

Corporate Responsibility Report 2005



Workplace



Marketplace



Environment



Community

Corporate Responsibility at Work in Irish Life & Permanent...

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(Business in the Community
Ireland)

A Message from the Chairman

Welcome to Irish Life & Permanent's second Corporate Responsibility annual report. In my final remarks in last year's report I said that while we had achieved a good deal in 2004 we had plenty more to do. I am therefore delighted to be able to report the very significant progress that we have made in 2005 right across our Corporate Responsibility agenda.



Gillian Bowler, Chairman
Irish Life & Permanent

For a retail financial services business, the most important focus for us is the quality of the products and services that we deliver to our customers and how we deliver them. So it has been great to see, for example, the progress made in extending the coverage of the Plain English Crystal and Honesty marks from Irish Life Retail into our banking business in **permanent tsb**.

At the same time, we have been to the fore in bringing forward innovative and value for money new products. These include ending normal transaction charges on current accounts and launching the 3V disposable credit card voucher.

We also received external recognition during the year for our progressive Health & Well-Being Programme for staff in Irish Life and for the manner in which we managed the issues and challenges for staff arising from the merging of Irish Permanent and TSB Bank.

These are just some of the many good things done in 2005. But perhaps 2005 was most important for the building blocks we put in place for the future. We reviewed a wide range of policies on areas such as disability, diversity and the environment. We appointed a full time Corporate Responsibility (CR) manager for the group. We doubled our financial commitment to community based activities and, as a Board, we have increased our oversight of CR issues.

Our stakeholders expect and demand good corporate behaviour and good governance. It's the right thing to do and it is, I believe, also good for our business. We are fully committed to that agenda and are confident we can build on the good work done in 2005.

What is Corporate Responsibility?

We are responsible to our stakeholders

Irish Life & Permanent is a successful and growing group. We owe that success to many factors – not least the very successful economy in which we operate. But our success also depends on the work and commitment of staff and management, the support of shareholders and other providers of capital and of course to the support and loyalty of our customers who buy our products and services.

With success comes a greater recognition and appreciation of the roles and contribution of these and other stakeholders. We also recognise our responsibilities, as a business, to them and the wider community and society.

Corporate Responsibility in Irish Life & Permanent is about how we view our obligations to our various stakeholders and how we live up to those obligations in practice.

The challenge for us is to balance our responsibilities to each of our stakeholders in a way that creates a successful and sustainable business in the long-term.

CR Questions and Answers

A responsible company should be asking (and answering) questions such as:

- What are our **values** as a company and how do we apply them?
- What difference do our values make?
- What are our standards of **customer care** and how do we measure them?
- What is our policy on providing services to and employing **people with disabilities**?
- How much involvement have we got with our **local communities**?
- What are we doing to reduce our impact on the **environment**?

We have developed a Corporate Responsibility programme to address these and similar issues that impact on our stakeholders.

Corporate Responsibility at Work

The theme of this year's report is "Corporate Responsibility at Work in Irish Life & Permanent". What we do at work every day will decide how successful our CR programme is.

So how can our employees help to support our Corporate Responsibility programme? Here are some of the ways:

- By continually aiming to provide **world-class service** to our customers
- By welcoming employees who are **foreign nationals** into the company and making them feel a part of it
- By paying special attention to the needs of **customers and fellow employees with disabilities**
- By becoming involved both in **Staff Charities** and in community activities
- By **reducing and recycling** the huge amount of paper that we use

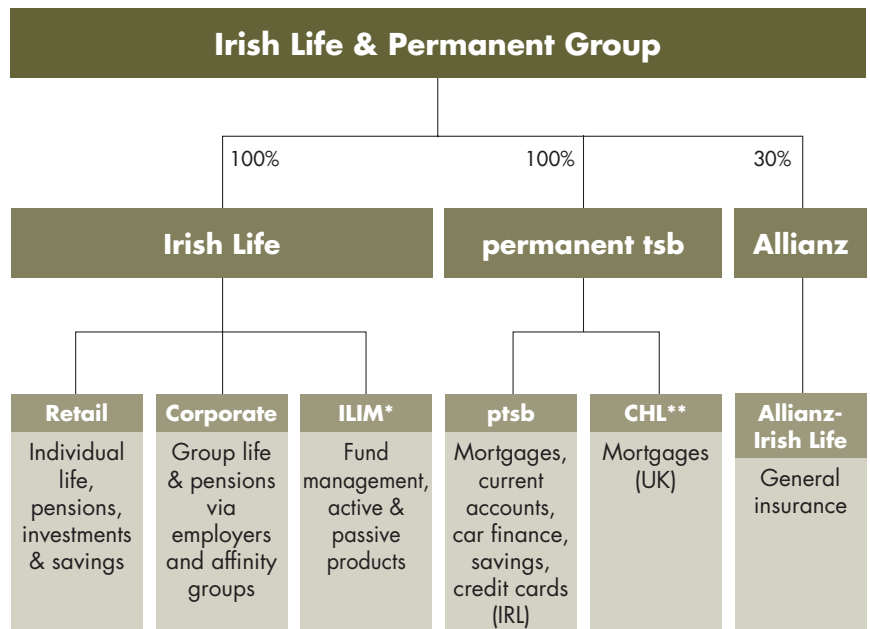
Corporate Responsibility involves changing the way we do things in the company. Some changes need more effort than others and can take time. By working together we can achieve what Corporate Responsibility sets out to do – to create a successful and sustainable business.

Group Overview

Employees arriving for work at Irish Life & Permanent's group headquarters in Dublin



With over 5,000 employees, Irish Life & Permanent is a leading provider of personal financial services in Ireland. Our products include life assurance, investments, pensions, mortgage finance, personal banking services and fund management.



* Irish Life Investment Managers

** Capital Home Loans Limited

Note: Irish Life International, Irish Progressive Services International and Cornmarket Group Financial Services Limited are also group companies

Group History

	1800	1930	1960
Irish Life		1939 Irish Life Assurance formed (amalgamation of 9 British and Irish life assurance companies)	1947 Restructuring – Minister for Finance acquires 90% shareholding
Irish Permanent	1884 Irish Temperance Permanent Benefit Building Society formed	1940 Name changed to Irish Permanent Building Society	1965 UK Branch operation begins
TSB	Early 1800's First Trustee Savings Banks formed		1976 Dublin Savings Bank and Monaghan Savings Bank merge

Our Brands



Irish Life



We are a public company listed on the Dublin and London stock exchanges. The Irish Life & Permanent group was formed from the merger of Irish Life & Irish Permanent in 1999. It was strengthened with the addition of TSB Bank in 2001.

As a group, we follow an "Ireland First" strategy with our main focus on the Irish market.

The two main businesses in the group are Irish Life and **permanent tsb**. The group's activities outside Ireland are confined to the UK where we have a specialist mortgage lending operation – Capital Home Loans.

This report covers the 12 month period to 31 December 2005. It is our second annual CR Report.

Markets & Market Share

In our life & pensions business, Irish Life, we are the market leader and our market share has been increasing consistently over recent years.

In banking, **permanent tsb** is a market leader in mortgages and new car finance with lower but growing market shares in current accounts and credit cards.

Market Shares	2004
Life & Pensions	25%
Mortgages	19%
Current Accounts	10%

Financial Results

Our preliminary results for 2005 will be announced on 8 March 2006.

Our most recent published results were in respect of the six-month period (H1) to end June 2005. The highlights of these results were:

	H1 05	H1 04	Growth
Profit before tax	€270m	€204m	32%
New lending	€4.2bln	€3.7bln	13%
Loan book	€23.3bln	€19.1bln	22%
Life & Investment new business	€260m	€195m	33%

1980	1990	2000
1982 Controlling interest in Church & General acquired	1991 Public flotation of Irish Life plc	1999 Merger with Irish Permanent Acquisition of Cornmarket
	1989 Building Societies Act – societies can expand services	1992 Irish Permanent Finance established
	1994 Public flotation of Irish Permanent plc	1996 Capital Home Loans, a mortgage lender in the UK, acquired
1986 Cork Savings Bank and Limerick Savings Bank merge	1988 TSB Dublin and TSB Waterford merge	1999 Merger with Irish Life
	1992 TSB Bank created from the merger of TSB Dublin and Cork and Limerick Savings Bank	2001 TSB Bank joins Irish Life & Permanent group

Taking Responsibility

In our 2004 CR Report, we explained that Corporate Responsibility has opened up new agendas and new challenges for the Irish Life & Permanent group. During 2005, we have been developing these agendas and we have started addressing the challenges.

We use a simple three-step approach of: Assessing – Doing – Reviewing.

Assessing: What are our responsibilities as a business to our stakeholders?

Doing: Making plans and taking actions to meet these responsibilities.

Reviewing: How well have we performed in carrying out these actions and what new challenges do we face?

Over time, this three-step approach forms a continuous circle of improvement. Any changes that we make simply become part of the way we do business. In a real sense, they become embedded in the DNA of the organisation. That is both the challenge and the opportunity of a Corporate Responsibility programme.

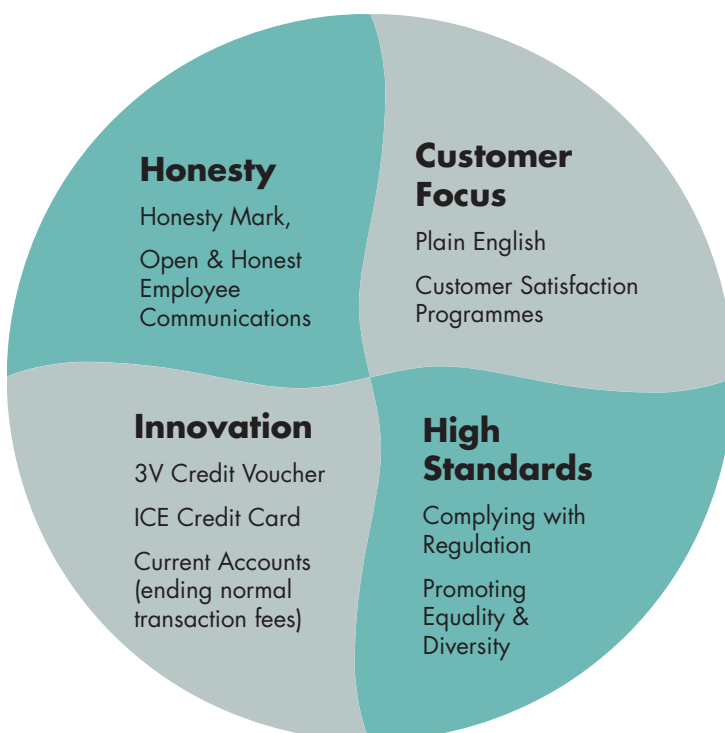
Our Stakeholders

Stakeholder	What are our responsibilities to them?
Customers	<ul style="list-style-type: none"> • To sell them products that meet their needs and are good value for their money • To give them service of the highest standard
Employees	<ul style="list-style-type: none"> • To offer them competitive terms and conditions of employment • To support staff to achieve their full potential
Shareholders	<ul style="list-style-type: none"> • To protect and enhance our reputation as a business • To maximise the long-term value of our business
Community	<ul style="list-style-type: none"> • To support local communities in making them a better place to live • To protect the environment and to minimise the impact of our activities
Suppliers	<ul style="list-style-type: none"> • To treat them fairly in our dealings with them

- Honesty
- Customer Focus
- Innovation
- High Standards

Our Values

Every company has values that go to the heart of the way that company does business. All companies are different, so the combination of values that a company chooses should be unique to that company. The group values that we have chosen to adopt at Irish Life & Permanent are set out below. We also give examples that demonstrate how we follow these values in the way we do business.



Governance Structures

We are committed to maintaining the highest standards of corporate governance for the group. The directors of Irish Life & Permanent endorse the 2003 Combined Code on Corporate Governance. More information about corporate governance is included in our annual report and financial statements and these are available on our group website – www.irishlifepermanent.ie.

Managing our CR Programme

The day-to-day management of our CR programme is the responsibility of our Group CR Manager, Gerry Loughrey, who was appointed to this full-time position in April 2005. Gerry is supported by CR representatives in each of our main businesses and by our Group HR function. They all help to promote awareness of CR throughout the organisation.

We also have a Group CR Committee chaired by our General Manager – Investor Relations. This Committee meets quarterly to review our CR performance and to consider the future direction of our CR programme.

A Group Environmental Committee has responsibility for managing our environmental programme.

Finally, the Board of Irish Life & Permanent receives regular updates on our CR activities and plans and has responsibility for setting overall policy and objectives in this area.

Workplace

Financial services in Ireland is a highly competitive business. The skills and commitment of our employees are vital in making sure that we continue to remain successful and to allow us to achieve our ambition to deliver top-class products and services to our customers.

Employees 31.12.2005	
Ireland	4,969
UK	178
Total	5,147

We employ over 5,000 people throughout the group, mainly in our two retail businesses, Irish Life and **permanent tsb**. A full list of our group businesses is given on Page 4.

Recruitment and Retention

2005	
External applications for positions	17,000
New employees recruited ¹	981
Seasonal employees recruited	173
Internal appointments and promotions	200
Average Turnover ²	13.6%
Average days absent	7.5 Days

1 Includes staff employed on fixed-term contracts but excludes seasonal staff

2 Excludes staff employed on fixed-term contracts who joined and left within the year

In 2005, we recruited almost 1,000 new employees across the group out of an estimated 17,000 applicants and there were another 200 internal appointments and promotions.

The average level of turnover at 13.6% reflects the continuing strength of the economy and the wide range of employment opportunities available. It also reflects the impact of some restructuring in **permanent tsb**.

Turnover levels were significantly higher than the average in some areas of the business e.g. in our telephone contact centres. In contrast, turnover was lower in our Group Head Offices, particularly in those roles offering flexible working arrangements. We aim to offer competitive working terms and conditions for employees and to reduce staff turnover to the lowest possible level.

In 2005, we also recruited 173 temporary employees for limited periods mainly during the Summer months. This policy supports our Term-Time flexible working policy and makes sure that we maintain consistent standards of service throughout the year.

We introduced an on-line job application system in 2004 that allows people to apply for jobs over the internet. It has been very successful and more than 75% of all job applications are now coming from this source.



Laura Jane Dunne,
Nuala McElhinney,
permanent tsb

Promoting equality and diversity

We understand the importance of promoting equality and diversity in the organisation:

- It makes sure that opportunities for employment and advancement are available to as many people as possible
- It strengthens the organisation by selecting the best people based on merit, skills and ability to do the job
- It makes good business sense for our workforce to reflect the diversity of the wider population

A full-time equality/diversity monitoring officer monitors and promotes equality/diversity across the group and makes sure that we comply with equality legislation.

During 2005, we completed an exercise to assess the level of diversity in the group.

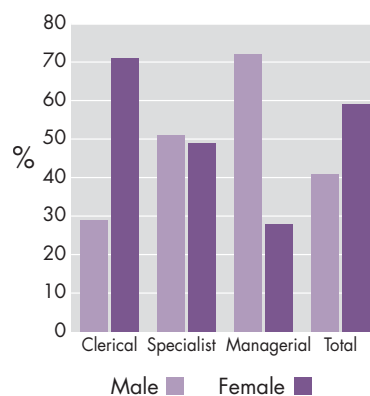
Women in the workforce

As the table below shows, women make up 59% of our total workforce. However, the proportion of women at managerial level is less than half of this figure.

We are an equal opportunities employer and we welcome applications from both men and women for all positions, including those at managerial level. The under representation of women

at managerial level is not unique to Irish Life & Permanent. It is part of a pattern that prevails across both the financial services industry and industry in general. Achievement of a better balance is an important goal for us.

Gender analysis of workforce



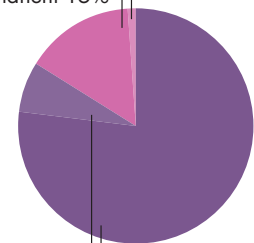
People with Disabilities

Any assessment of the number of people with disabilities in the workforce must in the first instance respect the privacy of the individual. For this reason, we consider that a survey of individual employees or any recording of data on an individual basis is not appropriate. Secondly, whereas in legislation the definition of disability is widely drawn, some people might not consider that they have a disability. Within these constraints, we assess that between 2% and 3% of our employees have some form of disability.

Analysis of workforce at end 2005

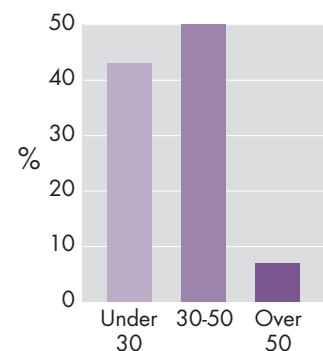
by contract and type

Part-time 16%
Temporary 1%
Permanent 15%

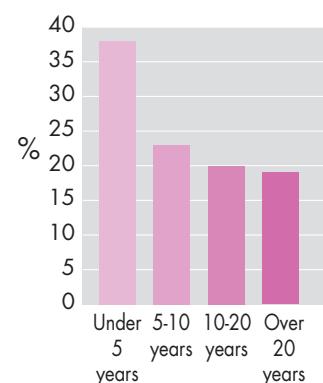


Full-time 84%
Temporary 7%
Permanent 77%

by age profile



by length of service



Anna Krompiewska,
Samantha Dunne,
Emilia Lasocka,
Anna Mielcarz,
Eamon Moran,
Gerard Lyons,
Irish Life Corporate
Business.



This compares with a statutory target of 3% for the public service under the Disability Act 2005.

We are currently drafting a code of practice for the employment of people with disabilities and our intention is to publish this in mid-2006.

Along with six other companies in Ireland, Irish Life & Permanent is taking part in a project with AHEAD (The Association for Higher Education Access and Disability) to recruit graduates with disabilities. This project is taking place under the EQUAL community initiative that is co-funded by the EU. It aims to identify and address fundamental forms of discrimination and inequality in the general labour market. We will recruit six graduates under this initiative in 2006 (www.equal-ci.ie/projects/dep.html).

Foreign nationals

With the increasing number of foreign nationals in Ireland, we would expect the proportion of foreign national employees in the group to increase over time. At the end of 2005, approximately 2.5% of our employees in Ireland were foreign nationals.

Health, Safety and Well-being

We have a comprehensive Health & Safety policy for the group. A Group Health & Safety Committee is in place with members from across the group. The Committee meets two to three times a year.

New laws came into force in 2005 under the Safety, Health and Welfare at Work Act 2005. Its main focus is on the prevention of workplace accidents, illnesses and dangerous occurrences. It also provides for greatly increased fines and penalties. We are updating our group Safety Statement to take account of the changes in the Act.

Accidents/Incidents	2004	2005
Reported to Group Health & Safety Manager	36	26
Employees	28	18
Third Parties	8	8
Notified to Health & Safety Authority	6	4
Fatalities	None	None

The number of accidents reported in 2005 shows a reduction on 2004. We take steps to ensure that any hazard that contributed to an accident/incident is eliminated or controlled.

Work-life balance

We support our employees in the development of a good balance between their work life and their home life.

- 35% of our employees have flexible working hours
- More than 18% of employees have flexible working arrangements:
 - Job sharing
 - Part-time work
 - Compressed hours (fitting the working week into 4 days)
 - Term-time (taking breaks during school holidays)
 - Career breaks
 - Home working

Health & Well-being Programme

In our Irish Life Retail business, we have been running a "Health & Well-being" programme since 2002. The elements are:

- Flexible working arrangements
- Restaurant and recreational facilities
- Annual "Health & Well-being" Week

The restaurant menu is reviewed regularly and following a survey of staff a wider range of healthy eating options was introduced. The "Health & Well-being" week takes place in September. It gives an opportunity to employees to take part in healthy activities and also to educate themselves on healthy lifestyles.

In November 2005, Irish Life & Permanent received a Chambers Ireland President's Award for CSR for this programme.



Recreation Centre,
Irish Life Centre,
Abbey Street,
Dublin.



Noel Ahern, Minister
of State, Department
of Community, Rural
and Gaeltacht Affairs,
Carol Pemberton, General
Manager HR - Irish Life,
Robin O'Sullivan,
President, Chambers
Ireland.

We also introduced two Health & Well-being initiatives in **permanent tsb** in 2005

- a Smoking Cessation programme to assist employees who wished to quit smoking
- a Working Parents programme where an "ask the expert" facility was provided which allowed staff to seek guidance on various parenting issues.

Communicating

Labour Management Relations

We recognise a number of trade unions that represent and negotiate on behalf of employees across the group. Approximately 70% of employees are represented by a trade union. We aim to adopt a partnership approach of working with trade union representatives, employees and management and we consult with the trade unions on organisational change. We see this as important to the success of the organisation.

We have been going through a change programme in our banking business, **permanent tsb**. Elements of the programme that affect employees' terms and conditions of employment have been discussed fully with the trade unions that represent these employees.

During 2005, no working days were lost due to industrial disputes.

"I joined permanent tsb in September 2005. I come from Oswiecim, a city in the south of Poland, near Krakow. I am a customer service adviser in a branch in Dublin. I have not worked in a bank before - at the moment I deal with foreign exchange."

Jolanta Rogucka,
permanent tsb





Clive Lennon, Group Human Resources, with his son Karl

Rosaleen Gleeson,
Group Training Dept in
a training course with
permanent tsb staff

Employee Communications

We are committed to open, honest and timely communications with employees. Using a variety of means, our aim is to keep employees fully informed of developments in the business and to allow them to raise issues of concern to them. These means include:

- Employee briefing magazines
- Intranet sites
- Focus groups
- Branch briefings
- Employee surveys

We carry out employee surveys on a regular basis. During 2005, surveys were conducted in three of our businesses - Corporate Business, Irish Life Investment Managers (ILIM) and Irish Progressive Services International (IPSI).

Division	Survey Response Rate
Corporate Business	87%
ILIM	84%
IPSI	91%

These surveys are climate surveys to see how staff feel about working in the organisation. Our Corporate Business division participate in a survey "Great Places to Work" and achieved a score of 74% from employees in 2005 (v. 63% in 2004). In ILIM, we made some changes to our performance management system as a result of the survey. In

IPSI, we have taken actions in the areas of Training, Communications and Performance Recognition.

We intend to carry out surveys in our two retail businesses, Irish Life Retail and **permanent tsb** in 2006.

Speaking Up Policy

Our Speaking Up Policy was launched across the Irish Life & Permanent group in 2005 and communicated to all staff. The purpose of the policy is to allow staff to raise any concerns that they have about wrongdoing and to have those concerns listened to and investigated with complete confidentiality.

Disciplinary Practices

We have written disciplinary procedures in each of our businesses. The purpose of these procedures is to make sure that fair, effective and speedy arrangements exist for dealing with disciplinary matters. If disciplinary action is being considered, the reason why will be explained to the employee by his or her manager.

The procedures follow a generally accepted approach of a verbal/written warning, final written warning and if the position remains unsatisfactory after a final written warning, dismissal. Employees have a right to be accompanied by a representative of their choice.

HR Excellence Award

In 2005, Irish Life & Permanent won the 2005 Award for Excellence in Human Resource Management sponsored by HR & Benefits consultants Watson Wyatt. The award was made for the management of a change programme following two major mergers in the group.

Reward, Recognition and Training

Our aim is to offer competitive levels of remuneration in order to attract high-calibre employees.

Employees take part in a Group Profit-Sharing scheme and Employee Share-Option schemes. Under the Profit-Sharing scheme, an allocation of shares is made each year to employees related to the performance of the group for the year. The share option schemes give employees the opportunity to buy shares in the future at a price that is fixed at the date the option is granted.

Training & Development

	2005
Training Expenditure	€4.2m
Training Days	9,500* Days
Average per Employee	1.9 Days

*Classroom or formal training



We have a wide range of training programmes to develop the business skills and personal effectiveness of our staff. Also, we strongly support and encourage staff in acquiring professional skills and qualifications. The programme of courses run for employees in 2005 included the following:

Clerical & Specialist Employees	Managers
Induction training for new employees	Training for newly appointed managers
Customer care	Advanced management programme (Irish Management Institute)
Technical training (products/legislation/computer)	Leadership & Change management
Personal effectiveness: communication skills, time management, project management, coaching	

We also provide staff with the following additional training & development resources:

- A dedicated learning centre in our training headquarters in Dublin
- Access to the Ashridge Virtual Learning Centre in the UK
- Computer based training packages

The group operates specialist trainee programmes for accountants and actuaries. Employees selected for these programmes (both school leavers and graduates) have the full cost of their professional training paid for and qualify for additional paid study leave. During their training period, they are given the opportunity to work in different areas of the business to broaden their skills and experience. For staff in general, we also provide financial support and study leave where they are pursuing other formal educational qualifications.

During 2005, in our retail life division, we trained more than 20 managers as internal coaches who are available to help and mentor staff.



Staff restaurant, Irish Life Building, Dublin.

Marketplace



Customer focus is one of Irish Life & Permanent's core group values. With over one million customers in Ireland, we are a leading provider of personal financial services in the Irish market.

Our ambition is to be a world-class service provider. This requires putting our customers at the centre of what we do and providing the highest possible quality of service to them. What does that mean in practice for the Irish Life & Permanent group?

Openness and Transparency... the customer understands the product/service and what it costs.

Responsiveness... speedily and sympathetically responding to customer concerns or problems or when there is a service breakdown.

Accessibility... providing choice to customers as to how and when products and services are available to them.

Innovation... making sure that we understand the changing needs of our customers and respond with innovative and suitable products and services.

Compliance with regulations... that are in place to safeguard both the customer's interests and those of the wider community.

During 2005, we have worked hard in our life and banking businesses to improve the customer experience and our service delivery across all these areas. We have great progress to report but equally we are aware that the bar keeps rising and that we have further to go to achieve our ambition.

Openness and Transparency

Plain English

Irish Life & Permanent has taken a lead in Ireland in following the "Plain English" standard. The Plain English Campaign is an independent organisation that lobbies for the use of crystal clear language throughout the world. (www.plainenglish.co.uk)

This organisation specialises in testing the text and layout of documents for ease of understanding. It awards a Crystal Mark for documents that meet their standards. The Crystal Mark is recognised internationally as a symbol of clarity. To meet these standards, each piece of literature is panel tested with a group of adults in Ireland to make sure that they understand what they are reading.

The Crystal Mark is valid for two years. This means the document must be submitted again to the Plain English campaign for inspection and renewal of the Crystal Mark.

We recognise that financial products by their nature can be difficult for people to understand. Research that we conducted in 2005 found that 7 out of 10 adults in Ireland claim that they don't read financial product brochures due to the use of jargon and small print. Anything we can do that helps to improve clarity and understanding is welcome.



Barry O'Shea,
Manager,
permanent tsb,
Mayfield Branch,
Cork

permanent tsb
Mayfield Branch,
Cork



Our progress so far on the introduction of Plain English is as follows:

- 1998: Irish Life Retail product brochures awarded the Plain English Crystal Mark
- 2004: Irish Life Retail awarded the Plain English Honesty Mark for core product brochures
- 2005: **permanent tsb** core product brochures awarded the Plain English Crystal Mark

Irish Life Retail:

- is the only financial company in Ireland and the UK to have "Plain Englished" its full product suite of literature.
- was the first financial services company in Ireland and the UK to be awarded the Honesty Mark.
- has the highest number of Honesty Marks held by any company, anywhere in the world.

Our plan for 2006 is to achieve the Plain English Crystal Mark for all standard letters sent to customers in **permanent tsb**.

The Honesty Mark

Trust is an important issue in any industry, but is particularly significant for financial services. Customers need to know they have **all** the facts at their fingertips. The Honesty Mark gives customers this confidence.

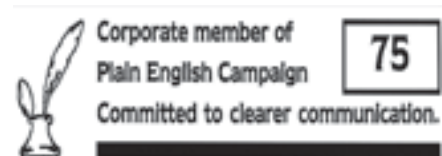
The Honesty Mark is a further enhancement to the Plain English mark. It is a tangible guarantee to our customers that everything in the literature is true, is not contradicted by any other document and is written in an upfront manner.

Transparency of Charging

Our policy is to make our charges as transparent as possible. All of our product literature gives details of charges. Also, in each one of our 101 **permanent tsb** branches we have brochures on display setting out details of personal and business banking charges.

Product snapshot

In line with our policy of making our products as transparent as possible, we have developed a "Product Snapshot" for our retail life products to show the key features of a product at a glance. These include the level of risk attaching to the product and whether the initial amount invested is guaranteed or not.



product snapshot

bonussave		
Aim	€	Rewarding you for saving regularly
Risk	📉	Moderate to high depending on fund choice
Capital Protected	NO	No
Funds Available	4	Four
Time Period	5	You can save for as long as you like -we recommend 5 to 10 years or more
Jargon Free	✓	Yes



Sean McPartlin,
Access Ability
surveying
permanent tsb
Corporate Centre,
Blackrock



Responsiveness

Second year of Intouch Programme completed

In our retail life business, we completed the second year of our successful "Intouch" programme - a programme of continuous improvement in the way we serve our customers.

Actions taken in 2005 included:

- "Sense & Respond" - an initiative to improve the quality of responses to customers both by telephone and in writing
- Training to improve the recognition and handling of customer complaints and concerns - more than 400 employees received training on the importance of recognising what a concern is and logging the concern.

We now record customers' 'concerns' and not just complaints as these cover any expression of dissatisfaction, disappointment or missed commitment.

Over 400,000 Intouch Newsletters issued

In 2005, we also sent out our second "Intouch" newsletter to more than 400,000 retail life customers, an increase of over 70,000 on the number sent out in 2005. This newsletter gave our customers the results of the 2004 customer satisfaction survey and also gave some examples of what we are doing to improve customer service.

These included accepting instructions over the phone and reducing the number of forms to be completed by customers.

SSIA Maturity packs

Customers told us that they wanted early communication before Special Savings Investment Account (SSIA) maturity and wanted to be educated on the terms and process of their SSIA's maturing. We have committed to a communications programme which sends out a mailing to customers 6 months prior to maturity and a pack 90 days before maturity with details of the process involved.

Adapting our communications to suit our customers

Research in Irish Life Retail in 2005 showed that older customers preferred to receive letters rather than Direct Mail leaflets. Younger customers preferred to receive communications by email. We have now taken these changes on board.

Customer Complaints & Concerns

Our aim is to give customers the highest standard of service. Occasionally, we do get something wrong and when we do our aim is to put it right as quickly as we can. If a customer is not satisfied that a complaint is being dealt with fairly, he or she can take the complaint to the Financial Services Ombudsman. The Financial Services Ombudsman's Bureau began work on 1 April 2005 and has taken over the responsibilities of the Ombudsman for Credit Institutions and the Insurance Ombudsman of Ireland.

We have clear guidelines in place for customers of both Irish Life and **permanent tsb** who wish to make a complaint. These guidelines are publicised on our websites: www.irishlife.ie and www.permanenttsb.ie. Our guidelines include the option to refer a complaint to the Financial Services Ombudsman.

Customer Concerns & Complaints				
Company	permanent tsb		Irish Life	
	2005	2004	2005	2004
Total Received	3,536	2,922	2,637	1,273*
Ombudsman Decisions Received	28	32	60	59
Complaints Upheld	7	6	5	14
Not Upheld	6	13	48	42
Partly Upheld	8	9	6	0
Outside Terms of Reference	3	2	1	3
Resolved Amicably	4	2	0	0

*complaints only

Sharon Quigley,
Senior Financial
Advisor, Irish Life,
with Lorraine Carroll
at Mount Merrion
Physiotherapy Clinic



intouch...2005

In **permanent tsb**, speed of service was the main reason for the increase in the number of complaints. Figures for Irish Life for 2005 include both complaints and concerns – comparable figures are not available for 2004.

Accessibility

We offer our customers a wide range of choice in terms of when, where and how they do business with us.

Disability Access

Irish Life & Permanent has a responsibility to give access to our products and services to people with disabilities. During 2005, we

carried out a comprehensive review of accessibility to our premises, ATM machines and websites. This review was completed with the help of Access Ability, an Irish disability management consultancy company.

Offices

Our **permanent tsb** branch network consists of 101 branches around Ireland. Almost 90% of these buildings have entrances at street level or are accessible for people with a mobility impairment via a ramp. We have identified 12 branch premises that have a step or steps at the entrance but no ramp – of these 7 are listed buildings.

We will continue to improve disability access to our branch

premises and we have made additional funds available in 2006 for this purpose. Improvements will include putting up signs in braille and installing loop systems to assist people who are deaf or who have a sensory impairment in a number of our branches.

We have also made funds available to improve disabled facilities in our Head Office premises in Dublin in 2006.

ATM Machines & Websites

The assessment of our ATM machines and group websites was completed towards the end of 2005. We are still evaluating the results of the ATM assessment with Access Ability using Irish National Disability IT Accessibility Guidelines as a reference.

All new ATM's installed meet the American Disability Act guidelines with function keys in Braille like format.

Our group website, www.irishlifepermanent.ie is not fully compliant with minimum website accessibility guidelines as defined by the World Wide Web Consortium (W3C). We will address this in 2006. We will also review the results for our other business websites in 2006.

Distribution Outlets		
Type of distribution outlet	Number/Availability	Comment
Branches & agencies	156	Nationwide coverage
Financial Advisers	400	Our advisers can visit customers in their homes or workplaces or meet in our bank branches
Brokers & Intermediaries	More than 2,000	Offering independent advice
OPEN24	24 hour self-service online banking. Help by telephone Mon-Fri 8am-10pm Sat 10am-2pm	Internet banking is available to both personal and business customers
Online & Telephone access for Life customers	24 hour online access for pension and investment customers. Help by telephone Mon-Thu 8am-8pm Fri 8am-6pm Sat 9am-1pm	Current values, tracking performance and switching between funds are available online
ATM's	More than 2,000 nationwide and 900,000 internationally	

Annastasia Kapinga,
Des Judge and
Pamela Shevlin,
Irish Life, reviewing
customer survey
responses



Affordable Products & Services

Reduced banking charges

On 1 February 2005, we announced the ending of normal transaction fees on current accounts, a move that revolutionised the market for current accounts. **permanent tsb** was the first bank in Ireland to launch such an initiative. From that date, new current accounts opened with **permanent tsb** do not incur charges for lodgements, withdrawals, standing orders, direct debits, laser transactions or quarterly fees.

We estimate that customers saved over €5m in 2005 in bank charges by switching to a **permanent tsb** current account.

Simple Savings product

In research carried out in November 2004, our retail life customers asked for a simple product that rewarded customers for saving. Our savings product, BonusSave, was launched in January 2005. It offers a 25% bonus in year 7 of the product's life on contributions made in year 1 of the savings plan.

Increased access to Life & Income Protection

In 2005, Irish Life launched a new approach to underwriting for a number of our very large public sector voluntary risk schemes. We will accept an increased number of applicants for Life or Income

Protection benefits – over 90% against about 66% before. This is a major benefit providing cover for many people who otherwise would not have Life or Income protection.

Increased take-up of SRI Funds

Our funds management company, Irish Life Investment Managers (ILIM) has been offering SRI (Socially Responsible Investment) funds investing in Global and European equities since 1992. However, the take-up so far of these choices has been quite low. While small compared to total funds under management, customers are showing greater interest in SRI with funds managed increasing by 175% during 2005.

Innovation

Innovation is another of our group values and this is most clearly shown in the continuous product development occurring in our banking business, **permanent tsb**.

Reduced banking charges

As a result of ending normal transaction fees, we succeeded in opening 67,000 new current accounts during 2005. This includes 48,500 accounts where a customer had no similar account with **permanent tsb** before and 18,500 accounts where a customer upgraded from some sort of existing account with the bank to a fully functioning current account.

ICE Credit Card

permanent tsb also launched a credit card, the Ice Card, that at the time of launch had the lowest interest rate available on the Irish market, at 9.9% APR. This allowed us to almost double our sales of credit cards to over 13,000 in 2005. The ICE card will be available to all customers, regardless of their incomes from 2006.

World's first pre-paid disposable credit card voucher

Finally, in September 2005, we launched a new credit card voucher called the 3V Voucher™. This brought the convenience of credit card shopping on the internet, over the telephone or through mail order to the estimated two-thirds of the adult Irish population who do not own a credit card. The Virtual Value Voucher or 3V Voucher™ is a disposable 16-digit pre-paid VISA debit number that is printed onto a paper receipt. The 3V Voucher™ is provided by **permanent tsb** in association with **VISA** and **3V™ Transaction Services Ltd**.

Automatic switching to safe funds

One conclusion from recent research in our retail life business was that consumers wanted the option of switching automatically into a safer fund if markets are not performing well. Customers of Irish Life's Protected Consensus Fund will benefit from this option in 2006.

The 3V voucher has made internet shopping available to all



Internet Banking

In October 2005, we extended internet banking to our business customers.

In December 2005, **permanent tsb** won a coveted Golden Spider Internet Award for Best Financial Website.

Customer Satisfaction

Customer service and satisfaction is at the heart of our business approach, consistent with our core group values.

Irish Life Retail

Customer Satisfaction Index		
Year	Target	Actual
2003	***	72.9%
2004	73.8%	76.5%
2005	77.4%	***

2005 Customer Satisfaction Survey

Our yearly survey of customer satisfaction in Irish Life Retail was conducted by The Leadership Factor in January 2005 and involved 1,500 customers chosen at random. This showed an improvement in the overall satisfaction index from 72.9% for 2003 to 76.5% for 2004. The satisfaction index is made up of 17 elements and the main elements contributing to the improved performance in 2004 were:

- Listening to the customer and treating them as a person
- Frequency, content and accuracy of communications

"I have worked in Open24 since 1998. Over the past 18 months, we have seen huge changes including the introduction of current account switching and Business Banking facilities on the internet. It has been challenging but we have succeeded in obtaining a 97% customer satisfaction rating from Open24 telephone banking users."

Anne Deegan,
Open24
permanent tsb





- Value for money and performance of products

Areas for improvement identified in the customer survey included:

- Improving the quality of advice given by Irish Life staff
- Keeping promises and commitments
- Effective handling of problems and complaints

These areas were the focus of attention in 2005. Actions taken in response formed part of our Intouch programme above.

The Customer Satisfaction Index accounts for 20% of the yearly Profit Share payout to Irish Life retail staff.

Our third yearly survey took place in January and February 2006 involving 1,700 customers and the results of this survey will be given to customers during 2006. Our target figure for the satisfaction index for 2005 is 77.4%.

Irish Life Corporate

In our Corporate Business division, we have a programme to transform the division into a truly excellent service company. Most of the day-to-day business dealings in the division are with brokers so improving service to brokers is a focus of attention.

Customer Satisfaction Index

Year	Target	Actual
2004	***	72.0%
2005	74.0%	73.7%
2006	78.0%	***

Corporate Business uses a Customer Service Index of 13 key services, each weighted as to its importance. The index was developed after consultation with brokers and is calculated monthly. The overall outcome for 2005 was 73.7%, slightly below the target of 74%. However, it shows an improvement on 2004 (72%). Our target for 2006 is 78%.

Also, in a yearly independent survey of brokers carried out by Milward Brown IMS, the division was again ranked 1st on service with a rating of 72% and also widened the gap from 3% to 6% between it and the second-ranked company who scored 66%.

Payments under the profit-sharing scheme for Corporate Business employees are linked to the results of these two surveys.

In 2005, we carried out direct employer research in the IT and Pharmaceutical Industries on our service levels. Almost half of those surveyed asked for more frequent contact with Irish Life. The quality of our benefit statements was rated as good or very good by 65% of those surveyed.

permanent tsb

In our banking business, **permanent tsb**, customer satisfaction is assessed on a quarterly basis through an independent research study, MORI MRC. This study surveys a representative sample of the population and rates customer satisfaction levels for all types of financial institutions. In 2005, **permanent tsb** achieved a satisfaction (satisfied or higher) rating of 88%.

Customer Satisfaction Index

During 2006, **permanent tsb** will be developing its own customer satisfaction index. We have engaged The Leadership Factor to carry out satisfaction research on our customer base. After this research, we will be launching "Customer Central"- a programme that actions the results of the research. It will focus on doing best what matters most to customers.

Complying with regulation

Our group policy is to deal with regulatory authorities in an open and co-operative way.

During 2005, The Financial Regulator wrote to all financial institutions about the outcomes of inspection visits that took place in 2004. The purpose was to give general industry feedback about the findings and to help in the development of compliance.



Gerry Ebbs, Head of Group Procurement meeting with Fintan Connolly of Noonan Services Limited

Issues that were highlighted for the industry included:

- Developing new products or product features before IT support was in place
- Customer complaints procedures in some companies that were not comprehensive e.g. did not cover verbal complaints
- Lack of clarity in the language used in sales documentation

The Financial Regulator is urging financial institutions to use Plain English in dealings with customers.

These are only a sample of the issues raised for the industry as a whole. We have been looking at our practices and procedures to make sure that they are strengthened where necessary.

Responsible Selling and Lending

It is in both our own and our customers' interests to sell them products that meet their needs. This includes lending them only amounts of money that they are able to repay. In our retail life business, our employees complete fact finds for all life insurance products sold to customers. We will be introducing customer fact finds for banking products from the end of 2006.

Consumer Protection Code

A new Consumer Protection Code will be rolled out from July 2006.

We are making any changes that are needed to our systems and procedures to make sure that we will keep to the new code.

Advertising

We observe fully the code of advertising issued by the Advertising Standards Authority of Ireland.

Prevention of fraud

Fraud is a matter of continuous concern for us and we take part in industrywide actions to try to combat it. These include yearly Anti-Money Laundering training courses for staff and advertising and awareness campaigns, for example, to alert bank customers to the danger of card skimming at ATM machines. After the introduction of Chip & PIN technology, new credit cards were sent to all **permanent tsb** customers. PIN enabling of laser cards will begin in 2006.

Our Business Partners

The stakeholders in our business include Brokers, Intermediaries and our Suppliers.

Intermediaries

We have a network of over 2,000 brokers and intermediaries. There is a Broker Charter in place that sets out the principles that we follow in our business dealings with brokers. We recognise our responsibility

to protect the integrity of the relationship between a broker or intermediary and their client. We also have procedures in place to make sure that we do not misuse the confidential information to which we have access.

The Professional Insurance Brokers Association (PIBA) give service awards every year in three categories - Life Assurance, General Insurance and Lending. For the third year running, **permanent tsb** received the award for the best service in the "Lending" category.

Also, the **permanent tsb** Commercial Division was awarded the 2005 Service Excellence Award from the Independent Mortgage Advisors Federation (IMAF) for the Top Commercial Lender.

Suppliers

Our commitment to our suppliers is to treat them fairly and equally and to pay them on time. They range from very large international firms to small local businesses. Where practical and commercially viable, Irish based suppliers will always be given the opportunity to compete for group contracts.

During 2005, more than 60 supplier contracts were reviewed, renegotiated or introduced as new suppliers to the group. We incorporated environmental standards into those reviews.

Environment

William Hannigan,
Group Financial Control
reviewing the 2004
group annual report
at Wood-printcraft,
Coolock, Dublin



As a group that operates in the personal financial services sector, our impact on the environment is moderate.

It arises mainly from our size and scale of operations rather than from any direct impact from the products and services that we produce.

We recognise that we have a role in promoting awareness of environmental issues among staff and the wider community.

Direct and Indirect Impacts

Our main impacts on the environment are as follows:

Environmental Aspect	Environmental Impact	Details
Use of Energy	Use of non-renewable resource. Release of CO2	Air-conditioning, light & heat, computers, company vehicles
Use of water	Depletion of natural resource	Premises and staff restaurants
Use of paper	Depletion of natural resource	Marketing materials, correspondence, shareholder communications
Production of waste	Use of landfill	
Receipt of supplies	Suppliers effect on the environment	Wide range of suppliers including those for paper based supplies, computer equipment and cleaning contractors, staff restaurants

Review of policy & practices

In 2005, we engaged an environmental consultancy firm, Vector Environmental Services Limited, to carry out a review of our environmental policies and practices. As a result of this review, we have taken steps to do the following:

- (1) Strengthen our environmental management system with the intention of seeking accreditation to the ISO 14001 International Standard in the future
- (2) Improve our data recording system to provide more accurate information on our environmental impacts and
- (3) Set objectives and targets for environmental performance for the next three years.



Orla Brannigan, Investor Relations holding the Leinster Society of Chartered Accountants Technology award

FTSE4Good

Irish Life & Permanent plc is a selected participant company of the FTSE4Good Index. This index measures the performance of companies which meet globally recognised corporate responsibility standards and encourages investment in those companies.

Initiatives in 2005

Increased usage of Green Energy

Irish Life & Permanent has increased its supply of electricity from renewable resources by extending its contract with the green energy company, Airtricity.

This company already supplies green energy to all of the group's permanent tsb branches. Under the new arrangement, the company will also provide electricity to branches of both Irish Life and Cornmarket Financial Services.

Suppliers

During 2005, we completed a review of the environmental policies and practices of all of our major suppliers – 31 in total.

We have received assurances in writing that they follow best practice in managing their environmental impacts. We will review 10% of our suppliers yearly from 2006.

In addition, we have now added a new condition to our standard contract for suppliers requiring them to discharge their responsibilities with due regard to proper environmental protection procedures.

Shareholder Communications

We have the largest shareholder base of any company in Ireland – more than 138,000 shareholders. We are obliged by law to issue letters and reports to them in paper form unless they opt for electronic communication. Huge quantities of paper are consumed in producing these reports and letters.

In November 2005, as part of our interim dividend mailing, we issued a letter to shareholders inviting them to register for electronic communication.

More than 6,000 shareholders have now signed up for this. For every shareholder who registers, we make a contribution to the Tree Council of Ireland. We will be continuing this campaign during 2006. The registration procedure is explained at the end of this section of the report.

Group Website

We have a wide range of financial and other information available on our group website and the design of the website follows a principle of quick and easy navigation.



We have recycling bins in place in our main office locations in Dublin.



In 2005, we increased our supply of electricity from renewable resources

This is an efficient and environmentally-friendly way for shareholders and other parties to keep up to date on what is happening.

We were very pleased to receive recognition for the quality of the design and content of our website by receiving the “Technology” award at the Leinster Society of Chartered Accountants Published Accounts Awards in November 2005.

Water Conservation

In November 2005, our retail bank, **permanent tsb**, took part in a water conservation promotion/awareness campaign in its Head Office in Dublin sponsored by Dublin City Council. Council employees distributed leaflets on ways of conserving water both in the workplace and at home.

PCs and Printing

In 2005, we continued with the upgrade of our PC Network to enable all staff to use energy saving features. This upgrade is due to be completed by the end of 2006. We have also developed a guidance document outlining ways to reduce the amount of energy consumption by PCs.

As part of our group printing strategy, we have deployed high specification print stations across our major office centres in Dublin. This has reduced the number of

network and personal printers by about 50%. That in turn has led to reduced usage of equipment and consumables, improved service and reduced costs. A small number of printers remain to be replaced by the end of February 2006.

Environmental Management System

During 2005, we began the process of strengthening our environmental management system and updating our environmental management manual. We expect to have a more comprehensive manual in place during 2006 to support our objective of seeking accreditation to the ISO 14001 Standard in the future.

Key Performance Indicators

Note: Figures for waste generation include some degree of estimation.

Energy Consumption	2004*	2003
Electricity – Total (GWh)	15.9	15.5
Green Electricity (GWh)	5.0	4.6
Gas (GWh)	6.7	8.2
Oil (GWh)	0.8	0.8
Total Energy Consumption	23.4	24.5
Green Energy (%)	21%	19%
CO₂ Emissions (Tonnes)	6,049	6,471

Waste Generation	2004* (Tonnes)	2003 (Tonnes)
Total	2,834	2,828
Hazardous Waste	14	10

*latest available data

We recycle all waste paper, electrical equipment and toners. Details of our environmental policy are available on our group website (www.irishlifepermanent.ie/corporateresp/policies/environment).

Looking Ahead

In 2006, we will:

- Continuously improve our environmental performance
- Continue to promote recycling
- Encourage our suppliers to minimise their impact on the environment
- Apply the principles of best environmental practice in the refurbishment of our buildings

Shareholders can help reduce our impact on the environment by signing up for electronic communication (See Below)




How To Register For Electronic Communication

Step One:

- Go to www.irishlifepermanent.ie
- On the menu bar at the top of the page, point to "Shareholder Services" and select "My Shareholding".
- Scroll halfway down the middle of the page and click on "Enter My Shareholding Online".

Step Two:

- Scroll down the page and click on the "Open Lock" icon  opposite "Register/Change e-mail Address".
- Having carefully read the displayed terms and conditions click "I Accept".
- Enter your Family/Company name ***** and your investor code ***** , then click "Submit".

Step Three:

- Click on the option agreeing to receive electronic communication (I agree.....).
- Scroll down and enter your email address, then click "Next".
- Now verify that your email address is correct and click "Confirm" to proceed or "Change" to amend.

You have now successfully registered for Electronic Communications - Thank You!

When items such as the Annual Report, Proxy Form and AGM Notice are being posted to other shareholders, you will instead receive an email alert from the Company providing you with a link to these documents.

Troubleshooting: If you have any problems with this service, please contact Capita Corporate Registrars at:
353-1-8102400 OR
enquiries@capitacorporateregistrars.ie

"Environmental management goes hand in hand with a Facilities Manager role. We are committed to continuous improvement in our environmental performance. Challenges for 2006 include a refresh of our programme and heightened environmental competence across the group."

Stephen Fennell,
Facilities Manager,
Irish Life



Community

Irish Life & Permanent is firmly rooted in the Irish community. As a group, we adhere to an “Ireland First” strategy with a focus on the domestic market.

Supporting Community Activities

Our customers are drawn from the local community – both urban and rural and our employees are drawn mostly from the same communities in Ireland. We understand the importance of developing and enhancing a positive and thriving community spirit.

We contribute to these communities by being successful and by providing employment. But, we also recognise that we have a role in promoting activities in the community more directly and we will be doing more in this area in 2006.

During 2005, we carried out a thorough review of our community involvement activities and we reached a number of conclusions about the shape of our policy for the future:

- We should concentrate on developing community initiatives in Ireland because that is consistent with our business strategy
- Our aim is to make a difference to whatever cause or causes that we select for support
- We will create opportunities for staff volunteering within our community involvement programme

Our community programme will consist of a number of elements:

- Major initiatives with national coverage throughout Ireland
- Financial support for Staff Charities organisations by matching donations raised by staff
- Sponsorships and donations in a limited number of areas such as support for inner city charities, disability and the visual arts
- Involvement in mentoring programmes for 2nd level school students

Our total financial commitment under the programme will be €2m annually – more than doubling our annual contribution to community activities.

Major community involvement initiatives

Working with Business in the Community Ireland (BITCI) and an external consultant, we carried out research during 2005 on possible community initiatives for the group. We are at an advanced stage in the development of our plans for 2006 and beyond and we will be making announcements about these shortly.



Irish Life employees
"Cutting if for the kids"
to raise money for
Our Lady's Hospital
for Sick Children in
Crumlin, Dublin.

Employee Activities

Our two main businesses, Irish Life and **permanent tsb** have successful staff charity organisations. Irish Life Staff Charities has been in existence since 1995 and **permanent tsb** staff charities was set up in 2003 following the creation of the new bank from the merger of Irish Permanent and TSB.

Since they began, our staff charity organisations have raised almost €300,000 from staff for different charities.

Members of staff are invited to nominate charities of their choice for support each year. Since it began in 1995, Irish Life Staff Charities has supported a range of organisations including:

- Our Lady's Hospital for Sick Children in Dublin
- Cystic Fibrosis- Hopesource
- National Rehabilitation Hospital
- Downs Syndrome Ireland

Amounts of money raised have shown a steady increase over a number of years. In 2005 a total of €40,000 was raised by staff.

permanent tsb Staff Charities select two charities for support each year and the charities benefiting from its support have included:

- The Irish Cancer Society
- Irish Guide Dogs for the Blind
- The Irish Kidney Association
- Mater Hospital Dublin (SADS)

The total amount raised by staff in the current year is expected to exceed €50,000 (the charity year-end is 31 March).

Features of both charity organisations are the huge commitment and dedication of the staff directly involved in running the charities and also the range of inventive ideas and activities that have been developed for raising funds. These have included an abseil down the group headquarters building in Dublin, a staff "wedding" and participation by staff in sporting challenges (Marathon de Paris and Irish Olympic distance triathlon).

As part of our revised community involvement policy from 1 January 2006, the company will be matching contributions raised by staff for staff charities up to an average of €50 per head. In practice, this means that the total matched funding available for the staff charities will exceed €100,000 per year for each organisation. A payroll deduction facility for staff contributions is being introduced in March 2006.



Jenny Eastwood, Irish Life and Niamh Doyle, **permanent tsb** at a staff variety show for charity in May 2005.



Cillian Tierney, Irish Life, abseiling down the Irish Life building.



"Irish Life staff Charities began in 1995. A small group of people got together with the idea of raising money for charity. As Chairman, my role includes providing opportunities for staff to participate and contribute to various events. We also organise some joint fundraising events with our sister organisation in permanent tsb."

Sé Weston, Chairman
Staff Charities, Irish Life

Apart from the staff charities in our two main businesses, employees are also involved in charitable and community activities in other ways including:

- Customer Contact Centre (Dundalk)- employees took part in Junior Achievement and also raised money for Louth Hospital (CT Scanner Appeal)
- Irish Progressive Services International – employees took part in a "Santa Appeal Project" to provide Christmas gifts for children in a local school in Dublin

Sponsorships and Donations

Our policy on group sponsorships and donations is to support the following activities and organisations:

- Charity and community organisations in Inner City Dublin where our group headquarters is based
- Community organisations providing support for people with disabilities
- Access to education
- The Arts, in particular the visual arts

Most of our donations are for relatively modest amounts but this enables us to meet as large a number of requests as possible.

Global Reporting Initiative (GRI)

The Global Reporting Initiative or GRI is an independent institution whose mission is to develop global sustainability reporting guidelines. The guidelines were launched in June 2000 and a revised and updated version of the guidelines was issued in 2002.

There are different ways of using the guidelines. An organisation may choose to use the guidelines as an informal reference or to apply the guidelines in an incremental fashion. Alternatively, an organisation may decide to report based on the more demanding level of "in accordance".

Reporting "in accordance with GRI" is the most demanding and requires that an organisation meets 5 conditions. These include the use of a "GRI Content Index" and the inclusion of a signed statement by the Board or the Chief Executive Officer that the report has been prepared in accordance with the guidelines.

In preparing our 2005 CR Report, we have used the guidelines as an informal reference.

The following sections of the GRI guidelines were used as a reference:

Section 2: Profile, including Organisational Profile and Report Scope

Section 3: Governance Structure and Management Systems

Section 5: Performance Indicators: We have used a number of the indicators specified in the GRI guidelines, in particular, in the Workplace section of our report.

A new set of GRI guidelines known as "G3" is currently being issued in draft form for public comment. (www.grig3.org)



Employees from **permanent tsb** Area South and IT Centre in Cork taking part in the women's mini-marathon

Some of the organisations that benefited from our support in 2005 were:

- Lourdes Day Care Centre
- Irish Heart Foundation
- RESPECT
- Anna Livia FM
- Salvation Army

We continued our sponsorship of the National Portrait Collection at the National Gallery of Ireland with the addition of a portrait of the author Maeve Binchy. This is the sixth portrait commissioned in the series since our initial involvement in 1998.

We are also members of Business2Arts, an organisation established in 1998 to develop partnerships between business and the arts and to promote the sponsorship of the arts in Ireland.

In 2005, we also contributed to Focus Ireland and we sponsored the Royal Irish Academy of Music's High Achiever Awards.

BITCI Schools Business Partnership

We will begin participation in this programme in 2006. The Schools Business Partnership was set up in 2000. It gives opportunities for schools to link up with businesses through a number of programmes that benefit both the schools and businesses taking part.

It is structured around four programmes:

- Skills @ Work
- Student Mentoring Programme
- Management Excellence for Principals Programme
- Summer Work Placement Programme

Our involvement in this programme is being co-ordinated by a team from our investment management company- Irish Life Investment Managers. Our partner school is Patrician College in Finglas, Dublin and initially we will be participating with them in the Skills @ Work programme.

Trinity Access Programme – e-mentoring Initiative

Trinity College, Dublin have launched an e-mentoring initiative as part of the Trinity Access Programme. Irish Life & Permanent has agreed to take part in a pilot of this initiative with Moyle Park College, Clondalkin, Dublin. Our involvement is being co-ordinated by our retail life business, Irish Life Retail.

BITCI Community Activities

In November, we provided facilities for BITCI in our group headquarters in Dublin to host a one day community workshop for OPEN, the One Parent Exchange and Network. We will be making these facilities available to BITCI again in 2006.



Maeve Binchy pictured with her portrait at the National Gallery

Our Agenda for 2006

We are committed to developing a full and balanced CR programme for the group. We plan to complete the following actions in 2006:

People with Disabilities

- Publish our group policy for employment of people with disabilities
- Under the AHEAD project, recruit 6 graduates with disabilities
- Improve disability access in a number of our premises

Recruitment/Employee Satisfaction

- Complete an equality/diversity audit of our recruitment procedures
- Carry out employee surveys in Irish Life Retail and **permanent tsb**

Customer Satisfaction

- As part of our Intouch programme in Irish Life Retail, publish the results of our customer satisfaction survey for 2005
- Develop a customer satisfaction index for **permanent tsb**
 - Our aim is to achieve the Plain English Crystal mark for all standard correspondence in **permanent tsb**

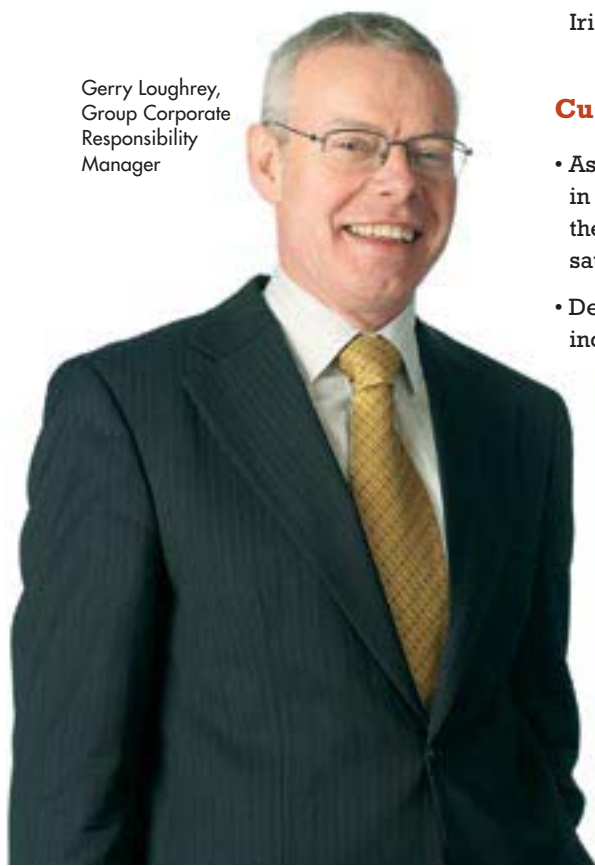
Community Involvement

- Launch major community involvement initiatives
- Match funds raised by Staff Charities up to a possible level of €100,000 in both Irish Life and **permanent tsb**
- Take part in mentoring initiatives with Patrician College, Dublin under the BITCI Schools' Business Partnership and Moyle Park College, Dublin under the Trinity Access Programme

Environment

- Launch new environmental awareness initiatives for staff
- Continue to strengthen our environmental management system
- Review the environmental policies and practices of 10% of our suppliers
- Continue to promote electronic communication with our shareholders

Gerry Loughrey,
Group Corporate
Responsibility
Manager



If you have any comments on this report or on our corporate responsibility programme please email: gerry.loughrey@irishlife.ie

External Commentary by Business in the Community Ireland

Building a sustainable approach to corporate responsibility integration

This second Irish Life & Permanent Corporate Responsibility Report is the result of a comprehensive process of assessing the organisation's impact upon main stakeholder groups. This report demonstrates a significant level of progress in the development of a structure within Irish Life & Permanent to embed corporate responsibility across the organisation. Senior responsibility for corporate responsibility governance is firmly at board level supplemented by the appointment of a full-time Group Corporate Responsibility Manager to oversee the process. The company's commitment to openness and transparency is demonstrated by the range of information provided in this report.

Among the wide range of policies and practices highlighted it is worth mentioning the adoption of the Plain English Crystal Mark in both Irish Life Retail and **permanent tsb** product brochures as a leading initiative on customer communications as well as the launch of financial products for people without access to bank accounts. Workplace initiatives on the employment of people with disabilities and integration of foreign nationals into the workforce should also be noted.

Challenges remain, however in the area of gender balance in senior management that need to be addressed, but as the review states, it is an industry-wide issue that requires concerted efforts. There is also a need to introduce further sources of external endorsement in the form of quotes and case studies which we understand will be included next year.

2005 was a challenging year for the financial services industry in Ireland, where the reputation and trustworthiness of banks and other institutions has been severely questioned and customer confidence was shaken. In such conditions, Irish Life & Permanent's approach to communicating on its corporate responsibility performance is a demonstration of the importance given to this issue to promote an open dialogue with its customers, staff, suppliers, investors and the community at large.

Business in the Community Ireland commends Irish Life & Permanent for this endeavour and recognises that it raises the bar on communicating corporate responsibility in the financial services sector in Ireland.

Tina Roche
Chief Executive
Business in the Community Ireland

www.bitc.ie





