national charity which raises funds to improve the quality of life for children in hospitals and hospices throughout the UK. The Foundation funds an innovative range of projects to ensure that children in hospitals and hospices have a better, brighter future. Created in 2003, the Foundation has funded projects in 23 hospitals and hospices.



To raise funds for the Foundation, Bradford & Bingley ran a national Shaun the Sheep colouring competition for which Bradford & Bingley made a donation for each entry received. Our branch network continued to sell pin badges and the whole Group took part in the Wallace & Gromit Wrong Trousers Day in June. In total, Bradford & Bingley staff and customers raised over £15,000 for the Foundation in 2007.

More information about Wrong Trousers Day and the Foundation can be found at their website, www.wallaceandgromitfoundation.org

In addition to our work with the Wallace & Gromit's Children's Foundation, Bradford & Bingley works with a number of national charities to accept donations free of charge for national appeals. Currently we support BBC Children in Need, Comic Relief, Y Care Disaster Appeals, The Royal British Legion, Shelter, Great Ormond Street Hospital and Marie Curie Cancer Care. By acting as a collection point for these charities we have helped them raise tens of thousands of pounds as well as reducing their banking costs. In 2008, we will be adding the Leonard Cheshire Foundation to this list.

At a regional level, we are currently piloting a scheme in the Manchester area where branches

can choose a local charity to support and receive additional support from Bradford & Bingley over and above our staff matched fundraising scheme. In 2007, The Kirsty Appeal received an additional £1,000 through this scheme.

As well as selling mortgages and growing savings balances, the branch network also maintains and deepens relationships with our customers. In order to do that Bradford & Bingley offers a wide choice of highly competitive products from a range of providers including general insurance, wealth and personal loan products, which are provided by third parties.

Investment guidelines

As a primarily residential lender we lend to individuals rather than businesses. So we do not incorporate ethical or environmental criteria over and above legal requirements. For example, not lending to bankrupts nor lending on properties without planning permission or clear legal title.

We seek to be a responsible lender and ensure our credit checking identifies individuals who have the ability to repay the loans and not get into repayment difficulties. Our mortgage products do not offer loan values based on unreasonable multiples of salary.

Group Pension Scheme

The Group operates two pension schemes. For those staff employed prior to 2001, the Group continues to operate a defined benefit scheme (also known as a final salary scheme). This scheme has assets in excess of £576m and at the latest valuation (31 December 2007) the assets were sufficient to cover 98% of the scheme's liabilities.

Currently, the Statement of Investment Principles for the defined benefit scheme state that the Trustee's policy is that the extent to which social, ethical or environmental considerations are taken into account in investment decisions is left to the discretion of the investment managers. The Statement of Investment Principles is to be reviewed in 2008 and it will be considered whether the trustees should have an active policy on social, ethical and environmental investment principles.

For staff employed after 2001, Bradford & Bingley offers a defined contribution scheme, which is provided by Investment Solutions Limited, under the Rules of the Investment Solutions Limited Stakeholder Pension Scheme (Plan) and is registered under Chapter 2 Part 4 of the Finance Act 2004.

Staff can choose to either self manage their investment funds or to choose a managed investment option.

Doing the right thing

'Talk to us about your family's needs.'

Bradford & Bingley

Doing the right thing in the workplace

As well as ensuring we are building a better future for our customers, Bradford & Bingley believes in supporting and investing in its staff. Our policies and employment practices are designed to ensure we are building a better future for our staff.

Doing the right thing in the workplace therefore means working with our staff to ensure Bradford & Bingley is a safe, diverse and enjoyable place to work.

Our employment practices continue to reflect the human rights standards enshrined in the United Nations Universal Declaration of Human Rights and the International Labour Organisation Conventions, and cover such items as minimum working age, working hours, health and safety and discrimination.

Staff survey and feedback

In May 2006, Bradford & Bingley launched its Culture and Values programme with a series of workshops and development training for managers. The aim of the programme was to embed a culture of working together across departments and functions within Bradford & Bingley.

During 2007, the Culture and Values programme was continued, with a focus on reaching every member of staff as well as obtaining objective feedback across the Group.

The Executive Management Board ('EXCO') led two major initiatives which meant that the Culture and Values programme was delivered to every member of staff. In January and June, they ran EXCO Live & Logged On events where for six hours, all six members of EXCO were together in the boardroom at our Crossflatts site, answering emails on any subject from any member of staff. These sessions were streamed live on the company intranet OTIS so that all staff could see the questions being asked and the answers being given by EXCO members. During the two sessions, over 900 questions were answered.

During May 2007, EXCO On The Road saw the members of EXCO travel across the country to run 36 half day face-to-face sessions for staff. A member of EXCO delivered a business presentation, followed by a senior manager from the product development team who would update staff on upcoming new products. Staff were then given a chance to ask the EXCO member questions on any subject, continuing the theme from the EXCO Live & Logged On events.

The feedback from the 2006 staff satisfaction survey had shown a desire for regular briefings from EXCO members, and so, in



2007, a monthly newsletter for managers, TeamTalk, was launched. This gave managers regular information from EXCO that they could use in their team meetings and gave EXCO a formal feedback channel to receive information from managers.

Bradford & Bingley's induction programme continues to incorporate Culture and Values training and a session on the Group's strategy enabling new starters to understand more about the totality of the business.

The staff satisfaction survey ran quarterly throughout 2007, and, in addition to reporting on the Group level results, managers receive feedback on their own teams as well.

We have also incorporated a score for the 'feel-good' factor, incorporating such questions as how likely staff would be to recommend Bradford & Bingley as a place to work and whether they feel that the Company has changed for the better in the last twelve months. The feel-good factor has remained constant at 78% this year, which demonstrates that the Culture and Values programme has remained at the forefront of people's behaviours. This is a significant increase on the feel-good factor of 48%, in 2005, before the Culture and Values programme was rolled out (2006: 78%).

The response rate for the survey continues to increase and is now up to 82% (2006: 72%).

Training and development

The Bradford & Bingley Academy was launched in November 2006. The Academy is an in-house training facility designed to

proactively work with people in their career and personal development.

In 2007, the majority of training was through the Academy including two major courses for managers. Team managers within operations functions, and also branch managers have been able to attend a two day training module on 'The Manager as Communicator' course to develop their communication and mentoring skills. Branch managers have also benefited from a two day training module on the importance of good customer service and ways to improve delivery.

The Academy also runs Institute of Customer Service ('ICS') registered schemes and issues ICS Certificates. Over 50 staff are currently working towards NVQ or other qualifications, including one of our business improvement analysts in Retail Operations, Kirsty Watts.

We were delighted that Kirsty won the Young Customer Services Professional of the Year Award at the National Customer Service Awards run by the ICS.

Bradford & Bingley's performance management process includes the use of personal development plans, which help to identify the right people to attend courses at the Academy.

We also use these personal development plans to identify when staff may benefit from an external scheme. More detail is given in the Community section of this report but during 2007, staff have participated in many mentoring and coaching opportunities as part of their personal development, including such

£746

value of training per staff member. During 2007 we also doubled the number of training days per staff member

Top left:

Bradford & Bingley was the first company to become a governing member of North of England Excellence. Havana Abid, Director Operations took a seat on the board in 2007.

Bottom right:

Baroness Margaret Prosser, Deputy Chair of the Equality & Human Rights Commission, at the House of Lords reception

Opposite, top right:

Bradford & Bingley staff took part in the Young Enterprise Scheme in schools across Yorkshire



programmes as the Young Enterprise Scheme, Better Reading Partnership, Partners in Business with the UK Career Academy and mentoring with Business Action on Homelessness.

Bradford & Bingley has, in previous years, sent delegates on Common Purpose courses and, in 2007, our Chief Executive has continued to host sessions at our Crossflatts Head Office building for the delegates. Common Purpose helps people in leadership and decision-making positions to be more effective in their own organisations, in the community and in society as a whole. More details on the Common Purpose programme can be found on their website, www.commonpurpose.org.uk

Diversity and accessibility

Bradford & Bingley operates in different communities all across the UK and we understand the benefits of diversity to our business.

Our workforce should reflect the communities in which we live and work, and our employment practices help us to deliver on this goal. We promote diversity and equality across all aspects of working life and we believe it is important to share best practice and success. We provide the opportunity for all staff to develop their skills and knowledge and to enjoy fulfilling careers.

Bradford & Bingley is a member of the Employer's Forum on Disability, the Employers' Forum on Age and Opportunity Now. These organisations amongst others look at ways to promote awareness of disability, age, race and gender within the workplace.

Bradford & Bingley recognises that a diverse workforce gives the company a wider range of experiences and helps us to respond better to the needs of our customer base. We therefore take our commitment to diversity seriously and have a named Board Director, Robert Dickie, responsible for diversity issues and reporting.

Women occupy 47% of management roles (2006: 47%) and 26% of senior management roles (2006: 35%) within the Group.

Ethnic minorities occupy 7% of management roles (2006: 5%) and 5% of senior management roles (2006: 6%). 10% of the total workforce are from ethnic minorities, a figure that is representative of the UK workforce as a whole (2006: 10%).

In order to confirm that we are treating our staff fairly, we have also commenced the process to undertake an equal pay audit across the Group. The results from this audit will be available to the Group in 2008 and will feature in next year's CSR report.

Bradford & Bingley's main partner in incorporating diversity across the business is Quest for Economic Development ('QED') which is a Bradford-based organisation set up to support the South Asian community within the UK. However, since its inception in 1990, QED has worked with many FTSE 100 companies and Government departments to promote the benefits of diversity within the workplace.

Bradford & Bingley is a core funder of QED and we have supported the organisation since 1993 when we seconded a member of staff to QED for twelve months to help its business planning.

Right from their very outset, QED has set itself apart from many charities by deciding on a dual approach to working towards their aims and objectives. Not only do QED develop the skills of individuals and community groups, they also develop the capability of the mainstream private and public sectors to be able to work more effectively with the ethnic minority communities.

QED helped us to draw up fair and equitable employment policies and have helped Bradford & Bingley to be seen as an employer of choice within all communities. They have also provided cultural awareness training to Bradford & Bingley managers and have helped our diversity team to create the online diversity training which all staff must now complete, on an annual basis.

In addition to the cultural awareness training, Bradford & Bingley provide prayer rooms at our main operational sites for all our staff. We publish information on different religions and cultures, with dates of religious festivals and events, on our Intranet site. This helps to raise awareness and understanding amongst all staff and, for the first time, branches have received a calendar of religious festivals and events for 2008.

In November, Bradford & Bingley hosted a reception at the House of Lords to encourage other businesses from across the UK to work with QED on diversity policies and to explain how Bradford & Bingley had benefited from embracing diversity across its business.

We are also concerned about the health and well being of our employees, recognising that this is vital to our business. We have comprehensive policies agreed with the recognised staff union ('UBAC') on Flexible Working and Fair Treatment at Work. We continue to offer a confidential counselling service, provided free of charge to employees and their families, to enable discussion of any issue affecting their lives, at work or at home.

Our Flexible Working Policy is available to all staff, not just those with children under six or disabled children under eighteen, which is the legal requirement. For Bradford & Bingley, flexible working incorporates a wide variety of working practices and can be any working pattern other than the normal one.

We have also continued to explore how technology can support patterns of work, and for the first time in 2007, we were able to offer broadband internet access to Bradford & Bingley systems for staff working from home, making home working a viable alternative to office working.

We have continued to review our employment policies to ensure we comply with the laws on Age Discrimination, which came into effect on 1st October 2006, and ensure that age is not a criteria in job advertisements, job descriptions and interview questions.

The standard retirement age remains at 65 for Bradford & Bingley employees but we will consider requests from staff to work beyond that age.



Doing the right thing in the workplace continued



Bradford & Bingley was awarded the 'two ticks' symbol by the Employment Service in June 1995. This recognises our commitment to people with disabilities. Using the 'two ticks' symbol means we are working towards the guidelines in the Employment Service Code of Good Practice on the Employment of Disabled People.

The symbol is used in our job advertisements and on application forms to make it clear to potential applicants with a disability that we welcome their application on the basis of their abilities and will interview all applicants with a disability who meet the minimum criteria for the role.

The symbol also demonstrates to all our employees that we are serious about good employment opportunities for people with disabilities and signals to the business community and the general public that the Group puts a priority on making the most of its people. It is also important to back up this commitment with ensuring our products and services are accessible across all parts of our business.

We have induction loops in all branches, and have improved wheelchair access and introduced power assisted doors across the branch network. The Royal National Institute for the Deaf ('RNID') provide interpretation services for our customers and we provide sign language, lip speaking, deafblind manual interpretation, speech to text interpretation and a notetaking service. In addition, customers can access our products via RNID's Typetalk service.

We use the Employers' Forum on Disability online training programme entitled 'Welcoming Disabled Customers' to ensure all staff understand the needs of our customers.

Bradford & Bingley is also committed to ensuring accessibility across our product range and we continue to provide customers with literature in different formats, such as Braille, audio and large print. Our corporate and customer facing websites have been audited by the Royal National Institute for the Blind ('RNIB') to ensure that they are as user friendly as possible.

In support of our accessibility work, we continue to sponsor the RNIB Braille version of Money Matters, RNIB's money advice magazine.

Occupational Health & Safety, business continuity and security

Bradford & Bingley has a legal and moral responsibility for the health and safety of its staff and members of the public where they are affected by its business.

We review our Health & Safety Policy Statement on an annual basis, at Board level, and the policy is now updated every January. A full copy was issued to every branch and department. In it, Bradford & Bingley undertakes to do the following:

- Comply fully with relevant health and safety legislation as it applies to Group activities.
- To provide healthy and safe working conditions and ensure work activities are undertaken so as to minimise any risk.
- Ensure health and safety is a consideration in all business decisions therefore becoming an integral part of the management of the Group.
- Provide information, training, instruction and supervision to ensure a satisfactory level of health and safety competence of its staff.
- Monitor and review health and safety performance within the organisation and develop strategies for its continual improvement.

- Consult and liaise directly with staff and UBAC representatives to ensure effective communication and co-operation on health and safety matters.
- Provide a central health and safety advisory unit to support management of health and safety responsibilities across the Group.
- Provide sufficient resources to meet the objectives set out in the Policy Statement.

In support of these objectives, Bradford & Bingley recognises that all staff must participate in achieving a positive health and safety culture, and as such has clearly identified duties and responsibilities across the Group.

Robert Dickie, Group Operations Director, is the nominated member of the Board of Directors responsible for Health & Safety and chairs the Group Health & Safety Committee.

Bradford & Bingley consults with its staff, management and UBAC on health and safety matters through the Group Health & Safety Committee. The work of the committee is supported by three specific Health & Safety forums; one for the retail branch network, one for the central locations in Bingley and Crossflatts and one for Mortgage Express.

The terms of reference for the committee and forums are as follows:

- To review the effectiveness of, and to monitor the implementation of, Bradford & Bingley's Health & Safety Policy, its safety organisation and arrangements.
- To review, endorse and implement Bradford & Bingley's strategy for the promotion of a positive health and safety culture across the Group.



34%

reduction in stress-related absence during 2007

- Receive and review reports through Health & Safety forums and decide and act on suitable actions, where appropriate.
- Monitor the standard of health and safety competency across Bradford & Bingley through an ongoing review of the Group's delivery of health and safety training, information and supervision.
- Assess the effectiveness of Bradford & Bingley's management of health and safety through the review of management information such as incident reports, accident data, near misses, absence rates, etc.
- Monitor the level of compliance with Bradford & Bingley's Health & Safety Policy and relevant health and safety legislation through review of audit and inspection results and recommendations.
- Receive and review reports from Enforcing Authorities and act on recommendations, where appropriate.
- Escalate critical health and safety issues to Bradford & Bingley's Executive Committee.
- Provide an annual report to the Board on the management of health and safety across Bradford & Bingley.

In addition, Bradford & Bingley operates a dedicated Health & Safety Advice Line for any member of staff to request information or advice from the Health & Safety Team. This is accessible by telephone, fax or email.

One of the most significant risks associated with the Group's operations is the safety and health risks associated with bank raids. Thankfully, these events are rare and have reduced over the past decade. In 1998, Bradford & Bingley suffered 38 raids but in 2007 we suffered 10.



47%

of management positions held by women

One of the main reasons for this decrease is the Group's ongoing work on improving its security measures. The Group is a member of the Raid-control Trust (www.raid-control.org), a crime reduction initiative that aims to raise security standards in retail premises thereby reducing the potential for commercial robbery and creating safer working environments.

Raid-control advocates the implementation of five key elements:

- cash degradation systems;
- timelock access to cash;
- close circuit television systems;
- staff training; and
- cash management procedures.

Branches that implement all five key elements are then certified by the police to verify that the required measures are in place.

In 2007, we invested in new security systems in all branches to bring them up to the Raid-control standard, a significant commitment by the Group.

In addition to the security arrangements within the branch, we are also very concerned about the personal safety and security of our staff outside the branch environment. During 2007 we ran a personal safety awareness campaign via our company intranet and offered personal attack alarms free of charge to any member of staff who requested one. Over 1,500 personal attack alarms were distributed during the campaign.

In 2006, we reported on the work done by Bradford & Bingley to develop an action plan on managing the health effects of work-related stress, and we are pleased to report that in 2007 we have seen significant reductions in the levels of stress-related absence.

Stress-related absence at Bradford & Bingley is in line with industry levels but the financial sector has been identified by the Health & Safety Executive ('HSE') as an action area for stress management.

Our bespoke Stress Management Plan combines risk assessment techniques with information and advice for managers and staff and requires managers to update all risk assessments and action plans on, at least, an annual basis.

In 2007, we saw stress-related absence fall by 48% to 480 hours lost per 100,000 hours worked, (2006: 726 hours). The work done by our Health & Safety department on stress management has been recognised by the HSE as setting best practice in this area, and the Group is regularly invited to present a case

Bottom left:

Bradford & Bingley's Group Health & Safety Advisor, Dale Bradley, with the ROSPA Silver Award for Occupational Safety

Top right:

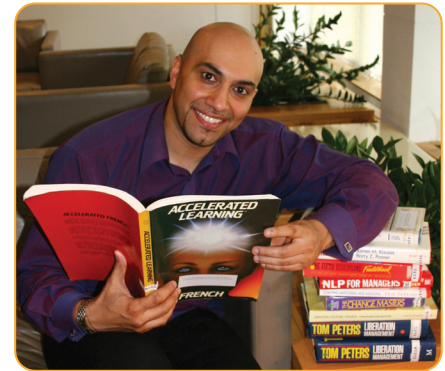
Umran Amin, Bradford & Bingley's Learning Manager, shows some of the courses available through our Academy

Opposite, top left:

Bradford & Bingley hosted a reception at the House of Lords with QED to celebrate diversity in the workplace

Opposite, bottom right:

Sharon Pegg, Bradford & Bingley's Diversity Manager, hosted the first Yorkshire network event for the Employers' Forum on Disability, attended by Anne McGuire, Parliamentary Under Secretary for Disabled People



study at HSE 'Healthy Workplace Solutions' workshops across the UK.

Our Health & Safety department continues to address the issue of the risks faced by staff driving on Company business. Bradford & Bingley's Road Risk Management Plan contains driver risk assessments, driver safety guidance and driver training requirements.

The annual risk assessments allow Bradford & Bingley to identify those drivers who may benefit from additional training. In 2007, 48 drivers were provided with defensive driver training by the Institute of Advance Motorists (2006: 55).

During the winter months, we ran a Driver Safety campaign on our company intranet to remind staff of the extra risks they may encounter in the darker mornings and evenings when travelling to work, as well as hints and tips on avoiding the risks associated with bad weather and travel.

One of the challenges in operating a national branch network is ensuring that health and safety is managed consistently across all of our branches. This is further complicated by the fact that the local authority for each branch is the enforcing authority for health and safety legislation rather than any national organisation.

In recognition of this, the Group signed a Lead Authority Partnership with Bradford District Council in September 2006. The Lead Authority Partnership Scheme ('LAPS') sets out to raise the standard of health and safety management in a business by partnering with one local authority. That local authority then becomes the focal point of liaison on health and safety issues between other local authorities, the Health & Safety Executive and Bradford & Bingley.

In 2007, we have seen the benefits of participating in having a lead authority partnership with Bradford District Council. We have been able to apply consistent interpretations of Health & Safety policy across

Doing the right thing in the workplace continued



Doing the right thing

our branch network, leading to increased compliance with health and safety guidelines as measured by our own internal audit teams.

The Council has also benefited from Bradford & Bingley support on their stress management training and by Bradford & Bingley's sponsorship of the environmental health newsletter which the Council sends to 4,000 local businesses.

Staff representation and share ownership
UBAC has sole recognition rights with all parts of Bradford & Bingley to negotiate matters relating to staff terms & conditions of employment, including pay and contractual negotiations. All employees are free to join UBAC, and currently 45% are members (2006: 45%). UBAC is an independent trade union in accordance with the Trade Union and Labour Relations Act 1974.

We continue to encourage employees to benefit from the Group's success through share schemes. Currently, 37% of employees hold at least one Sharesave account (2006: 35%), enabling them to save over a period of years with the prospect of buying Bradford & Bingley shares at a discount.

Bradford & Bingley continues to support Great Ormond Street Hospital through its Sharesave scheme. On maturity of a Sharesave account, staff are informed how many shares they can buy in the Group at a discounted price. As staff can only buy a whole number of shares there will often be a sum left over which is less

than the price of one share. Staff can elect to either receive this small amount as a cheque, or to gift it to Great Ormond Street Hospital. If they elect to gift the amount to the hospital, Bradford & Bingley will match the gift.

Since the maturity of Bradford & Bingley's first Sharesave scheme in 2004, staff and the Group have donated over £5,000 to Great Ormond Street Hospital through this scheme.

Health and wellbeing

Bradford & Bingley recognises that it can play a role in encouraging staff to look after their health and wellbeing.

We have onsite restaurants at our Head Office locations and in 2007 we increased the number of healthy options on the menu via the salad bar and delicatessen bar concepts.

Our Group hospitality menu, used for meetings with external clients, has a healthy option, which also includes fruit and vegetables from a local supplier, which has proved very popular.

Through our new partnership with the local supplier, we have also provided free fruit to staff at our Head Office locations at times throughout the year.

Bradford & Bingley supports the town of Bingley in its Fairtrade Status by providing Fairtrade products in the onsite restaurants and shops. All the coffee supplied to Bradford & Bingley for staff and clients is Fairtrade coffee.

We also switched to using free range eggs in our onsite restaurants during 2007.

We recognise that it can be difficult to incorporate exercise and fitness into the working day and so we have allowed a local supplier to come into our Head Office sites to provide on-site pilates classes and massage treatments and offer our staff reduced rate gym membership.

We have also offered on-site blood pressure testing at Bingley and Crossflatts during the year and we continue to work with the National Blood Donor Service who run quarterly blood donor sessions at Bingley and Crossflatts. Over 260 people donated at these sessions in 2007.

The staff survey results which are aggregated to give the feel good factor



Q. Bradford & Bingley is a motivating place to work.



Q. Morale is high at Bradford & Bingley



Q. I'm proud to work for Bradford & Bingley



Q. In the past year, Bradford & Bingley has changed for the better



Q. Bradford & Bingley is a good place to work



Q. I would recommend working at Bradford & Bingley to a friend



Doing the right thing in the community

Top left:

Members of the Community Action Team attend the Manorlands Summer Ball

Bottom right:

Bradford & Bingley Operations staff cooked over 400 shepherd's pies for a fundraising dinner for Manorlands Hospice

Opposite, top left:

Bradford & Bingley staff took part in the Young Enterprise Scheme in schools across Yorkshire



During 2007, Bradford & Bingley grew its community programme by 10% to £1,850,616 (2006: £1,687,011) as we continued our investment into the communities in which we live and work. This is the seventh consecutive year we have invested over £1 million and the second time we have invested in excess of £1.5 million.

We believe it is important to have a community programme that is relevant to Bradford & Bingley as a business, and so, we continue to have preventing and alleviating the causes of homelessness as our main corporate area of support. We have also used the increase in our community programme this year to launch a number of schemes supporting personal finance education in schools and with parents as a second area of corporate support.

Bradford & Bingley invests heavily in the West Yorkshire region, specifically in Bradford and the Aire Valley, where our Head Office is based. We support a wider range of community projects in West Yorkshire, including a number of grass roots and community sports projects run by the major professional sports clubs in the area.

Supporting our staff is also important to us, we have two schemes that are available to our staff across the country to support their choice of charities – matched fundraising and matched payroll giving.

Preventing and alleviating the causes of homelessness

We were delighted that in 2007, Bradford & Bingley was recognised in the Business in the Community Awards for Excellence, with the award of a Silver Big Tick. This marked a decade of working with Shelter. The Silver Big

Tick was a special Jubilee Award made by BITC to mark the 25th anniversary of its formation.

Since 1996 Bradford & Bingley has worked with Shelter, the UK's national campaigning charity for homeless and badly housed people. Shelter provides free, professional and independent advice, advocacy and support to over 100,000 people per year.

During the first three years of our partnership we worked on fundraising projects but, since 1999, we have supported Shelter's freephone housing advice line and we have been the headline sponsors since 2001. Bradford & Bingley staff have also supported Shelter by raising funds through in-branch activities such as dress down days and pin badge sales as well as participating in sponsored events such as the London Marathon.

Shelter's freephone housing advice line is their flagship service and is integral to their aim of providing the most effective and efficient solutions possible for the homeless and those in poor housing. The telephone and internet are increasingly used by people to access help and information and Shelter wants to ensure their helpline is the focus of expertise for the delivery of all their advice services.

Recent changes to the helpline have increased the capacity of staff to take calls during the day, and particularly at peak times, which are the afternoon and early evening. Staff taking calls identify the caller's problems, make an initial assessment and then take the best course of action. This involves either giving appropriate information or advice immediately or referring the caller onto specialist casework teams in Shelter's Housing Aid Centres across the UK.

As more people search for help on the internet, Shelter has now introduced advice by email. First, the Shelter website asks three questions about your personal circumstances and offers some generic help. If that is not relevant, then there is an option to email a Shelter adviser directly.

Since working with Shelter we have helped them to move the service from an emergency reactive service to a more proactive, preventative service aiming at keeping people in their homes rather than waiting for them to become street homeless. When we commenced our partnership with Shelter, fewer than 30% of calls were of a preventative nature and the majority were from people looking for a hostel space for the night. Now, we believe, the balance is better weighted towards prevention and, during 2007, 74% of all calls were of a preventative nature (2006: 67%).

In 2007, we have encouraged staff to visit Shelter to understand the issues that Shelter's advisers have to handle and to share knowledge and experience. Bradford & Bingley's Product Development team visited most recently and explored how mortgage product design can address some of the issues that arise at Shelter. More visits are planned for 2008 and Shelter advisers will be visiting Bradford & Bingley's Credit Control team to increase their knowledge of the issues facing lenders.

Business Action on Homelessness ('BAOH') is Business in the Community's flagship programme relating to homelessness. BAOH is a unique partnership between leading businesses, homelessness agencies and the



Doing the right thing in the community continued

94%

Bradford & Bingley's score in the BITC Corporate Responsibility Index, ranking us as a Gold company in the 100 Companies that Count

Government which aims to break the vicious cycle of no job, no home, through helping homeless people to find employment and achieve independent living. Bradford & Bingley is a national member of BAOH and Steven Crawshaw, our Chief Executive, sits on the BAOH executive forum.

The executive forum works with BAOH to support their public policy agenda, which is shaped under four areas:

- Employability and employment
- Housing which supports a return to work
- Benefits which support not trap
- Serious solutions to emotional issues

This is the first time BAOH has run in a city with a private sector company taking the lead and so it will be interesting to see if this is a possible blueprint for other companies to take a lead in launching BAOH in particular cities. We have received support from Bradford District Council and other large employers and Bradford's homelessness agencies are excited at the opportunities that Ready for Work will give their clients.

The first Ready for Work course is taking place in February 2008 and we will report in more detail in our 2008 CSR Report.

98%

Bradford & Bingley's score in the BITC Community Index, ranking us as a Platinum company

For BAOH, the key strategic point is for the government to amend Public Service Agreement (PSA) 4b to include homelessness as an excluded group which will focus government departments' attempts to remove blocks to work.

Ready for Work is the key programme run by BAOH. Working closely with local homelessness organisations, BAOH identifies people who are 'ready for work' but perhaps lack confidence, or have been out of the workplace for a long time. To support them and ensure they stay on the right path on completion of Ready for Work, BAOH offers the support of an external job coach for six months.

Homeless clients are given the opportunity to re-enter the job market, gain professional training, a minimum of two weeks' work placements, ongoing job coaching and a support network. Prior to the placements, the clients attend workshops run by businesses and homelessness agencies which help build confidence and personal interaction skills.

Traditionally, Ready for Work courses are funded centrally by BAOH, and so, they are only available in a small number of cities where BAOH has decided to operate.

In 2007, Bradford & Bingley has explored a new way to run Ready for Work by deciding to launch BAOH Bradford and to completely fund the project ourselves. We have committed to funding BAOH Bradford for a minimum of three years and we have appointed a Programme Manager, Lorna Palmer, who is based in Bradford & Bingley's Head Office in Crossflatts.

Bradford & Bingley will run four Ready for Work courses each year, in Bradford, and will work with local businesses and homelessness agencies to identify clients and work placements. Bradford & Bingley staff will act as job coaches and mentors and the Bradford & Bingley Training department will help to run the training sessions for clients and job coaches.

Personal finance education

Bradford & Bingley is a member of the Personal Finance Education Group ('PFEG') Forum. PFEG is an educational charity that aims to equip all young people in the UK to make independent and informed decisions about their personal finances. It receives support from education, business and government and works with schools across the UK at a strategic level to promote the development of financial capability.

Membership of the Forum enables us to share best practice amongst the financial services sector and gives us guidelines on working with schools on personal finance education.

Bradford & Bingley is also working with the UK Career Academy Foundation, who lead and support a national movement of employers, schools and colleges, working to raise the aspirations of 16 to 19 year-olds who are considering a career in finance.

Since 2006, the UK Career Academy Foundation has been working with two secondary schools in Bradford, Buttershaw High School and Dixons Technology College, with the intention to launch the Career Academy course in September 2007.

The two-year course was duly launched in September with an initial intake of 12 students. Lessons take place on the Buttershaw campus but students from both schools have enrolled on the course which focuses on personal finance education and leads to qualifications from the Institute of Financial Services ('IFS').

Robert Dickie, one of our Board Directors, sits on the Bradford steering group for the UK Career Academy Foundation, and has been instrumental in encouraging other businesses to support the course.

Bradford & Bingley staff participate in two ways. Some of our senior managers have been into the school to deliver lectures or take class exercises. Other managers have agreed to become a mentor to a student.

0.53%

Total community investment as a percentage of pre-tax profit

£575.44

community investment spend per employee, up 12% from last year

£81,331

amount of staff donations matched through the payroll giving scheme

Top left:

Bradford & Bingley CEO, Steven Crawshaw, led a national visit to Bradford as part of HRH The Prince of Wales Seeing is Believing Programme.



The mentors meet their student about twice a term for 18 months, mainly at their place of work. Each meeting lasts about an hour and a half and is an opportunity to review the student's learning from the recent weeks of the course, chat about any issues that might have arisen and work together on an agenda item that will help the student prepare for adult life – such as creating a CV or understanding business etiquette.

A full briefing session, training and ongoing support is provided to the mentors, who also have to undergo a Criminal Records Bureau check.

In addition to the lectures and mentoring, during the summer break, students have the opportunity to undertake a six-week paid work placement at one of the companies supporting the scheme, and Bradford & Bingley intends to take four of this year's students on placement in the summer of 2008.

Bradford & Bingley's third partner in the field of personal finance education is Care for the Family ('CFF'), a national charity which aims to promote strong family life. Together, we have developed a course called Quidz In. Which is aimed at parents who want to learn how to talk about personal finance with their children.

Quidz In is a six session course, designed to be run over six weekly sessions of about two hours. It covers the basics of personal finance, together with suggestions on how to talk to your children about the subject and will give valuable education to the parents. Bradford & Bingley staff who deliver these sessions will be given full training and support and Quidz In will be rolled out across the UK in 2008 by both Bradford & Bingley and CFF staff and volunteers.

Supporting charities and organisations throughout West Yorkshire

Bradford & Bingley was formed in 1964 from the merger of Bradford Equitable Building Society and Bingley Permanent Building Society and, as such, we still have a strong association to Bradford and the Aire Valley region of West Yorkshire which is where Bingley can be found.

At the start of each year staff at our two Head Office buildings in Bingley and Crossflatts vote on a choice of charity for the year. This year, the staff voted for Yorkshire Air Ambulance and the monthly dress down days and other charitable activities have helped to raise over £6,000 for the charity.

During 2007, our Mortgage Express operation relocated from Barnet to Borehamwood, Hertfordshire and so the staff have not yet picked a local charity to support. However, the monthly dress down days continued to be in aid of the North London Hospice which is based in the Borough of Barnet.

Bradford & Bingley continues to work with local primary and secondary schools and, during 2007, we participated in the Young Enterprise Scheme with Bingley Grammar School. The Young Enterprise Company Programme is run over an academic year and gives students practical experience of business and enterprise by setting up and running their own business. Bradford & Bingley staff participate by becoming business mentors who work with the students in a weekly meeting.

At a primary school level we support Myrtle Park Primary School, Crossflatts Primary School and East Morton Primary School. We operate a reading volunteer scheme where

Bradford & Bingley sends volunteers into the schools to spend time reading on a one-to-one basis with pupils over a ten week period. During this time we have seen reading ages improve dramatically and, crucially, the improvement is maintained. We also run a number of school visits to our Head Office building in Bingley.

Our longest standing partnership in Bradford is with the National Media Museum. Bradford & Bingley has been a partner of the museum since 1996 and currently supports the museum by being the major corporate sponsor of the Experience TV gallery.

Experience TV is the museum's permanent gallery telling the story of television with over two hundred objects from the museum's collections on display, and plenty of hands-on interactive items for visitors to have fun with.

The gallery illustrates the invention and development of television, it shows how television programmes are made, looks at how broadcasters fund their programmes, and investigates the social and cultural impact of television.

The National Media Museum is the most visited museum in the country outside of London, attracting nearly a million visitors per year and is a key element of the Bradford city centre regeneration plan.

Bradford & Bingley is a committed supporter of the regeneration plans for Bradford, and Steven Crawshaw, our Chief Executive, is a particularly strong advocate for Bradford.

In June, Steven led a national visit to Bradford with HRH The Prince of Wales's Seeing is Believing Programme which focused on Bradford's regeneration plans. Chief executives and senior managers of fourteen national companies came to Bradford to see how private, public and voluntary sectors can work together to support and deliver a regeneration agenda.

At a local level, Bradford & Bingley is also a board member of Bradford Breakthrough, which brings together a range of public and private sector organisations who work together with the aim of driving regeneration in Bradford.

Our Community Action Teams have continued to encourage and co-ordinate employee involvement with community groups and charities across Bingley and Crossflatts and also at Mortgage Express in Borehamwood, Hertfordshire.

The two teams have used funds to specifically support their local communities and each team

Doing the right thing in the community continued



consists of staff volunteers from across all functions of the business and a representative from the Community Affairs team. Each team meets, on a monthly basis, to consider requests from local charities and community groups and makes small grants of £649 on average. During 2007, 54 charities received funding in the Bingley and Borehamwood areas.

The coming year will see the centenary of our longest standing partnership. The Bingley Show takes place in Myrtle Park, just behind our Bingley head office building and is one of the largest one-day agricultural shows in the country. 2007 was the 99th year that we have sponsored the show and plans are in place for a big celebration in 2008!

Sport forms an important part of the health and wellbeing of the country, and we believe it is important to encourage participation in grass roots sport. Bradford & Bingley works with Bradford City Football in the Community, Bradford Bulls Rugby League Club, Yorkshire Lawn Tennis Association and Yorkshire County Cricket Club to provide access to coaching or facilities for grass roots sports. We also support a number of amateur sports clubs including Bradford & Bingley Rugby Football Club, Bradford & Bingley Cricket Club, Bradford & Bingley Canoe Club and Crossflatts Cricket Club.

Bradford City Football in the Community was established by Bradford City Football Club ('BCFC') to bring the opportunity for young people to enjoy football whilst benefiting from professional coaching. BCFC's scheme is run by former player, Ian Ormondroyd, and works with the 158 primary schools in the Bradford District. Bradford & Bingley support the scheme by providing vehicles for the coaches and producing materials that are handed out to schools and pupils at the coaching sessions.

Bradford Bulls Rugby League Club also work with the district's schools but in addition to their coaching programme they deliver a programme of health & fitness awareness. Bradford & Bingley has supported this healthy lifestyle message with both financial support and by sitting as a trustee on the Bradford Bulls Foundation.

The Bradford & Bingley Indoor Cricket Centre at Yorkshire County Cricket Club continues to be very popular. Over 3,200 schoolchildren visited the centre (2006: 3,200) and the centre runs courses at evenings and weekends, as well as hosting nine Bradford & Bingley Indoor Cricket Leagues for ages from under 9s to adults.

The partnership between Yorkshire County Cricket Club and Bradford & Bingley aims to highlight minority cricket and places particular emphasis on disabled, black, ethnic, and women's cricket.

All three professional clubs ran Fun Days for the children of our staff at Crossflatts Cricket Club during 2007, and over 400 children participated in football, rugby and cricket coaching and playing sessions. We intend to run these Fun Days again in 2008.

Employee involvement

Bradford & Bingley continues to support employee involvement, in particular, by supporting their fundraising activities.

All employees are able to apply for funds to match their fundraising efforts for charity in a scheme which matches the first £250 of funds raised per employee. We saw a large increase of 42% in matching during the year totalling £32,680 (2006: £23,084). We also saw an increase in the number of staff receiving matching, up 36% to 144 staff (2006: 106). This increase has been driven by increased internal

promotion, including presentations to all new starters in the Group's induction programme.

Bradford & Bingley also matches employee donations through the payroll-giving programme, Give As You Earn. We continued to promote the scheme to new and existing employees via online and internal promotions. 7.8% of our workforce now donate via Give As You Earn (2006: 8.5%) although we have seen average monthly amounts donated rise to £26.90 (2006: £23.84). As a Group, Bradford & Bingley matched £81,331 of employee donations (2006: £78,675).

Overall, our staff helped raise £140,242 in their fundraising efforts. Particular mention should go to Breda Coleman, branch manager at our Belfast branch, who raised over £10,200 by trekking along the Great Wall of China in aid of Breast Cancer. This amount beats the previous staff fundraising record of £7,950 held by longstanding record holder, Ian Sedgwick, who has been raising funds for the childhood cancer charity, Candlelighters, for a number of years.

Overall, employee involvement rose to £528,076 (2006: £513,162) and this trend is set to continue in 2008.



Doing the right thing in the environment



Bradford & Bingley has been committed to reducing its environmental impact for a number of years now and, in previous reports, we detailed how various departments across the Group had become CarbonNeutral®.

This journey culminated on 1st January 2007 when the whole of the Bradford & Bingley Group became CarbonNeutral®.

In addition to offsetting our carbon emissions, however, we have also committed to reducing total carbon emissions across the business. Our electricity contract for our Head Office sites in Bingley and Crossflatts and our entire branch network is for 100% renewable energy, reducing our ongoing carbon emissions by 70%.

We continue to develop our Environmental Key Performance Indicators and Targets and have based those indicators on the Reporting Guidelines for UK Business published by the Department of Environment, Food & Rural Affairs (2005).

For ease of use, we continue to break down our environmental reporting into the following significant areas for Bradford & Bingley.

CarbonNeutral®

On 1st January 2007, Bradford & Bingley became one of the first FTSE listed companies to be awarded CarbonNeutral® status.

.....
CarbonNeutral®
 protecting our climate

To become CarbonNeutral® Bradford & Bingley underwent a rigorous assessment from the Edinburgh Centre for Carbon Management ('ECCM') looking at every aspect of our business – electricity and gas usage, travel and the amount of waste produced. The ECCM then calculated how much CO₂ was produced in total by Bradford & Bingley in 2006.

We then offset this amount in 2007 with a mixture of projects made up of 40% waste gas power in Germany, 40% wind power in India and 20% forestry projects within the UK.

Our CarbonNeutral® status is certified by the ECCM and the projects are provided by the Carbon Neutral Company (www.carbonneutral.com).

Following the decision to switch our electricity contract to renewable energy sources our carbon footprint has fallen significantly in 2007 to under 0.5 tonnes CO₂ per employee.

Energy consumption

Principal uses of energy include heating, lighting and air conditioning.

We are in the second year of a two-year contract for 100% renewable energy for our Head Office locations in Bingley and Crossflatts and our branch network. Following the move of our Mortgage Express operation from Barnet to Borehamwood, we are now having to use electricity from non-renewable sources as we are tenant occupiers who pay a monthly charge to the landlords for energy consumption.

Top left:

Bradford & Bingley supports the educational materials used by Hockerton Housing Project with school groups studying environmental issues

Opposite, top left:

Darren Gough and Jason Gillespie from Yorkshire County Cricket Club came to Crossflatts to meet staff and promote their work with young people through the Bradford & Bingley Indoor Cricket Centre

Opposite, bottom right:

Youngsters from Bingley area at a Yorkshire County Cricket Club coaching day organised by Bradford & Bingley

The renewable energy comes from a mix of wind, solar and biomass sources and although it comes at a cost premium, is exempt from the Climate Change Levy ('CCL') thus making the switch a sensible financial decision as well as CSR decision.

When the contract comes up for renewal in 2008, we will again undertake a tendering process for our electricity contract.

As well as reducing our carbon emissions by switching to renewable energy, we are also reducing our total energy use.

During the year, we carried out an Energy Saving Campaign via our Company intranet to encourage staff to reduce energy consumption, either by turning off equipment or making suggestions on how to save energy. We set up an email inbasket for staff to send in their energy saving suggestions and we have issued a number of small incentive awards for suggestions that have been taken up across the Group.

Water

Water supplied to Bradford & Bingley sites is from mains supply. Water consumption is measured and calculated on an annual basis using meter readings.

We have installed the Enviro-Fresh Sani-Sleeve system in our head office buildings in Bingley and Crossflatts. This is a water saving toilet flushing system that also eliminates the need for chemical cleaners. A timed solenoid valve reduces the need for constant flushing in urinals whilst 'good' bacteria and enzymes in the Sani-Sleeve deal with the cause of smells and blockage. The elements of the system are either recyclable or fully biodegradable.

We continue to review our water consumption and are pleased to see it has reduced across the branch network in 2007. Although we are disappointed to note that water consumption has risen in central locations, this has been driven by the changeover of properties from Barnet to Borehamwood and we will incorporate water saving measures in Borehamwood in 2008.

We have not, therefore, met our target of 11 m³ of water per employee for 2007 so this target will remain for 2008.

Transportation

Our car ownership scheme gives staff a wide choice of cars whilst promoting those with strong residual values and fuel efficiency. Staff who need a car for business use are eligible and receive an allowance, set to enable staff to drive a car appropriate for their role.

Doing the right thing in the environment continued



Under the car ownership scheme, the cost of a car is calculated according to its whole life cost, instead of just a two or three year initial cost. This includes finance, depreciation, maintenance and running costs. Cars with a historically poor residual value will cost more, whilst cars with strong residual values cost significantly less to staff.

Whilst recognising that there will always be journeys that need to be undertaken by car, hence the desire to make our car fleet as efficient as possible, we also look to reduce the number of single occupancy vehicles making journeys.

We continue to run a shuttle service between our Bingley and Crossflatts Head Office buildings in Yorkshire during the day, and, in addition, the service calls at the two rail stations at Bingley and Crossflatts, in the evening, for staff who use rail transport to commute to work. In 2007, we have seen a huge increase in numbers using the service, as the shuttle bus has carried an average of 407 people per week, thus saving over 20,000 individual car journeys (2006: 180 people per week, 9,000 individual car journeys).

In addition, we have continued to offer a lunchtime double decker private bus service to take staff from our Crossflatts Head Office to local shopping centres.

We promote car sharing and the move of our Mortgage Express operations from Barnet to Borehamwood allowed us to introduce car sharing as the only way to guarantee a car parking space at the new site. 25 staff sharing 10 car parking spaces means that 8% of the staff in Borehamwood participate in the car sharing scheme (2006: nil).

We followed the successful launch of car sharing in Borehamwood by also introducing guaranteed car parking spaces at our site in Bingley for car sharers. Here, 69 staff sharing 29 car parking spaces means that 11% of the staff in Bingley now participate in the car sharing scheme (2006: 4%). In Crossflatts, although there are more car parking spaces available we will be introducing priority car parking spaces, in 2008, for car sharers.

During 2007, Bradford & Bingley was awarded membership of the West Yorkshire Metro Travel Network which recognises our commitment to an environmentally friendly Company travel plan. As a benefit of membership, we were able to offer staff a 15% discount on annual travel tickets within the West Yorkshire Metro area. Coupled with this scheme, Bradford & Bingley offers an interest-free loan for annual season tickets which is repaid from salary over 10 months. Staff taking up this opportunity have seen their commuting travel costs reduce by up to 40%.

Our bicycle purchase scheme allows staff to purchase bicycles tax efficiently if they use them to travel to or from work. We have also installed a new covered bicycle shed outside the front entrance of our Crossflatts Head Office building as a visible sign of our commitment to environmentally friendly modes of transport. We also provide showers and lockers at the building.

The Group's video-conferencing facilities continue to be in high demand and reduce the number of journeys between West Yorkshire and London for meetings.

Waste management

The main waste streams produced by Bradford & Bingley consist of general office waste, confidential paper waste and IT equipment.

Sodexo Group is responsible for our facilities and waste management. Sodexo also participates in the Business in the Community Corporate Responsibility Index and were named as one of the Top 100 Companies That Count in the Sunday Times in the Silver band of performance.

We continue to increase the percentage of waste recycled and we now recycle 79% of our waste.

Data security is very important to Bradford & Bingley and so confidential waste at Crossflatts and Bingley is collected from site and shredded and baled. It is then sent to Leeds Paper Mill to be turned into pulp and then recycled into toilet paper and paper towels. In an effort to close the supply loop we purchase recycled paper towels across the Bradford & Bingley Group.

At the Borehamwood site, the confidential waste is collected by GPT and at Lambs Conduit Street, the confidential waste is collected by Wastefile. Both of these groups pulp and recycle as above.

Cardboard is now collected at central sites and sent for baling. Once baled, this is also sent to Leeds Paper Mill to be made into pulp and then recycled.

Bradford & Bingley and Sodexo are constantly looking for new methods of recycling and this year we have introduced plastic and aluminium can recycling containers in central Head Office sites.

In addition, we are working on composting some of our waste that is not recycled. All our sandwich packaging in our onsite restaurants is now made from biodegradable packaging and all cleaning products on our central Head Office sites are biodegradable. Food, packaging and organic waste will be composted onsite in 2008 and the compost will be used on our grounds.

In 2007, we again took part in the Financial Times & Crisis Christmas Card Challenge where Bradford & Bingley made a donation to Crisis in lieu of producing a physical corporate Christmas Card. In return, Bradford & Bingley featured in two double page adverts in the Financial Times wishing our customers and staff a Happy Christmas and we were provided with an animated e-card to send instead of a card.

0.44 tonnes

of CO₂ generated per employee, a reduction of 78% from last year

95%

Bradford & Bingley's score in the BITEC Environment Index, ranking us as a Platinum company

79%

the percentage of waste recycled

Opposite, top left: Bradford & Bingley Operations staff created recycling and composting bins at a local school

In January, we collected Christmas cards from our staff and recycled them via the Woodland Trust.

In addition to the above, there are procedures in place to recycle paper, plastic cups, toners, metals, IT components and mobile telephones at central locations. Our branches also recycle toners, IT components and mobile telephones.

We incorporate the "recycle now" logo on our marketing material.



Property design and management

In 2006, the Carbon Trust undertook energy surveys on our head office locations and a number of branches. The Carbon Trust is an independent company funded by the Government whose role is to help the UK move to a low carbon economy by helping business and public sector reduce carbon emissions and capture the commercial opportunities of low carbon technologies.

The surveys were completed in early 2007 and recommendations were made to help improve the efficiency of our building management systems. By following these recommendations we predict an energy saving of up to 4% per year by 2008.

AMR meters are currently being installed in all possible branches so that we will be able to see energy consumption throughout the day and identify further energy savings.

Bradford & Bingley continues to incorporate a number of environmental criteria into its building design and refurbishment. Group Property is responsible for refurbishment related procurement and has detailed specifications for works which include:

- energy efficient design and operation of comfort cooling and air conditioning systems;
- recycled vinyl or bitumen backed carpet tiles used instead of vinyl backed tiles
- manufactured from new, where polyvinyl chloride ('PVC') would have to be used in the manufacturing process;
- energy efficient high frequency fluorescent lighting; and
- wood and wood products purchased from sustainable forestry.

Procurement and supply chain

Bradford & Bingley has continued to develop the Procurement Policy, which was revised in September 2005, to help us manage our supply chain of over seven hundred suppliers, accounting for an annual cost of approximately £180 million.

As part of our commitment to improve our supply chain and engage fully with our suppliers, we use a web-based questionnaire in conjunction with supplier engagement specialists TiVA Services Limited. The questionnaire gives a better insight into suppliers' existing capabilities and future potential and the information is then made available to the full Bradford & Bingley buyer community in addition to any current Bradford & Bingley buyers the supplier may have.

The questionnaire covers suppliers' social, ethical and environmental policies as well as financial probity and management. The majority of current suppliers have completed the TiVA questionnaire and it is now compulsory for any new supplier.

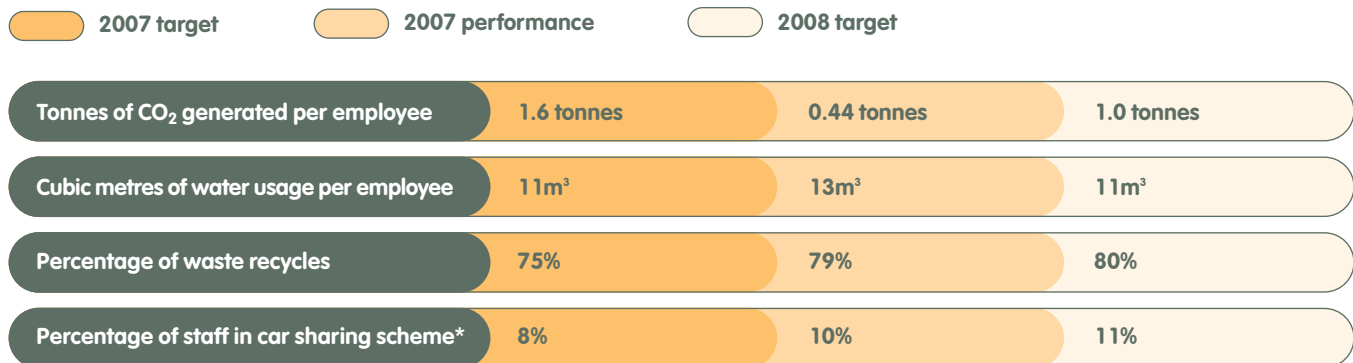
The information, once collated, generates a percentage score for that employer and a 'traffic light' system is used to assess suitability. Green implies the supplier is one that we want to use, whilst amber and red mean that we will work with the supplier to see if there are areas of improvement we can help them with; for example by helping them with the writing of health and safety policies. We do, however, insist on suppliers confirming that they do not use forced or child labour regardless of their score.

Our tender templates include the requirement of CSR and environmental policies.

Printing managers Williams Lea purchase print services on behalf of Bradford & Bingley. All paper products purchased are derived from sustainable managed forestry (plantation crop).

Bradford & Bingley is a member of the Chartered Institute of Purchasing & Supply ('CIPS') Financial Services Purchasing Forum, a group of financial services companies who meet to share best practice on supply chain and procurement policies.

Doing the right thing



* percentage shown is percentage of staff in Head Office locations, who are eligible to participate in our car sharing scheme, and does not include branch based staff.

Our results

Marketplace results

	2007	2006	2005	2004	2003
Overall satisfaction by customer type*					
Saving products	95%	90%	†	97%	96%
Mortgage products	91%	90%	†	93%	95%
Regulated products	97%	98%	†	96%	97%
Likelihood of purchasing another Bradford & Bingley product by customer type**					
Savings products	74%	75%	†	†	†
Mortgage products	77%	71%	†	†	†
Regulated products	86%	84%	†	†	†
All products	†	†	†	81%	75%
Likelihood of recommending Bradford & Bingley to a friend by customer type**					
Savings products	67%	65%	†	†	†
Mortgage products	66%	63%	†	†	†
Regulated products	83%	77%	†	†	†
All products	†	†	†	77%	65%
Average time taken to pay suppliers	13 days	14 days	12 days	14 days	15 days
Number of customer complaints (non-regulated)	12,949	5,420	7,287	8,690	10,234
Percentage of customer complaints upheld	69%	37%	74%	66%	29%
Percentage of customer complaints submitted to the Ombudsman upheld	17%	9%	30%	27%	27%
Average time taken to deal with customer complaints (non-regulated)	14 days	26 days	24 days	22 days	27 days

* Definition of 'satisfied' is those customers not answering 'not very' or 'not at all' satisfied with Bradford & Bingley

** Measure is number of customers answering 'probably' or 'definitely'

† Previous surveys did not break down the results by customer type and so are not comparable

Workplace results

	2007	2006	2005	2004	2003
Total employees	3,216	3,231	3,048	3,190	7,748
Analysis of workforce by percentage:					
Women (non management)	72%	72%	71%	72%	68%
Women (management)	47%	47%	45%	44%	36%
Women (overall)	66%	66%	65%	65%	61%
Ethnic minorities (non management)*	11%	12%	12%	13%	14%
Ethnic minorities (management)*	7%	5%	5%	7%	9%
Ethnic minorities (overall)*	10%	10%	10%	11%	13%
Average age (male)	36.4 years	37.0 years	36.3 years	37.5 years	37.6 years
Average age (female)	37.6 years	37.5 years	37.1 years	38.1 years	38.4 years
Average age (overall)	37.2 years	37.3 years	36.8 years	37.9 years	38.1 years
Average length of service	7.0 years	7.1 years	7.1 years	†	†
Staff absenteeism	4.0%	4.7%	4.7%	5.4%	4.5%
Staff turnover	24.1%	23.3%	30.1%	26.5%	29.2%
Number of fatalities at work per 100,000 hours worked	0	0	0	†	†
Number of reportable incidents ¹ per 100,000 hours worked	0.2	0.2	0.2	†	†
Number of accidents per 100,000 hours worked	2.9	2.8	2.2	†	†
Number of near misses reported per 100,000 hours worked	1.9	1.4	1.0	†	†
Hours lost due to accidents per 100,000 hours worked	10.1	16.1	38.4	†	†
Hours lost to stress per 100,000 hours worked	480.0	726.0 ²	731.5	†	†
Value of training	£2.4m	£3.3m	£1.5m	£1.6m	£7.2m
Value of training per staff member	£746	£1,021	£492	£501	£929
Percentage of staff represented by recognised trade union ('UBAC')	45%	45%	52%	46%	40%
Percentage of staff participating in Sharesave scheme	37%	35%	39%	52%	52%

† Figures not available

* Currently 28% of staff records do not have an ethnic origin recorded. Figures for the 72% of staff records with ethnic origin recorded have been grossed up to represent 100% of staff for comparison purposes

note¹ In accordance with "A Guide to the Reporting of Injuries, Diseases & Dangerous Occurrences (RIDDOR) Regulations 1995" from the Health & Safety Executive

note² Figure amended from the 2006 Report. Originally reported 916.6 hours lost to stress per 100,000 hours worked

Our results continued

Community results

	2007	2006	2005	2004	2003
Total Community Investment Programme	£1,850,616	£1,687,011	£1,320,612	£1,295,639	£1,024,077
Total Community Investment Programme as a percentage of pre-tax profit	0.53%	0.50%	0.43%	0.46%	0.39%
Total Community Investment Programme spend per employee	£575.44	£512.28	£433.27	£406.16	£132.17
Breakdown of community programme as follows:					
Cash	£1,142,768	£1,005,246	£858,935	£876,933	£732,637
Employee Time	£528,076	£513,162	£326,871	£226,406	£120,740
Gifts in Kind	£12,400	£18,174	£21,100	£87,300	£52,200
Management Time	£167,372	£150,429	£113,706	£105,000	£118,500
Employee Matched Funding	£32,680	£23,084	£19,151	£26,908	£24,770
Employee Matched Payroll Giving	£81,331	£78,675	£74,628	£65,900	£49,335
Percentage of staff donating through Payroll Giving	7.8%	8.5%	9.6%	8.8%	†
Average donation per staff member per month through Payroll Giving	£26.90	£23.84	£21.20	£19.54	†
National Appeals money raised *	£42,053	£43,106	£340,909	£329,459	£56,971
Ranking in the BITC Community Index**	Platinum	-	-	-	-
Percentage score in the BITC Community Index	98%	-	-	-	-
Ranking in the BITC Corporate Responsibility Index**	Gold	-	-	-	-
Percentage score in the BITC Corporate Responsibility Index	94%	89%	84%	69%	58%

† Figure not available

* National Appeals money raised in 2004 and 2005 includes money donated to the Indian Ocean Tsunami Appeal

** BITC introduced a ranking system in 2007 of Platinum, Gold, Silver or Bronze for scores above 70% in their Indexes

Environment results

	2007	2006	2005	2004	2003
Energy Consumption					
Tonnes CO ₂ generated* (Branches)	458 tonnes	3,487 tonnes	4,934 tonnes	5,126 tonnes	9,509 tonnes
Tonnes CO ₂ generated* (Central Locations)	970 tonnes	3,153 tonnes	4,147 tonnes	4,064 tonnes	4,512 tonnes
Tonnes CO ₂ generated* per employee	0.44 tonnes	2.06 tonnes	2.98 tonnes	2.88 tonnes	1.81 tonnes
Electricity Use (Branches)	8,672,216 kWh	8,935,259 kWh	9,439,816 kWh	9,827,536 kWh	19,278,274 kWh
Electricity Use (Central Locations)	7,979,757 kWh	8,038,270 kWh	7,673,383 kWh	7,342,294 kWh	8,513,753 kWh
Gas Use (Branches)	2,412,216 kWh	4,506,049 kWh	4,607,399 kWh	4,736,925 kWh	6,512,490 kWh ¹
Gas Use (Central Locations)	3,262,230 kWh	4,457,697 kWh	4,456,115 kWh	4,774,301 kWh	4,481,710 kWh
Water Usage (Branches)	19,764 m³	20,866 m ³	23,992 m ³	25,529 m ³	42,017 m ³
Water Usage (Central Locations)	20,725 m³	18,111 m ³	19,300 m ³	20,645 m ³	25,037 m ³
Water Usage per employee	13m³	12m ³	14m ³	14 m ³	9 m ³
Paper Usage	446 tonnes	449 tonnes	370 tonnes	518 tonnes	1,048 tonnes
Solid Waste (Central Locations)	255 tonnes	279 tonnes	494 tonnes	†	†
Percentage waste recycled	79%	66%	62%	†	†
Business mileage	1,981,205 miles	1,969,224 miles	1,903,845 miles	†	†
Ranking in the BITC Environment Index**	Platinum	-	-	-	-
Percentage Score in the BITC Environment Index	95%	87%	77%	62%	61%

† Figure not available

* Figure calculated using conversion tables supplied by the Department of Environment, Food & Rural Affairs

** BITC introduced a ranking system in 2007 of Platinum, Gold, Silver or Bronze for scores above 70% in their Indexes

note¹ Estimated figure for the year because of the high number of estimated readings. Subsequent reporting includes fully metered annual figures

Our environmental policy and benchmarking environmental best practice principles

Bradford & Bingley recognises that its business activities have an impact on the environment. We are committed to minimising this impact by good management, continually improving our environmental performance. Our environmental policy recognises this by:



- Monitoring and controlling energy costs and consumption.
- Monitoring and controlling water costs and consumption.
- Minimising materials resource consumption, recycling where practicable, offering resources that can be reused to suitable agencies.
- Specifying the use of products from sustainable sources where practicable.
- Compliance with current environmental legislation and awareness of environmental directives and guidelines.
- Raising environmental awareness among staff and our suppliers.
- Promoting the use of public transport, cycling and walking, reducing the number of private vehicles used by staff for commuting.
- Minimising the impact of our buildings on local environments, by efficient space planning, and giving due consideration to energy and environmental good practices at the design stage of new buildings and refurbishments.
- Pro-active involvement with the communities local to our business operations.
- Setting targets for environmental improvements, reporting on the results.
- Incorporating specific environmental requirements into contracts with principal suppliers.
- Reviewing the Group's environmental policy on an annual basis to ensure it remains relevant to the business.
- Having a Board Director responsible for environmental performance.
- Consulting with stakeholders on our environmental performance to identify areas of weakness or areas for improvement.

Bureau Veritas Verification Statement

Objectives

Bureau Veritas has been commissioned by Bradford & Bingley to provide verification of the 2007 Corporate Social Responsibility ('CSR') Report. The aim of the verification process is to reassure Bradford & Bingley's stakeholders that the information presented within this 2007 CSR Report is accurate, reliable and objective. We have also considered the completeness of the Report to ensure that it is balanced, has no significant omissions and that it provides a true reflection of the CSR impacts and performance of Bradford & Bingley over the reporting year.

The process we have used in this verification exercise is based on current best practice, such as that detailed in the Global Reporting Initiative ('GRI') and the Accountability Standard AA1000. The outputs of the process are this Independent Verification Statement and an Internal Management Report. Both of these documents contain recommendations to further improve Bradford & Bingley's future CSR reporting and supporting processes.

Responsibilities of the verification provider – Bureau Veritas

The verifier's obligation is to stakeholders and readers of this report and is exclusively responsible for the contents of this verification statement. Bradford & Bingley has provided access to the documentation and data required to undertake a comprehensive verification process and the verifier is confident that no material has been withheld. Excluded from our work are activities outside the reporting period unless stated in the report, and statements of opinion, belief or aspiration. Bureau Veritas has not been involved in the preparation of any material or data included in the 2007 CSR Report.

Scope and methodology

The information and data reviewed for this verification is inclusive 1 January 2007 to 31 December 2007.

Bureau Veritas used a 50% sampling approach for all factual statements in the CSR Report, an increase from 20% in the previous year. The sample was chosen based on a material risk perspective. Following a focus on Environment and Workplace data in the previous report a 50% sample of data relating to the performance areas of Community and Marketplace was verified.

The verification involved 25 interviews, document review, and inspection of internal and external records, interrogation of databases and associated management and



reporting systems. This involved challenging and substantiating the content of the material presented in the 2007 CSR Report.

The integrity and accuracy of aggregated data was tested by tracking sample data back to its source. The methodology for data collection, estimation and aggregation was examined and tested for accuracy and robustness.

Findings

Based on our verification activities it is our opinion that:

- Bradford & Bingley's 2007 CSR Report provides a fair and accurate representation of CSR activity for the period 1 January 2007 to 31 December 2007;
- Bradford & Bingley has made progress in continuing to implement its CSR Strategy during 2007. It has provided a balanced report which is aligned with its CSR objectives, and continues to demonstrate a good understanding of its impacts;
- There continues to be processes in place for identifying, managing and understanding CSR risks and opportunities within the business;
- There are no significant omissions which could affect stakeholders' ability to make informed judgements on Bradford & Bingley's performance;
- Material issues have been identified and the report can be regarded as complete; and
- The 2007 CSR Report relies significantly on the format and narrative of the previous report and therefore the integration of stakeholder feedback into the report has not significantly progressed during 2007.

Areas of good practice:

- Bradford & Bingley's continued commitment to CSR across the business with a focus on performance improvement going forward;
- Bradford & Bingley's continuing energy reduction programmes being enhanced through the appointment in 2007 of a dedicated energy manager for the group. This appointment further supports the organisations strategy to achieve a significant reduction in its total energy use; and
- The "EXCO on the Road" and the "Live and Logged On" events during 2007. Forums of this nature demonstrate the willingness of the senior management to listen to and respond accordingly to issues raised by employees.

Recommendations

- Individuals should be given more responsibility for providing material for inclusion in future reports. This will maintain the balance of the report content and provide for an even better reflection of all the CSR activities that are apparent across the group;

- Bradford & Bingley should consider better integrating stakeholder feedback into the Report. For example by extending the scope of its reporting to include its Treasury and Reserves function and also review the requirements of standards such as the GRI;
- A key focus for next years report should be the continuing consideration and demonstration of Bradford & Bingley's approach to responsible lending in relation to the widely expected changes in the UK housing market over the next year; and
- Building on the increased scope of verification activities this year it is suggested that Bradford & Bingley consider full verification of its reporting in forthcoming years. A commitment towards undertaking verification across its entire report content will provide even more transparency and confidence for stakeholders that the CSR activities of Bradford & Bingley are aligned with its overall strategy.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, health, safety, social and environmental management advice and compliance with over 180 years history in providing independent assurance services. Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintains high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. We believe our verification assignment did not raise any conflicts of interest.

Bureau Veritas HS&E Ltd February 2008

Bureau Veritas

Bureau Veritas is a global services company specialising in QHSE and SA management (Quality, Health and Safety, Environment and Social accountability) with a network that covers over 140 countries. It offers an extensive range of technical services and solutions in the fields of certification, conformity assessment, training and consulting. Our Consulting expertise covers; Corporate Responsibility, EMS, Air Quality, Noise, Water Quality and Ecology. Many staff are registered with the Institute of Environmental Management and Assessment (IEMA) as qualified auditors and members of AA1000.

Feedback



Feedback is a vital part of this report. It enables us to improve disclosure and to ensure we are reporting on relevant information.

We would value feedback on our CSR programme and this report.

For general CSR feedback or enquiries please contact csr@bbg.co.uk
 For environmental feedback or enquiries please contact environment@bbg.co.uk
 For community investment feedback or enquiries please contact community.affairs@bbg.co.uk

This report is available on our website, www.bbg.co.uk as the main method of distribution. It is also available on our staff intranet and at www.corporateregister.com, the world's largest online directory of CSR reports.

To demonstrate our commitment to disclosure of our CSR programme, we have also published our confidential feedback from the BITC Corporate Responsibility Index, BITC Community Index and the BITC Environment Index on our website.

Copies of this report are distributed to a database of previously identified shareholders, analysts and customers who have expressed an interest in, or been involved in the development of, our CSR programme. If you would like to be added to, or deleted from, this database please contact csr@bbg.co.uk

Bradford & Bingley would like to thank you for reading our CSR report, and we trust that you have found it to be informative and interesting.

Mike Hammond
 Head of Corporate Social Responsibility
 Bradford & Bingley



London Benchmarking Group Membership Statement

Bradford & Bingley plc continues to be an active member of the LBG. The LBG is a group of over 60

companies, working together to improve the management and measurement of their community programmes.

The LBG focuses on the voluntary contributions of a company to society, encouraging as accurate, quantitative, and complete an account as possible. LBG members agree to apply the LBG measurement model, and share their findings with other members. Many also use the model in their public reporting. The model applies consistent methods for valuing a company's inputs to community programmes, including cash, time and in kind. It also examines the programmes' outputs and longer-term impacts. The LBG defines three broad motives for corporate community involvement, and encourages companies to be transparent about them, recognising that commercial and community benefits can co-exist. LBG members take a conservative approach to measurement, preferring to underclaim than overclaim.

LBG members share experience in using the model and continuously improving it. The group is facilitated by The Corporate Citizenship Company, with a steering committee drawn from LBG members to determine policy. The model is explained in two workbooks, and communicated via regular meetings and a website at www.lbg-online.net.



Corporate Responsibility Index 2007

Bradford & Bingley was recognised as one of the top 100 Companies That Count in the Sunday Times and Business in the Community Corporate Responsibility Index. The Index challenges whether a business is conducting corporate responsibility activities in a systematic and integrated way and helps in providing credible, independent information to stakeholders and investors, demonstrating a company's commitment to transparency. For more information on the Corporate Responsibility Index can be found on the Business in the Community website, http://www.bitc.org.uk/programmes/key_initiatives/corporate_responsibility_index/index.html



Business in the Community Awards for Excellence 2007

Bradford & Bingley was awarded a Silver Big Tick in the BITC Awards for Excellence 2007 for the Jubilee Award. This special award for 2007 marked the 25th anniversary of the formation of BITC and was awarded to companies who could demonstrate long term commitment to an area of community investment. Bradford & Bingley was awarded a Silver Big Tick for its ten year partnership with Shelter.



Business in the Community Awards for Excellence 2007

Bradford & Bingley was awarded a Big Tick in the BITC Awards for Excellence 2006 in the EDF Energy Environmental Leadership Award. Bradford & Bingley's entry was shortlisted for the overall national winner, the first time Bradford & Bingley has received national recognition in the BITC Awards for Excellence. More details on Bradford & Bingley's entries, and the Awards for Excellence, can be found on the Business in the Community website, www.bitc.org.uk/awards

This report is Carbon Neutral®

In order to minimise the environmental impacts of this report, Bradford & Bingley is working with The Carbon Neutral company to assess and offset the greenhouse gas emissions created by the production and distribution of the report.

This report is printed on Revive 50:50 paper, which is made from 50% recovered waste fibre and 50% virgin wood fibre from sustainable forests. The report is fully recyclable.

Bradford & Bingley[^]

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