

# 03

Financial  
Know-How  
at the Service  
of Sustainable  
Development



Different Responsibilities. One Commitment.



**BANCO ESPÍRITO SANTO**



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03

Financial  
Know-How  
at the Service  
of Sustainable  
Development

Banco Espírito Santo, S.A.  
Sociedade Aberta

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>

"The more I give, the more I have to give"  
José Maria do Espírito Santo e Silva

"13/05/1850 - 24/12/1915"

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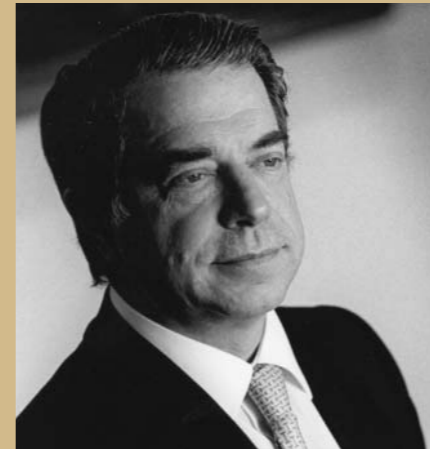
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### Financial Know-How at the Service of Sustainable Development

Throughout its History, Banco Espírito Santo always took great pride in its contribution to the economic, cultural and social development of Portugal. From an early stage, it was clear that this would be an inescapable side of its mission, while also representing a strong stimulus to continued expansion and growth.

Banco Espírito Santo has since its origins accompanied the major mutations of the Portuguese economy and society. It took on the role of player in national development, and committed itself to sharing the progress achieved. Taking "Portugueseness" as a core value, BES is aware of its social responsibility.

Enhancing its role in society is a fundamental concern, the final aim being to contribute to its development. The Bank knows it still has a long way to go, but it is also aware that the future it wants to help build is of a sustainable and harmonious society.

*Ricardo Espírito Santo Salgado*  
*Chairman of the Executive Committee*



1

Corporate  
Governance



## Corporate Governance

The transparency of a company's governance and disclosure of information, and consequent confidence of Investors, play today a crucial role in Shareholders' capital allocation decisions. BES Group has made the sophistication of its corporate governance model one of its top-priority objectives, focusing its mission on meeting investors' expectations. The aim is for the development of this mission to trigger a dynamic wave of positive efficiency across the whole market.

The corporate governance rules currently in force at BES Group aim to guarantee responsible governance geared to value creation. Their ultimate goal is to make Shareholders, Investors, Customers and the Bank's Employees ever more confident that their interests are and have always been scrupulously respected.

The corporate governance model of Banco Espírito Santo Group is thus based on **three key pillars**:

- › Information
- › Administration
- › Control

### 1.1. TO DISCLOSE INFORMATION

**Information** is a key feature in the transparency defended by BES Group. The Group is steered by the rule that any thing that is relevant must be made public. To this effect, in its **Annual Report**, BES Group provides detailed information on the company's management and governance.

The Group's **website** ([www.bes.pt](http://www.bes.pt)) represents a privileged means to promote access to comprehensive information on all aspects of the company's life. Such information is contained, among others, in the annual and interim reports, in quarterly financial information, and in the corporate governance report, which are accessible to all visitors to the site.

For Investors and Shareholders, BES Group has created a specific area of information in its site where it is possible to put questions and make suggestions. It has also set up an **Investor Relations Office**, which is responsible for promoting the relationship with Shareholders, Investors and Analysts, clarifying any questions and disclosing information.

To ensure the truthfulness and reliability of the information disclosed to the market, an internal system viewing control and disclosure of information has been created, relying on a Financial Reporting Team and an Ad Hoc Information Reporting Team.

The Financial Reporting Team is responsible for guaranteeing the efficiency of the entire process of collecting, preparing and periodically disclosing financial information to the market. The Ad Hoc Information Reporting Team is responsible for guaranteeing the efficiency of the process through which BES discloses sundry information to the market by means of relevant facts communications or press releases.

To enhance transparency vis-à-vis the market, and based on a strong commitment to the best corporate governance practices, BES Group does not limit itself to following the legal requirement of publishing notices convening General Meetings, but seeks to communicate individually with each Shareholder, thus encouraging him/her to participate in the Group's life.

Banco Espírito Santo Group seeks to ensure that the technical complexity of the legal rules governing General Meetings' attendance will not draw Shareholders away from participating in the life of the company. Hence it invites Shareholders to clear any doubts about the exercise of rights in the company through the email address [accionista@bes.pt](mailto:accionista@bes.pt).

In line with the option taken for transparency and sharing of information on the various aspects of company life, the creation of a quarterly newsletter - VALOR BES - was approved in 2003. The purpose was also to build loyalty links and strengthen the existing relation with the Bank's Shareholders. This newsletter, which started to be published in 2004, constitutes a step further in a modern communication model oriented to financial information needs. In each quarterly edition the Shareholders will find information on the Group's activity and results as well as on many topics of interest, namely related to the situation of markets, to BES shares and to the Portuguese economy.

### 1.2. TO BE GUIDED BY CLEAR RULES

The **structure and functioning of the Board of Directors** are guided by clear rules. From its 31 members, 14 are independent directors. The Board not only includes representatives of BES main shareholders, but also representatives of minority shareholders, former staff members and also directors with no specific ties to the bank.

<sup>1</sup> | In accordance with article 1, number 2 of CMVM (Portuguese Securities Market Commission) regulation no. 7/2001.

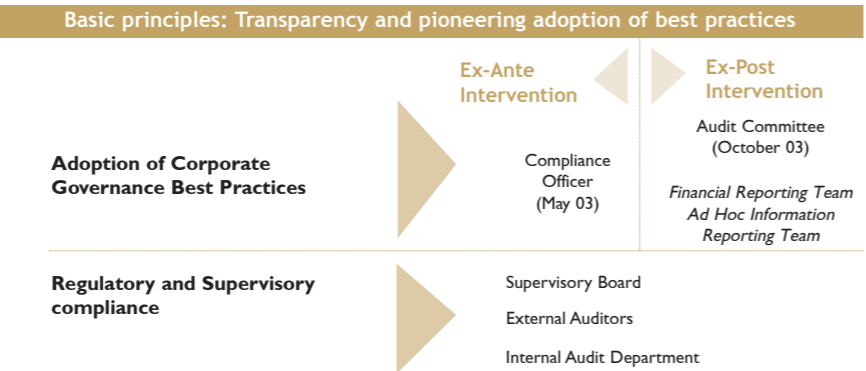
Board members are subject to specific rules intended to avoid conflicts of interest. Only in very limited situations foreseen in the law are they admitted to enter into businesses with the Company. They must communicate immediately any personal transactions involving BES shares and they are forbidden to enjoy any special advantages on account of the position they occupy. An independent Remunerations Committee elected by the General Meeting sets the remuneration of Board members, which includes a variable component that is dependent on the Company's performance.

In addition to the efforts undertaken to regulate the conduct by clear rules, Banco Espírito Santo also updated its Code of Ethics in 2003. The Code addresses all the Bank's business areas, placing particular emphasis on the set of ethical duties and responsibilities applying to its employees, while raising their awareness to the need to comply with regulations and requiring personal subscription. BES' Code of Ethics is available for consultation by any Shareholder, providing he/she so asks the Company Secretary.

1.3. TO GUARANTEE CONTROL

Finally, responsible governance cannot dispense with effective structures dedicated to **internal control**. BES has for several decades now had a Supervisory Board (Conselho Fiscal), which is the body responsible for supervising the activity of the Board of Directors. The ever increasing need for transparency led to the creation, in October 2001, of an **Audit Committee** exclusively made up of non-executive independent Board members with vast experience in the financial area. The Audit Committee assists the Board of Directors in the fulfillment of its duties of disclosure of financial information, internal and external audit, internal control and application of the code of conduct.

In May 2003, BES set up a **Compliance Office**, responsible for ensuring compliance with legal, statutory, operational, supervisory, ethical and conduct requirements applicable to BES. By taking this measure, BES guarantees that the legislation is complied with and that the Group's regulations are observed.

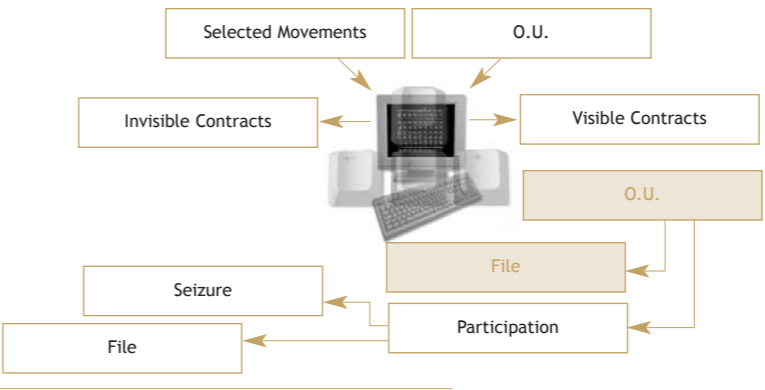


1.4.TO FIGHT FRAUD AND MONEY LAUNDERING

Fraud and money laundering represent a serious threat to the financial system in general and to banking activities in particular. To tackle these issues, BES Group, through its Internal Audit Department, has developed a number of internal prevention and control mechanisms, duly regulated, which permit to fight such criminal activities.

Hence in 2003 several alerts were broadcast through the Group's intranet - BESWEB - on accomplished or attempted frauds, giving rise to 135 interventions and resulting in 12 participations to the legal authorities. From the 135 interventions, 14 were originated internally and 121 externally.

Money laundering is addressed in the Group's internal regulations. Several external factors, namely changes to the Portuguese law and recommendations issued by national and international organizations such as the FATF - Financial Action Task Force on Money Laundering, led to the adoption of internal mechanisms aimed at improving the capacity to respond to internal and external requests concerning risk-related situations. In this regard, we note the production of a computer application that traces and processes situations belonging to this type of practice, and which, based on the previous definition of research parameters (type of transactions and minimum amounts), permits to detect individual or accumulated operations that may point to any such illegalities having been committed.



6,837 contracts were thus selected in 2003, corresponding to 100,990 movements, from which resulted 56 communications to the Attorney-General's Office.

In observance of international rules, BES Group has taken up the practice of circulating questionnaires in institutions outside the scope of the OECD concerning "Methodologies for the Prevention of Money Laundering". 559 such questionnaires were sent to the same number of institutions in 2003, from which 221 replies were received.

Corporate Governance is a continuous and evolving process. At BES Group, the rules on corporate governance are not immutable and they aim to be periodically revised. This is why, among other aspects, new forms of communication are constantly being analyzed to permit regular contact and considerably enhance the information conveyed in reply to the needs of BES shareholders.



2

Relationship  
with the  
Employees

## 2

### Relationship with the employees

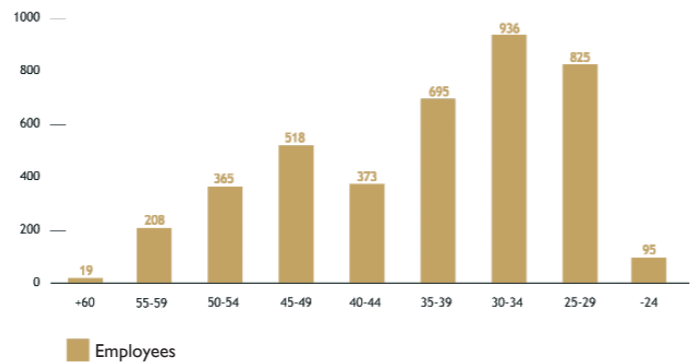
Every one of BES Group employees, with his/her skills and commitment, is essential for value creation. It is up to the Group to know how to join the company's interests and needs to the professional and personal expectations of its employees in order to strengthen this fruitful relationship.

The Group's history already includes several initiatives aimed at promoting employee development and wellbeing.

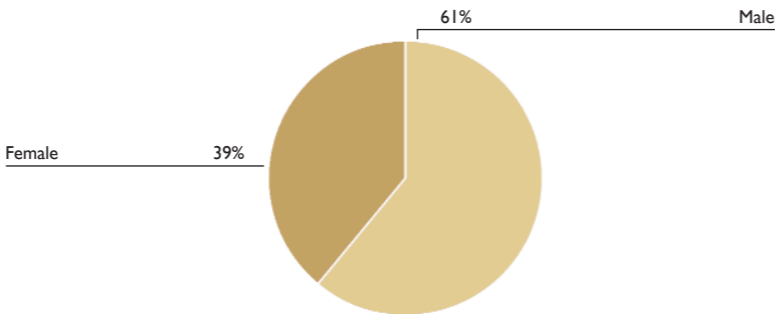
The future will take even further these shared aspirations.

#### Description of BES staff

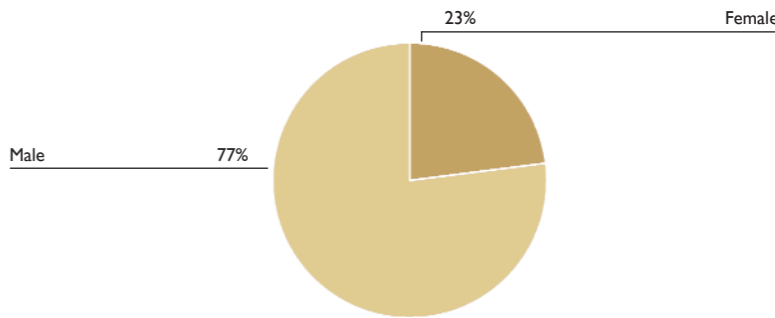
Staff by age brackets



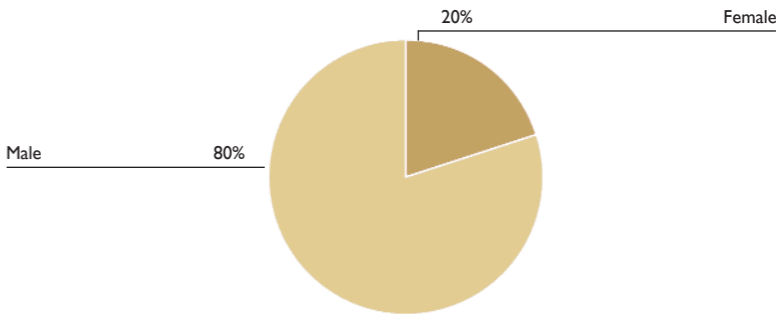
Total employees by gender



Intermediate management by gender



Senior management by gender



#### 2.1. TO PAY ATTENTION TO THE QUALITY OF INTERNAL COMMUNICATION

Fluency, transparency and accessibility are the key words steering the Group's internal communication. Some examples may help show how such concepts have been put into practice: the Bank's executive directors have many years ago decided that they preferred to work in an open space rather than in private separate offices.

To mark the existing spirit of cohesion, the Chairman of the Executive Committee never lets the Christmas and New Year season go by without giving the season's greetings to all the employees.

### BESWEB - the pillar of internal communication

BES Group's Intranet - BESWEB - covers all the Group's companies and its address is the default page of the browser installed in every work post.

This virtual channel is used to convey the information supporting the activities developed by the Group's companies, thus considerably reducing the circulation of paper documents.

The news published every day are sorted according to broad areas of activity:

- › Commercial - disclosure of information on products, campaigns, performance rankings, etc;
- › Operational - internal regulations, applications, alerts, etc;
- › General Information - on quality, social and sports activities, etc;
- › Breaking news - more urgent news.

In addition to the news, the contents are divided by company and give access to a tree menu, whose first level includes the following items:

- › Commercial
- › Organization
- › Training
- › Quality
- › Services
- › Information
- › Helpdesk

Another level of cross-sectional contents is available to the entire BES Group universe and includes the following areas:

- › Employee - sundry information addressed to the employees;
- › Contacts - list of all the Group's employees contacts;
- › Institutional - data on the group companies;
- › News - clippings and news on the financial area, quotes, etc.

Under the "Employee" section, it is possible to access the following information:

1. BES Social Report and Code of Ethics;
2. Form for applying to mortgage loans intended for permanent residence;
3. Form for participation in the Efficiency Prize;
4. Announcement of internal recruitment opportunities;
5. Announcement of sundry initiatives (photography contests, short story contests, etc);
6. Communications from the Sporting and Cultural Association of BES Employees;
7. Daily communication of all birthdays within the Group;
8. Weekly canteen menus and timetables of medical units;
9. Contacts of the Workers Committee;

The constant use of documents included in this section and the high level of participation in the activities announced show that all employees frequently resort to this area.

The Intranet - BESWEB - also regularly features pastimes addressed to the Employees. These pastimes take the form of questions concerning the Group's culture the answers to which may be searched in the Intranet itself. The prizes awarded are usually tickets to shows sponsored by the Group, namely football matches or concerts.

### Bes@ctual

BES Group publishes a bi-weekly internal communication magazine in digital format featuring news about the activities developed by the various Group companies.

Access to this publication is universal to all companies accessing the Group's intranet. For those lacking on-line access, a document in pdf format with the contents of each edition is produced and sent by e-mail to the employees working in the four continents where Banco Espírito Santo Group is present.

This publication results from the work of a network of correspondents in the various group companies, who make sure that its contents are constantly updated.



## 2.2. TO SUPPORT CAREER DEVELOPMENT

### Seventy hours of training per employee

To foster the professional development of its employees and improve the quality of Customer service, BES Group has provided an average of 70 hours of training per employee in 2003, during working hours, addressing both technical and behavioral issues.

To promote the professional development of its workforce, the Group has implemented a new training environment: training was decentralized through the establishment of training rooms spread all over the country, equipped with replicas of the Bank's information system. A new e-learning platform was also developed, considerably improving learning and certification conditions. These measures made it possible to cover the entire universe of BES, BIC and BES Açores employees.

THE GROUP'S CONCERN WITH PROVIDING TRAINING to its employees as a means of fostering professional development and creating a corporate culture has a long history. Already in 1929 the Group was encouraging the civic, educational and professional development of its young employees when it created the "School for Grooms". This was perhaps one of the most important measures taken within the "human resources policy" of that time.

This School allowed the young people hired to the first level of "minor staff" to work as grooms or errand boys to attend a training course preparing them to exercise professional functions of greater responsibility, besides giving them general instruction and education bases.

In 2003 BES Group implemented four major training projects viewing the improvement of the service provided to all Customers:

- › Certified Training Plan addressed to the entire staff of the branch network, with modules that ranged from Banking Technique to products and sales techniques;
- › Certified Training Plan addressed to the employees of the Corporate Centers;

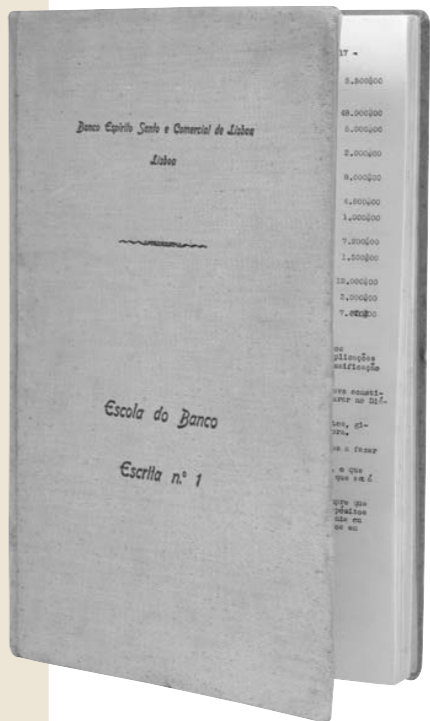
- › Integrated Training Plan for all the Managers of the affluent segment (BES 360°);

- › Training Plan for managers of the Commercial Department - North on "Prevention of Fraud and Money Laundering". This initiative will be continued in 2004.

The Group also allows its senior staff to take subsidized higher education courses in Portugal and abroad in recognized management schools, namely the Portuguese Catholic University, the Universidade Nova, INSEAD and the London Business School, among others.

On the whole, training activities in 2003 may be summed up as follows:

- › 383 initiatives
- › 58,835 participations
- › 115,277 hours of training.



› "Bank's School - Writing no. 1" book. Banco Espírito Santo e Comercial de Lisboa. 1940.

2.3. TO REWARD THE SPIRIT OF INNOVATION

Efficiency Prize

The Efficiency Prize was first launched in 2002 and takes place every year. It is a contest of ideas that aims to improve BES Group's processes and internal organization and to make the work of every one more efficient.

The concept underlying this contest was the belief that **every Group employee has his/her own opinions and ideas** and that it would be important to create a mechanism permitting to find out about them and put them into good use at the service of corporate efficiency.

The employees who wish to present their proposals may do so individually or form a group comprising a maximum of four members. They should bear in mind the following motto: to rationalize costs without jeopardizing the quality of the service provided, at internal or external level.

The works submitted are analyzed by a selection panel, which, with the help of the specialized technical areas, decides on the originality and workability of the ideas presented. There are three winners, to whom the following prizes are awarded:

- › Platinum Efficiency Prize - travelling-cheque in the amount of 10,000 euros
- › Gold Efficiency Prize - travelling-cheque in the amount of 7,000 euros
- › Honorable Mention - travelling-cheque in the amount of 3,000 euros

All the ideas winning a prize are put into practice in the Group.

The 2003 Efficiency Prize was awarded to the following employees for their ideas:

Prize	Employee	Company	Location	Theme
Platinum	Pedro Alberto Pereira	BES	Branch in Cova da Beira Hospital Unit	Reducing the size of the Direct Deposit form - cost reduction / benefits for the environment
	Paulo Rato			
Gold	Paulo Jorge Cunha Simões	ES.ACE	Purchases and Property Department	Optimization of electricity consumption in the branch network- reducing costs and administrative procedures
	António Cachado Farinha Nuno Nascimento			
Honorable Mention	Ricardo Jorge da Cunha Leão	ES.ACE	Information Systems Department	Optimization of data processing services provided to project areas
Honorable Mention	Jorge Ferreira	BES	Vilamoura Branch	Optimized completion of single form.
	Ana Viegas			
Honorable Mention	Maria Dulce Marques Mariano Dias	BES	Corporate Communication Department	BES Annual Report - new approach.
	Ana Isabel de Matos			

Delivery of the Efficiency Prize

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> Centro de Congressos do Estoril. October 2003.

2.4. TO SHARE SUCCESS

Stock-Based Incentive System

BES Group adopted the Stock-Based Incentive System (SIBA) as an instrument of Human Resources policy. This system was adopted by 90% of the companies included in the Fortune 500 list, and BES Group pioneered its implementation in Portugal. Its purpose is to give employees the possibility of acquiring a part in the share capital of the company in which they work.

The SIBA has a clear motivational purpose and its main objectives are to foster loyalty among Group employees and to stimulate their commitment to the permanent improvement and growth of the Group's business and results.

SIBA has not replaced the policy of employee participation in the Group's profits. This is a complementary system used to reward employees for the results obtained, and a more effective way of sharing future economic value.

2.5. TO PAY ATTENTION TO STAFF WELLBEING

Sporting and Cultural Association of BES Employees

The Sporting and Cultural Association of Banco Espírito Santo Employees (GCDTBES) was created by BES in 1938 with the purpose of drawing together the Group's workers in a leisurely environment, thus helping raise motivation and build a strong corporate culture.

These values have been kept alive, while GCDTBES broadly expanded the range of activities promoted: from sports, with particular emphasis on in-house football, body-building, karate and swimming, to leisure activities such as cultural and adventure expeditions week-ends and a folkloric group.

In sports, BES is alert to emerging talent, and supports the development of promising careers.

One of the more important activities of GCDTBES is BESCLORE. This folklore group was created in 1987 and has 42 members. Its objective is to collect, represent and promote traditional folk songs and dances, namely from the Portuguese Alto and Baixo Minho regions. It has participated in countless festivals, popular gatherings and charity shows, of which one of the most

BESCLORE

>>>



> Photos of the Folklore Group of Banco Espírito Santo Employees

important was the Folkdance Festival of Palma de Mallorca. BESCLOSE is considered one of the largest and more important folklore ensembles in the world, having twice obtained the first prize in folklore contests (in 2001 and 2003).

The initiatives developed by the Sporting and Cultural Association of Banco Espírito Santo Employees are supported by individual contributions (the association's members pay an annual membership fee and a monthly fee) and also by an annual donation from the Bank, of 167,600 euros.

BES is aware that the wellbeing of Banco Espírito Santo Group's employees entails the wellbeing of their children.

During the summer months GCDTBES organizes with external entities leisure time activities for the children of the Group's employees, such as holiday camps and seaside camps.

In the summer of 2003 fifty six children participated in open seaside camps - they were taken every morning to the beach, and in the afternoon practiced sports and engaged in cultural and leisure activities.

On the other hand, the holiday camps, of one or two weeks, allowed twenty four children to have a closer contact with nature.

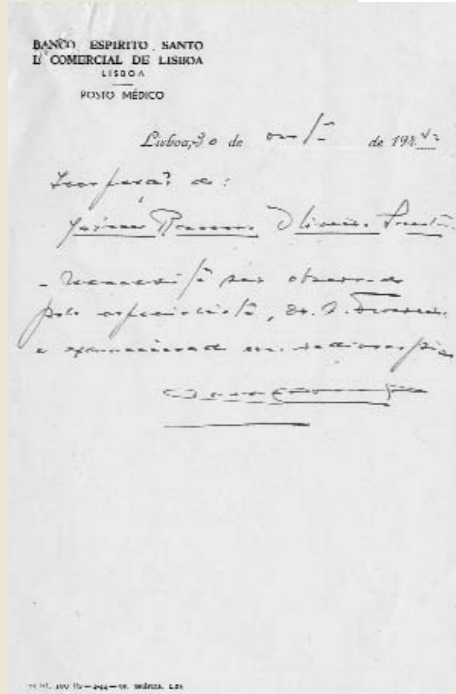
2003 Leisure Activities

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BES HAS HAD A LONG-STANDING CONCERN WITH THE WELLBEING OF ITS EMPLOYEES. The first internal health services, in Lisbon and Porto, date back to the thirties. They were set up by Ricardo Espírito Santo Silva and included internal medical services, clinical services at home and a nursing unit. This happened at a time when the population in general still had no access to permanent health care services.

>>>



> Medical prescription. 1942.

Internal health service

Banco Espírito Santo currently has three health centers located in Lisbon, Porto and Coimbra, offering its employees privileged medical services. In addition to an occupational health unit, which is required by law, these centres comprise a curative medicine service and a nursing service. The medical team includes professionals with leading positions in public hospitals.

In 2003, the medical services were used by 4,485 employees.

	TOTAL		TOTAL	
MEDICAL TREATMENTS	7,717	NURSING TREATMENTS	6,021	
Consultations	3,487	Sundry treatments	3,173	
Minor surgery	35	Blood pressure	2,793	
Prescriptions	4,195	Electrocardiograms	55	
NO. OF PERSONS TREATED			4,485	

Breast and prostate cancer screening

A breast and prostate cancer-screening program was implemented by BES Group in 2001. The occupational health service directs the employees to this prevention examination, the target population having been defined as including all female employees from the age of 40 and all male employees from the age of 50.

122 women employees have already used this service from 2001 to 2003, of whom 99 were screened in the Lisbon clinical services:

- > 60 were subject to examinations under a protocol established by the Bank (61%);
- > 35 had recently been examined (35%)
- > 4 refused to be screened (4%).

Breast cancer screening	122
Breast Ecography and Mammography	99
Mammography	23

THE CREATION OF A SOCIAL WORK OFFICE DATES BACK TO THE SIXTIES and its purpose was to help the Bank's employees who were going through a difficult period in their personal lives.

At the time, and in accordance with the bank's social policy, the role of the social worker was to act as a conciliator and mediator.

>>>



> Mrs. Idília da Conceição Gonçalves Esteves, The Bank's first social assistant  
Date of admission: 11 January 1960  
Employee no. 1477

Since this service was implemented, 504 men employees have already been screened for prostate cancer, and by 2003 there had been one case of confirmed cancer. The person in question was subject to a surgical operation and is now being followed-up.

The Porto and Lisbon clinical services also carried out vaccination campaigns in 2003, having vaccinated 690 employees.

Social work

The existence of a social work office shows the Bank's concern with the wellbeing of its employees.

This initiative is part of the staff policy defined by the Company, which has the following objectives:

- > To enhance the importance of the human side of work in the organization;
- > To promote health in the workplace;
- > To improve the social wellbeing of employees.

These same objectives are behind the implementation of initiatives of a broader scope:

1. To promote, take part in and follow-up on actions within the organization viewing the resolution of social problems affecting individuals or groups of individuals;
2. To cooperate with the health services (internal and external) in the analysis and solving of specific problems affecting employees and their family members;
3. To cooperate in projects within the Scope of Human Resources management (early retirements, assessment and control of situations of prolonged absenteeism).

In 2003, at the initiative of either the employee, the organization (direct superior officer, senior management, clinical services), or external entities (SAMS<sup>1</sup>, Trade Unions, etc.), 205 cases requiring direct intervention were given particular attention, in Lisbon and Porto.

LISBOA			TOTAL
Situations	New	Follow up	
Economic problems	45	10	55
Health problems	18	8	26
Working relations problems	22	15	37
Family problems	2		2
Other situations	5		5
TOTAL	92	33	125
PORTO			TOTAL
Situations	New	Follow up	
Economic problems	20	4	24
Health problem	25	12	37
Working relations problems	14	10	24
Family problems			
Other situations	4		4
TOTAL	63	26	89

### Canteens

BES's concern with the wellbeing and health of its employees also shows in another type of social equipment, its canteens, where healthy food is provided.

BES has four canteens - three in the Lisbon Area and one in Porto, all of them including a self-service and a bar. The canteens' timetables were adapted to the needs of the workers they serve. Two of them, the Carnaxide and Oriente canteens, serve other meals besides lunch, namely breakfast and tea.

In 2003 the four canteens served 430,712 meals, of which 264,174 in the self-service and 166,538 in the bar.

<sup>1</sup> SAMS - medical and healthcare services for banking sector employees.

### 2.6. TO FOSTER CITIZENSHIP

#### Portuguese Institute of Blood

Donating blood is a simple gesture, which only depends on one's decision to do so. To support this universal cause, BES has since 1990 supported the Portuguese Institute of Blood, with which it has signed a cooperation agreement, aimed at collecting blood donated by its employees once in a year. Since the agreement's implementation 400 employees have already given their contribution.





3

Customer  
Relations



Customer relations

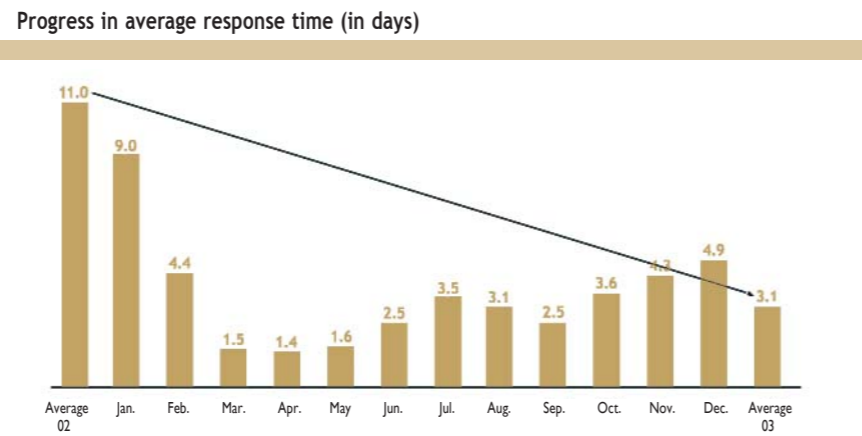
At BES Group, service quality is inseparable from values such as care and attention, transparency and ethics; moreover, it represents a commitment of particular importance in banking activities. The Customer's recognition will be shown through his/her ties to the company and loyalty to the services provided. To build a relationship of trust with the Customers is a priority in the Group's quality policy. To achieve that, one has to **know how to listen**. That's what BES Group does, investing on various dialogue tools to reach global customer satisfaction.

3.1. TO WORK TOWARDS SATISFACTION AND EFFICIENCY

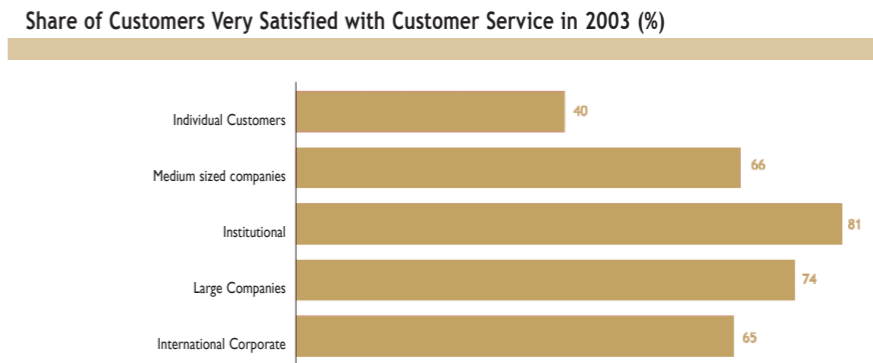
Surveys and satisfaction line

BES Group has introduced several tools to sound the customers' opinion and from there improve service quality. To present their problems or complaints, and if they don't wish to go to a BES branch or to do it by letter, customers may use the **satisfaction line**, via e-mail or telephone.

The reorganization of the complaint solving internal processes and coordination circuits produced a clear **improvement in the effectiveness of response**: in 2003, 80% of customer complaints were replied within an average of 3 days, which compares with 11 days in 2002.



In addition, the Bank also promotes regular satisfaction surveys addressed to all customer segments. In 2003, in the Large Companies, Corporate and Institutional segment, there was an increase of 7 percentage points (pp), to around 75%, in the share of customers declaring they were "very satisfied" with the service provided. In the individual customers segment, this increase reached 9 pp, with 40% of them saying they were "very satisfied".



Mystery Client

One of BES Group's commitments within the scope of its policy for service quality is to maintain the practice of mystery client visits: a person impersonating a customer visits the branches with the purpose of testing the level of compliance with customer service protocols (efficiency, kindness, speed in carrying out operations, explanations about the products, etc). This practice makes it possible to build a basis for assessing and listing corrective measures. In 2003, 1,778 such visits were made to the branches, covering 96% of the branch network, finding an average performance level of 82%.

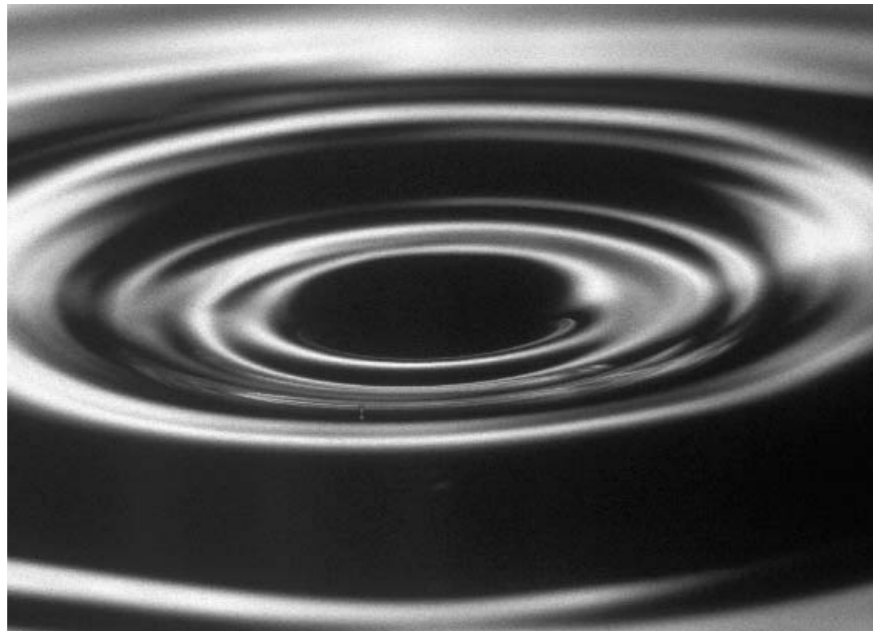
Focus on continuous improvement

The data collected regarding customers' expectations and the actual level of service quality allows BES Group to determine which measures are required for improvement. Thanks to the continuous improvement system implemented, BES Internet Banking service for individual customers - BESnet - was recently certified by the Portuguese Association for Certification, under the international standard NP EN ISO 9001: 2000, for the effectiveness of the Quality Management System implemented in this service.

Excellence in customer service

The branches (BES retail network) and Medium-sized Corporate Centers, which in 2003 reached the highest standards of customer service through the commercial action developed, were rewarded with the 2003 Excellence prize.

The 10 best branches	The 3 best corporate centers
1   Barrancos (D.R. Alentejo)	1   CE Aveiro
2   Ponte da Barca (D.R. Braga)	2   CE Guimarães/Famalicão
3   Rinchôa (D.R. Amadora)	3   CE de Setúbal
4   Sendim (D.R. Trás-os-Montes)	
5   Santa Maria da Feira (D.R. Espinho)	
6   Madorna (D.R. Cascais)	
7   Estrada da Luz (D.R. Universal Saldanha)	
8   Cortegaça ( D.R. Espinho)	
9   Guarda ( D.R. da Beira)	
10   Avintes ( D.R. Espinho)	



Delivery of the 2003 Excellence Prizes.

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> Centro de Congressos do Estoril. October 2003.



# 4

Community  
Affairs and  
the Environment

# 4

## Community affairs and the environment

A healthy society requires harmonious development and equal opportunities.

BES Group regards the support provided to social solidarity institutions in Portugal as an imperative, and as a way of creating opportunities for a more harmonious development of society.

To help build an innovating society also entails supporting the development of a creative and critical spirit in people. To this end, BES Group has chosen several areas of culture and sports, contributing to their development.

A healthy society also entails the respect for the environment, to guarantee that our planet's living conditions are preserved in the present and in the future. This is a pressing issue for every citizen, but particularly so for companies, due to the impact of their activity on the environment. Naturally, BES Group is also concerned with this issue and therefore included in its plan of activities for 2004 a set of measures to be taken at internal and external level aimed at improving its performance in this area.

THE ORIGINS OF JOSÉ MARIA DO ESPÍRITO SANTO E SILVA WERE QUITE HUMBLE. In fact, he may have been the illegitimate son of an aristocrat and, in the 1870s, he certainly was a self-made man.

In his life there was no place for ostentation or waste. José Maria do Espírito Santo e Silva was a benefactor<sup>1</sup> of several institutions, namely child-care institutions.

Six months after his death a ceremony took place at the Sociedade de Instrução e Beneficência José Estêvão during which the banker's portrait was unveiled. On this occasion, Pena Monteiro, a close acquaintance of his, declared: Espírito Santo e Silva, as a lottery trader, and thanks to his great honesty and dedication to work, and after having distributed his wealth all around him throughout his entire life, without denying help to any charity needing it, was able to bequeath to his family, in addition to material goods and wealth - which is something - a respected name - which is a lot, which is everything, which is the best and the nobler title one may inherit"<sup>2</sup>. The speech ended with a reminder to a sentence often said by the banker: "the more I give the more I have to give".

<sup>1</sup>"Diário de Notícias" daily newspaper, 28 December 1915

<sup>2</sup> Speech of the chairman of the Sociedade de Instrução e Beneficência José Estêvão (José Estêvão educational and beneficence society) on 30 July 1916

### 4.1. TO GIVE HOPE

The principle behind the social support provided by Banco Espírito Santo lies in its commitment to redressing the injustices that exist in society. The purpose is to convey a sense of hope to all those who for various reasons lacked the opportunity to surpass social, emotional or educational shortfalls.

Throughout the years BES Group has largely focused its contribution on supporting children and young people in situations of serious risk. The Group's objective is therefore to contribute in various ways to build a happier future, by allowing these children and young people to grow in a world where there are equal opportunities for all.

The Group's mission to give hope to the needier citizens goes beyond the support provided to the institutions it has helped during these years. Drawing attention to each case, and making public appeals for the need to contribute to improve dignity in living conditions has always been and will always remain part of Banco Espírito Santo Group's position in its fight for a fairer and more harmonious society.

AT THE START OF THE 1930s, BES GROUP WAS ALREADY SUPPORTING SOCIAL INSTITUTIONS, as it believed this was part of its role as a promoter of the development of Portuguese society. The Santa Isabel orphanage-school, subsequently integrated into the Social Work network, and the Paço do Lumiar Primary School were two of the institutions that benefited from the Bank's donations.

The Santa Isabel orphanage-school, an institution dedicated to the protection of destitute children, was officially supported by Banco Espírito Santo, and at private and personal level by its directors and managers.

Álvaro Vilela, a BES Senior Manager, out of the kindness of his heart, and together with the Bank's employees, supported the orphanage through his work and donations. His generosity was publicly recognized by the Portuguese State, which in 1945 awarded him the Order of Beneficence. Two years later, Pope Pius XII awarded him the Gregorius Magnus pontifical decoration.

This text was based on the publication "Banco Espírito Santo. A Portuguese Financial Dynasty (1869-1973). 1st Volume", written by Carlos Alberto Damas and Augusto de Ataíde.



> Photo of a visit to the Orphanage. Homage paid to the Orphanage's Direction - 22-07-62. José Ribeiro Espírito Santo Silva and his brother, Manuel Ribeiro Espírito Santo Silva, from the Bank's Board of Directors, may be seen in the photo.

THE "NOVO FUTURO" ASSOCIATION IS A PRIVATE SOCIAL SOLIDARITY INSTITUTION, recognized as being of high social interest. It began its activities in Portugal in 1997, and its objective is to build and manage small homes for children and young people lacking a family or taken away from their family by court order. Banco Espírito Santo has been our greatest benefactor, the State only providing partial financial support to our project. The Bank has supported "Novo Futuro" since its beginnings, through various initiatives. I will just mention the more recent ones: the BES/Euro campaign "With the support of BES Group, exchange escudos for solidarity towards "Novo Futuro". NF and BES joined together to collect the last escudos and other European Union currencies before the coming into force of the euro. Another initiative, which was particularly original and interesting, was the BES/A Bola Cup. This is an annual prize awarded to the best performing team in matches disputed between the three largest Portuguese football clubs. A two-fold dimension is also added to this initiative: social responsibility and solidarity, and fair play. These values, on which we put such a high prize, are at the same time crucial pillars in the education and training of children and young people. As regards the prize's social solidarity dimension, the points obtained by the winning team are transformed into a certain amount that is donated to the "Novo Futuro" Association.

*Isabel Guerra.*  
*Chairman of "Novo Futuro" Association*

## "Novo Futuro" Association

BES Group has also lent its support, as a donor and benefactor, to "Novo Futuro", an Association of Family Homes for Children and Young People. Novo Futuro is a social solidarity institution whose purpose is to **build homes to shelter children and young people deprived of a family environment.**

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> Isabel Guerra , Chairman of "Novo Futuro" Association

Novo Futuro has since 1998 developed a set of initiatives to raise funds from Portuguese companies and private individuals. BES Group contributed to the development of some of these campaigns, thus helping reinforce the institutional visibility of "Novo Futuro" by associating to it the Bank's image.

"ACREDITAR" IS A SOCIAL SOLIDARITY INSTITUTION PROVIDING SUPPORT TO CHILDREN with cancer and their families since 1993. The Institution develops activities at national level. These include providing assistance in hospitals through voluntary work, such as the donation of toys, the preparation of projects, the organization of holiday camps and other recreational and educational activities for children and young people, providing support to parents, publishing books, building and managing homes to shelter children undergoing outpatient treatment, and many other initiatives which always make a difference no matter how small. Our association has been entirely supported through social patronage. The only exception was the financing of 75% of the construction of the Acreditar Home in Lisbon by the Health XXI Program. BES guaranteed the financing for the largest share of the own capital required. This financial support, and the invaluable human and logistics assistance provided by the Group permitted to transform this project into a reality. After the Home was built, the Group's support continued to be felt: in 2003 it financed two of its rooms which now bear the names BES and BIC. The Group's support may be set as an example of solidarity and social responsibility in Portuguese society.

*Margarida Cruz,*  
*General Manager of "Acreditar"*

## "Acreditar"

BES Group has supported "Acreditar" since 1996. Acreditar - Association of Parents and Friends of Children with Cancer, is a private social solidarity institution that was founded in 1993. It was born out of the national mobilization of parents of children using pediatrics oncology services, and has as its mission: "To treat children with cancer and not only the cancer in children, so that they may have the same opportunities, not only for survival, but also for gaining psychological and physical health, and grown fully-developed adults".

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> Margarida Cruz, General Manager of "Acreditar"

The Group has donated 279,000 euros to build a home for children who, though suffering from cancer, may be treated out of hospital, as well as for their families. This home permits to receive these families in a cozy environment adapted to their needs. This will be the home of all those who live far from Lisbon and must come to the capital for outpatient treatment.

After the home's inauguration in 2003, Banco Espírito Santo Group continued to support this house, having financed two of its twelve rooms, in the amount of 27,268 euros.

### Fenacerci

Fenacerci - Federação Nacional das Cooperativas de Solidariedade Social is a public utility institution founded in 1985 that represents the Social Solidarity Cooperatives spread all over the country. These Cooperatives provide assistance, directly or indirectly, to around 7,000 children, young persons and adults with disabilities or multiple disabilities, as well as to their families.

Fenacerci, whose mission is to promote the recognition of the rights of people with mental disabilities, has been increasingly enlarging its scope of action. It also aims to raise the awareness of the public to this problem, namely through the media, thus gradually changing mentalities and permitting a better integration in society of people with mental disabilities.

BES Group has been associated to Fenacerci since its creation, namely by opening a bank account and launching fund raising campaigns - the "Magic Firefly" campaign is the longest-standing and more important social solidarity initiative in Portugal.

### Porcide 3/Think

In March 2003, Banco Espírito Santo joined PT Comunicações, HP, Microsoft, Telemanutenção, MSFT - Software para Microcomputadores, PTM.com, Lusomundo/PT Multimédia, ADECCO, FCB and 3C to implement the PORCIDE 3/THINK project. The purpose of this project is to integrate 32 disabled persons who are starting their professional activity doing tele-work.

The consortium formed by these companies provides the infrastructures which these disabled people need to develop their professional activities, free of charge, for an initial period of six months. Following this period, Banco Espírito Santo has undertaken to open a special credit line for the acquisition of work material, with a grace period of six months and a maximum amount of 2,000 euros per applicant.

### "Leigos para o Desenvolvimento" Association

BES Group has since 1999 supported the development of initiatives and projects in Portuguese-speaking African countries, donating 10,000 euros per year to the "Leigos para o Desenvolvimento" Association. This non-governmental organization for cooperation and development (NGOCD) works on projects in the areas of education, health and community development in these countries.

The association uses the support granted by BES Group in its annual fund-raising campaign, through mailings addressed to private individuals and companies, the press and TV.

In 2003 the "Leigos para o Desenvolvimento" Association took the following initiatives:

**Education** - creation and management of a school in S. Tomé e Príncipe, using a teaching system for 5th to 12th grade students identical to the Portuguese system; creation of IT centers at the S. José School in Dili, East Timor.

**Health** - creation of health centers in Angola, S. Tomé and Mozambique; sending doctors to these countries; training health professionals;

**Community development** - creation of 18 day-care centers for pre-school children, providing training to the mothers in areas such as healthcare and education, in Mozambique; development of a project for the reintegration of street kids into families, in Angola.

### Summer 2003 Fires

The situation of public calamity caused by the fires that ravaged Portugal in the summer of 2003 produced a wave of solidarity in the country, which was joined by Banco Espírito Santo. To help those more affected by the fires, BES made available a sum of 3.6 million euros, divided into two parts:

- › 1.8 million euros granted as donations to the families whose houses suffered extensive damage;

- › 1.8 million euros granted through a subsidized credit line aimed at re-launching economic activities in the affected areas.

In close cooperation with 30 municipal councils, BES Group ensured that these sums reached directly the more affected families in the respective municipalities: Chamusca, Mação, Abrantes, Batalha, Proença-a-Nova, Portalegre, Nisa, Gavião, Vila de Rei, Sertã, Monchique, Silves, Grândola, Castelo de Vide, Portimão, Mafra, Pampilhosa da Serra, Idanha-a-Nova, Oleiros, Carrazeda de Ansiães, Castelo Branco, Fundão, Vila Velha de Rodão, Mogadouro, Freixo Espada a Cinta, Guarda, Mirandela, Torres de Moncorvo and Vila Flor.

By allowing the affected population to quickly recover their lost property, this initiative stimulated a **rebirth of hope**, which in turn worked as a **differentiating and driving factor of this initiative**.

From the amount allocated to recover deeply damaged houses, 919,100 euros had already been used at the end of 2003. Ninety-five houses were recovered or rebuilt, and another thirty-eight are still being recuperated.

As regards the credit line for the re-launch of economic activities under a protocol with the municipal councils, 180,000 euros were used to develop five projects.

In addition, the Bank also set up a "Solidarity Fund - Summer 2003 Fires" an account which allowed the population to actively participate in this initiative through their contributions. From the 61,000 euros raised in this account, the Bank has handed over 50,000 euros to the Voluntary Fire Fighters of Sabugal.

Places where houses have already been handed over

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### Solidarity at Christmas

Within the scope of its corporate citizenship project, in the Christmas of 2003 BES Group decided to allocate 60,000 euros from a sum usually spent on gifts to customers to grant a financial contribution to a number of social solidarity institutions.

These were the institutions that received donations:

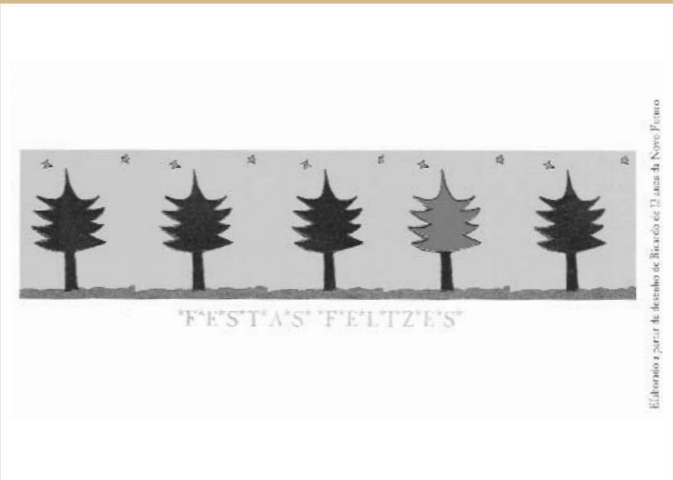
- › Associação Portuguesa de Portadores de Trissomia 21
- › Acreditar - Associação de Pais e Amigos das Crianças com Cancro
- › Associação Novo Futuro
- › Banco Alimentar contra a Fome - Setúbal
- › Núcleo Regional do Sul da Liga Portuguesa Contra o Cancro
- › Associação Crianças sem Fronteiras
- › Liga Portuguesa para os Deficientes Motores
- › Centro de Apoio a Deficientes João Paulo II
- › Congregação Madre Teresa de Calcutá - Setúbal

In addition to these donations, the Bank also helped the "Novo Futuro" Association, purchasing 50,000 Christmas cards, in the amount of 17,500 euros, featuring drawings made by the Association's children.

Finally, and in the spirit of Christmas solidarity, Banco Espírito Santo offered a Christmas gift to all the children of the Évora University employees, for a total amount of 18,620 euros.

### 2002 and 2003 Christmas cards

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> BES Group Christmas cards

#### 4.2. TO PROMOTE SPORTS AND HEALTHY COMPETITION



> Winning team of the Roller-Skate Hockey World Championship. 1947.

Banco Espírito Santo Group has at all times supported sports, in its various modalities, a support where the social responsibility dimension was always present. In 1947 BES sponsored the winning team of the Roller-skate Hockey World Championship.

In the 2002/2003 football season, as sponsor of the 3 major Portuguese clubs - Futebol Clube do Porto, Sport Lisboa e Benfica and Sporting Clube Portugal - the Group decided to promote a spirit of solidarity and active social involvement as it believes these are values that should increasingly guide the football industry, given its role and influence in Portuguese society.

In this spirit, and with a view to enhancing the positive associations arising from football, Banco Espírito Santo Group backs its more constructive values, associating to it a concept of healthy comradeship: **"Solidarity and Fair Play: We have a Team"**.

#### Sporting Benfica derby - 2002/2003 Season

Banking on their influential role in Portuguese society and large audience, BES Group, Sporting Clube de Portugal and Sport Lisboa e Benfica decided to take advantage of the last derby fought between these two teams in the old Alvalade Stadium to launch a joint **social solidarity** action in favor of the "Novo Futuro" Association.

This initiative consisted in a **donation by BES Group** worth twice the amount it would spend in the stadium as a match sponsor. For the first time in the history of football, the two teams sat for a photo in favor of a common cause: **"Solidarity and Fair Play"**: a 10,000 euro cheque was given by the two team captains to the Institution's President, on the day of the Derby. This action proved that some values are indeed more important than competition.

#### Solidarity and Fair Play: We have a Team

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> Sporting/Benfica Derby - 2002/2003 Season

### BES/A Bola Cup



> Banco Espírito Santo's homage to the Portuguese U-17 National Team. European Champions, June 2003.

In August 2003, BES and the "A Bola" sports newspaper created the **BES/A Bola Cup**, thus turning into a reality something that until then only existed in imagination of the fans of the three main Portuguese football clubs, i.e., a championship fought between the three big clubs - Futebol Clube do Porto, Sport Lisboa e Benfica e Sporting Clube Portugal. The winner is the club that gains more points in the matches played between the three teams.

The **Social Responsibility** and **Solidarity** dimension of this initiative lies in the donation granted to the **"Novo Futuro" Association**, whose amount depends on the performance of the championship's winner. The number of points obtained will determine the donation's amount, according to the following formula: **number of points x 2 x one thousand euros**.

### Sponsorship of the Portuguese National Team

Being strongly associated with the values of "Portugueseness", BES Group decided to sponsor and be the Official Bank of the Portuguese National Team, sponsoring the Under-17 National Football Team, for the 2002/2006 period. This sponsorship shows the Group's concern with promoting junior sports.

To honour the National Team's victory of the Under-17 European Football Championship, Banco Espírito Santo held a ceremony in its headquarters, which took place on 23 July 2003 and was presided by the Bank's Chairman of the Executive Commission, Mr. Ricardo Salgado. This ceremony was attended by representatives from the Government, the Lisbon Municipal Council, the Portuguese Football Federation, the Team's Coach, the Technical Team and Sub-17 players.

### Tennis and the Younger

**BES University Circuit** - As main sponsor of the Estoril Open, the Bank seeks to promote this sports event by launching an innovating initiative - the BES Tennis University Circuit - **addressed to the young people studying in all the**



> 7th BES Tennis University Championship. Estoril Open, April 2003.

**country's universities**, including the Azores and Madeira. The circuit is played in 8 regional phases between the main university centers, and the winners - men and women - dispute a final on day of the final of the Estoril Open.

**Tennis Schools** - Also linked to its sponsorship of the Estoril Open, Banco Espírito Santo Group offers free tickets to Portuguese tennis schools for the five days of the tournament. In 2003, some 1,500 children per day, from different schools, thus had the opportunity of watching the best tennis at international level.

In addition to these two initiatives, BES Group seeks to bring tennis closer to the younger, negotiating with the organization the grant of **discounts** to its customers, namely the younger ones.

### 4.3. TO PROMOTE TALENT

#### Universities

BES continues to privilege the area of education, particularly higher education, having as a strategic objective to play an active social and institutional role. This objective led it to sign cooperation **protocols with some of the more prestigious Portuguese universities**.

On the whole, the cooperation protocols entered with several universities represent a total investment of 270,000 euros per year, and permit to develop various initiatives, namely in the following areas:

- > **Support to activities of a scientific nature** - seminars, debates, conferences
- > **Award of study grants and prizes to the best students;**
- > **Different kinds of support to student associations;**
- > **Granting subsidised loans to students and employees to pay for tuition fees, computers, post-graduation courses, masters' degrees, PhDs, etc.**

These are some of the universities to which the Group currently provides support:

**Catholic University, since 1998**

- › 25,000 euro protocol aimed at promoting activities of interest for the academic community, namely access to the internet, which in 2003 involved an expenditure of 20,000 euros.
- › Prize for the Best Student in the Microbian and Genetic Biology Course - 500 euros.
- › School of Biotechnology - Study Grant for the Biotechnology course - 2,960 euros
- › Faculty of Philosophy - Best Student in the Philosophy and Development Course - 1,250 euros

**Lisbon University, since 2000**

- › Annual grant to support various activities, in the amount of 45,000 euros
- › Prize for the Best Student in the IT course - 500 euros
- › Best Mathematics Student - 500 euros
- › Statistics and Operational Investigation course - 500 euros
- › Biology and Geology (Biology Variant) course - 500 euros
- › Study grant for the Chemistry course - 2,500 euros

**ISEG, since 1992**

- › Prize for the best student of the Management Masters/MBA - 5,000 euros.

**Algarve University, since 2001**

- › Annual grant to support the university's activities, namely conferences and debates, in the amount of 22,500 euros
- › Prize for the Best Student in the Corporate Finance Masters degree - 2,500 euros

**Fundação Ensino e Cultura Fernando Pessoa, since 1998**

- › Grant of 15,000 euros, as follows:
  - Medicine Prize - 2,500 euros
  - VII Invicta Week - Foundation's Festival of students musical groups - 2,500 euros
  - Fernando Pessoa University Week - 10,000 euros

**Évora University, since 2001**

- › 1st Iberian Congress of Biology Students and 3rd National Congress of Biology Students - 2,500 euros

**Trás-os-Montes e Alto Douro University, since 1999**

- › 25,000 euro protocol to support activities of interest to the academic community
- › Prize for the Best Student in the Biology and Geology course - 1,250 euros
- › Prize for the Best Student in the Zootechnic Engineering course - 1,250 euros
- › Prize for the Best Student in the Basic Education course: 1,250 euros

**Lusófona University, since 2001**

The Bank awards an annual grant of 20,000 euros intended to support several of the university's activities, namely debates and seminars.

**Banco Espírito Santo Historical Archive**

The Banco Espírito Santo Historical Archive was created in 1996. Its purpose is to safe-keep all documents having an historical interest and to classify and file those intended for permanent keeping. The fact that Banco Espírito Santo has existed for such a long time makes it extremely important to preserve the existing historical documents, which not only include papers on the history of the Bank but also on the economic history of the country itself.

The Archive offers its users a small library specializing in specific themes (banking history, economic history, library techniques). The bibliographical fund contains more than two thousand volumes, mostly on law matters. Some of the books date from the first half of the 19th century. The archive also contains a video collection and a photo collection.

All those who have an interest in banking history and contemporary economic history may have access to Banco Espírito Santo's Historical Archive, which has thus become an important study and research source, as well as a source for those working on post-graduation and master's thesis.

**Ar.Co**

Also in the area of education, BES Group supports Ar.Co - Centro de Arte e Comunicação Visual, a non-profit cultural association of public interest which is considered a reference in visual arts teaching, through a **donation and support to various initiatives**.

THE MISSION OF THE ILÍDIO PINHO FOUNDATION IS TO HELP PASS THROUGH TO SOCIETY THE RESULTS OF SCIENTIFIC AND TECHNOLOGICAL ACHIEVEMENTS so that they may support economic progress and social development, of which our country is in so much need. In its role of catalyst of social society around important problems, which it is urgent to discuss and solve in our country, the Ilídio Pinho Foundation pioneered in Portugal the creation of an innovative program of Scholarship Grant-Loans addressed to higher education students.

The Loan-Grant concept promoted by this program is based on three aspects, which are considered important for the development and social integration of young students:

- to stimulate and support the learning and academic development of the more needy students, thus alleviating the financial burden which their studies represent for their families;

- to contribute to the financial self-sufficiency of the students, and help make them responsible people, as befits their status of mature young citizens;

- to convey the idea that one's professional path starts on the day we start a specific training at higher level, i.e., a long time before entering the labour market

One of the more important aspects of Loan-Grants is the fact that they awaken social responsibility and accountability amongst students, thus representing an effective alternative to family dependence.

*Ilídio Pinho*  
*Chairman of the Ilídio Pinho Foundation*



> Ilídio Pinho, Chairman of the Ilídio Pinho Foundation.

Since 1995 the Group donates a sum of 2,250 euros for study grants, and another 3,000 euros to help organize the exhibition of final-year students' works.

These study grants are sometimes limited to certain scientific areas or are awarded according to a selection made by the Foundation based on its perception of the needs of the Portuguese society at the time.

In 2001 the Group signed a protocol under which it grants an annual sum of 5,000 euros to help with the association's various needs. In 2003 and 2004 this amount will be invested in the photography, graphic design, plastic arts, illustration and video departments.

In the 2002/2003 school year, 47 study grants were awarded in the area of information technologies and communication, economic sciences and life sciences.

### Ilídio Pinho Foundation

BES Group and the Ilídio Pinho Foundation have formed a partnership to set up a Program of Scholarship Loan Grants permitting the access of lower-income students to higher education.

The main strategic guidelines of the Ilídio Pinho Foundation are to develop science and technology by strengthening links between universities, innovation centers and companies; to take part in cultural, social and economic processes of change through the society of information and digital economy; and to launch initiatives promoting the concept of Citizenship.

BES GROUP HAS BEEN SUPPORTING AMI IN MANY DIFFERENT WAYS for more than a decade (fund raising campaigns to finance emergency humanitarian missions, collections and other initiatives), thus building a friendly and trusting relationship between the two.

At present, the annual sponsorship awarded to fund the AMI prize - Journalism Against Indifference is of extreme importance. The purpose of the prize is to draw attention to a piece of journalism of exceptional quality giving testimony about situations, anywhere in the world, which, from the human, social, economic or any other point of view cannot be tolerated, and so contribute to lift the shroud of silence in which they are wrapped due to the indifference of instituted powers and public opinion.

Over the years, AMI has indeed felt from BES Group a strong involvement in the humanitarian assistance actions it promotes. On behalf of all those we assist, our big thanks.

*Leonor Nobre*  
*Vice-Chairman of AMI*



> Leonor Nobre, Vice-Chairman of AMI.

Awakening society to citizenship will make it more tolerant and compassionate towards real problems. Sponsored by BES, AMI - Assistência Médica Internacional <sup>1</sup> has since 1998 awarded a journalism prize called "AMI Prize - Journalism against Indifference". Its purpose is to reward the quality of a piece of journalism work **denouncing intolerable situations** and constituting a **testimony against the indifference of instituted powers and public opinion**. The authors of the winning works are offered 15,000 euros.

#### Award-winning works in 2003

Classification	Author	Article	Media
1st ex-aequo	Jorge Araújo	Angola: Nightmare lives	Press
1st ex-aequo	Jorge Almeida	Crossing of Hope	TV
Honorable mention	Pedro Coelho	Cova da Moura	TV

<sup>1</sup> AMI - International Medical Assistance

RDP Young Musicians Prize

The Group lends its support to music by promoting young talent. Every year since its first edition in 1987, it has sponsored the "Young Musicians Prize" organized by the RDP radio station to distinguish young talents in classical music, by awarding a sum of 9,350 euros. In addition to the amount of the prize and the prestige it confers, the young winners also benefit from quality instruments in the Laureates Concert and from a study grant allowing them to start a career. These were the winners of the 2003 Prize:

- › Vítor Vieira - violin, superior level
- › Alexander Pavtchinsky - violin, medium level
- › Inês Mesquita - piano, superior level
- › Marco Pereira- cello, superior level
- › Vera Dias - bassoon, superior level
- › Mariana Blanc - viola, medium level

Since 1987 the prize has marked a new generation of young instrumentalists, many of whom are already leading professionals in our national orchestras.

4.4. TO SUPPORT RESEARCH

Portuguese Chair at INSEAD

BES Group has also supported the creation of a Portuguese Chair at INSEAD, an independent non-profit organization and a pioneering one in international management students in Europe, enjoying world-wide reputation.

Every year several teachers lecture more than 600 MBA students, 5,000 executives and 40 PhD students coming from 70 different countries.

BES Group has donated 200,000 euros for the creation of a Portuguese Council Chair in European Studies. This amount is divided by 5 years (40,000 euros/year) starting in 2000. A Chair is a permanently endowed academic position that confers tenure on an acclaimed academic with worldwide recognition, and requires a donation of 2,000,000 euros.

This fund allows the holder of the Chair and INSEAD to develop the necessary research and to create support material to teaching in the area of European studies.

RICARDO ESPÍRITO SANTO SILVA'S DECISION, IN THE 1940s, to part from his art collections and donate them to the Nation, thus instituting the Foundation that bears his name, expresses not only his great generosity but also his sense of social responsibility and exemplary role as a sponsor of the arts. More than fifty years later, the Foundation is now an institution of unparallel prestige in Portugal and Internationally, thanks to the clear guidelines drawn by our Founder for this project, the effort and dedication of all those who work in this house, and the support of the State and our sponsors, among which it is of all justice to highlight, as the main private sponsor since the Foundation's first moment, Banco Espírito Santo.

Maria João Espírito Santo Bustorff Silva  
Chairman of the Ricardo do Espírito Santo Silva Foundation

The knowledge acquired serves to promote better understanding of competitiveness in Europe and to foster the Portuguese business community's positioning at European level.

Banco Espírito Santo Rheumatology Prize

BES has lent its name to the "Banco Espírito Santo Rheumatology Prize" since its first edition in 1985. This prize rewards each year's best **work in research and development** in the area of rheumatology carried out in Portugal by general practitioners. In 2003 the prize-winning work was entitled "Prevalence of Osteoporosis in a Portuguese Masculine Population", and its first author was Dr. Alexandra Bernardo. The amount of the prize was 3,000 euros.

In 2003 BES Group also provided financial help in the amount of 3,000 euros to assist in the organization of the 13th Conference on Recent Developments and Progress in Rheumatology for Family Doctors.

Ricardo Espírito Santo Silva Foundation



> Maria João Espírito Santo Bustorff Silva, Chairman of the Ricardo do Espírito Santo Silva Foundation

BES supports the Ricardo do Espírito Santo Silva Foundation and its Museum-School of Portuguese Decorative Arts as a sponsor. The Museum, installed in the Azurara Palace, recreates the aristocratic atmosphere of the 18th century, hosting one of the more significant and consistent art collections in our country in decorative arts. The Foundation was set up under an agreement with the Portuguese State by Decree-Law no. 39-190 of 27 April 1953. Its main purpose is to protect decorative arts and crafts, to educate the taste of the public and to develop the artistic and cultural sensitivity of its craftsmen and artisans, which find in it a privileged space for professional training.

The Foundation promotes a wide variety of traditional crafts, namely the art of working wood (cabinet making, inlaying, woodcarving and finishing), metalwork (casting, chiselling, brasswork and hand beaten gold leaf), book binding and book and leather decoration, decorative painting, gilding, and the manufacture of Arraiolos rugs. Highly qualified craftsmen make reproductions of the more significant works from the collection left to the Portuguese by Ricardo do Espírito Santo Silva, as well as replicas of original works kept in other museums, or belonging to private national or foreign collections. In addition, the Foundation's highly qualified professionals also perform an outstanding work of maintenance and conservation of the national and foreign artistic heritage, where the projects developed in Brazil are of particular relevance.

To promote the study of Portuguese Decorative Arts and the development of professional training programs, the Foundation also has a School of Decorative Arts (ESAD) and an Institute of Arts and Crafts (IAO). BES Group grants an annual donation to the Foundation of 500,000 euros.

4.5 A GESTURE OF CITIZENSHIP

Braille edition of "O Independente" newspaper

BES Group has since 2003 provided financial help to the production of the braille edition of "O Independente" weekly newspaper, which had been interrupted for lack of funds. This is the only newspaper in Portugal with a braille edition.

4.6. TO LOOK AFTER THE ENVIRONMENT

Sustainable development implies the establishment of a policy for environmental management. BES Group has already been implementing a set of preventive measures across its organization aimed at lessening the negative impact of its activity on the environment.

Over the last few years the Group has implemented a consumption control system, installing equipment and taking measures viewing the optimization of water and electricity consumption. In addition, all the Group's departments separate paper and send it for recycling through a certified supplier that guarantees separation by type of residue, in accordance with the best environmental practices and regulations in force. Part of the consumables used in the equipment (toner cartridges, drums, etc) is regularly collected by contracted external companies which treat and recycle them in accordance with environmental regulations in force.

With regard to its suppliers in general, BES Group preferably signs services and supply contracts with responsible and certified companies guaranteeing compliance with environmental recommendations for the respective sector.

Expenditure in Social Responsibility

Medical Services	546,232.79 euros
Canteen Maintenance	870,093.00 euros
Social Work	53,030.30 euros
GCDTBES	67,657.00 euros
Social Support	752,304.22 euros
2003 Fires	1,099,100.00 euros
<b>TOTAL</b>	<b>3.388.417,31 euros</b>

Ricardo do Espírito Santo Silva Foundation

>>>



> School of Portuguese Decorative Arts. Ricardo do Espírito Santo Silva Foundation



5

To Reach  
Farther in  
the Future



## To reach farther in the Future

Today social responsibility is a pressing response to the need for sustainable development. For companies, assuming their responsibilities in this area entails a model for long-term performance, investing in the relationship with all interested parties - Employees, Suppliers, Investors, Customers and the Community - and taking measures for the protection of the environment.

BES Group is taking steps for making its social responsibility policy more global, assuming the following commitments:

### Shareholders

- › To increasingly strengthen the existing relationship between the Group and its Shareholders and Investors, by optimizing the collection, assessment and disclosure of information. This optimization will be achieved through the permanent and far-reaching progress of the corporate governance model.

### Employees

- › To continue to adopt practices allowing the employees to better conciliate their professional activity with their family life. This should involve taking measures that represent shared aspirations and interests and promote development and wellbeing.

### Customers

- › To continue to invest in various dialogue tools building a relationship with customers that is based on service quality, transparency and ethics and geared to defend and enhance the Customer's financial assets.

### Suppliers

- › To ensure that the respect for the values underlying the concept of sustainable development is part of the Group's internal corporate culture. To this end, in 2004 the Group will take measures to raise awareness for this concept amongst its suppliers, encouraging them to adopt the same values, which will permit to meet the needs of present generations without jeopardizing those of future generations.

### Environment

- › To contribute to the preservation of the environment by adopting and disseminating practices contributing to a general concern for the environment and for the reduction in the consumption of resources. In 2004, BES Group will put into practice a set of regulations which, among others, will seek to rationalize resources, separate paper for recycling and use environment-friendly cleaning products.

### The Community

- › To establish, together with the Ricardo Espírito Santo e Silva Foundation, a decentralised financing program to be implemented as from 2004 with the objective of recovering the Portuguese heritage in the following areas

- › Preservation and recovery of traditional arts and crafts;
- › Preservation and recovery of natural landscape areas;
- › Preservation and recovery of cultural assets;
- › Preservation and recovery of historic buildings.



## Banco Espírito Santo

Corporate Communication Department

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**BANCO ESPIRITO SANTO**





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