

Corporate Responsibility Report 2004

Marketplace
Environment
Community
Workplace

Corporate Responsibility Report 2004

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Introductory Statement

New Agendas, New Challenges



Welcome to Irish Life & Permanent's Corporate Responsibility [CR] report for 2004. This is our first CR report and I hope you will find it both informative and interesting, particularly in relation to those aspects of our business and corporate life about which there is often little public comment.

CR covers a very wide agenda and in this report we focus on those aspects relevant to our business and to the interests of our key stakeholders. Many of the issues are not new and have been part and parcel of the way that we have conducted our business for many years. For example, in the workplace, our staff have enjoyed excellent terms and conditions and, in our dealings with customers, we have always sought to deliver services that are responsive and flexible and match customer needs.

However, the CR movement which has developed in recent years has both extended the range of activities and issues for which companies are considered to have obligations and responsibilities and has also raised the bar in terms of what is expected of us in those areas. This is for the good – there are many more dimensions to creating value and a sustainable business and managing risk than are captured in a company's current profit & loss account.

So CR has opened up new agendas and challenges for the Irish Life & Permanent group and has prompted us to look afresh at much of what we do. And it's true to say that we are only in the early stages of that process. We have made good progress in some areas - for example, with

environmental initiatives on waste recycling in our offices and also, most importantly, with a range of measures to get closer to our customers and to improve service to them. However, in other areas there are gaps to be filled in our policies and/or we need to put the management systems in place to ensure that policies are being properly implemented.

This 2004 Corporate Responsibility Report is therefore a report on work in progress. It sets out where we are at, as a group, on CR issues in the workplace with our staff, in the marketplace with customers and business partners and how we are managing the impact we have, as a business, on the environment and on the wider community in which we operate. We are proud of what we have achieved to date in the group and we are committed to building on the work that we have done. This report sets the baseline from which to measure our progress in the future.

A good deal done but plenty more to do.

A handwritten signature in black ink that reads "Gillian Fowler".

Gillian Bowler
Chairman
Irish Life & Permanent plc

Taking Responsibility

Our Standards and Values will determine Our Success

Our Values:

Our business is a successful business. Being in financial services, the key to that success has been the quality and commitment of our management and staff over the years. But success does not come from merely the application of the skills and hard work of staff to pursue a chosen strategy. Yes, they are essential, but it is the standards and values to which we work that ultimately determine whether we have created a profitable and enduring business.

Values count. How we do business with our customers and business partners matters to them as much, and often more, than the terms and conditions of a particular product or service. In the competitive marketplace in which we operate, where there is a wide range of choice, the ability to maintain the loyalty of existing customers and to win new ones depends hugely on the quality of the relationship and the values and standards underpinning it.

So what values are important to us in Irish Life & Permanent? A good starting place to find out is our Code of Business Conduct which sets out some of the principles as to how we seek to do business, viz.

- Transparency: to be **honest** and **straightforward** in all our business dealings
- **Integrity:** to ensure that our business dealings are conducted in accordance with the **highest standards**
- Customers: to have due regard to their interests and to treat them **fairly**
- Regulatory authorities: to deal with them in an **open** and **co-operative** way.

These contain key values to which we aspire and make best efforts to achieve. They form an integral part of the day-to-day decision making and business processes across all divisions in the group.

The real test of the importance of these values to us is not what we say but how our customers, business partners, suppliers, regulators etc. actually experience them in their dealings with the group. Throughout this report, you will come across many examples of the application of these principles in practice, viz.

- The “Honesty Mark” accorded to Irish Life Retail for its clear and honest customer literature
- The speaking-out (“whistle-blowing”) procedures – currently being introduced - for staff who have concerns regarding the probity of a business transaction
- Our “gift-taking” policy which seeks to prevent the independence of staff being compromised or being seen to be compromised
- Our regular use of surveys and focus groups to monitor customer satisfaction and the extensive complaint and redress procedures for dissatisfied customers
- The substantial investment in staff and resources that we have made to support our commitment to “best practice” compliance procedures.

The challenge for us is to ensure that we adhere to our values in all that we do and all the time. That

Taking Responsibility *continued*

means imbuing these values into our culture and having the oversight and controls in place to meet the standards set. The good corporate governance necessary to deliver long-term shareholder value must therefore include the CR agenda as an integral part.

Governance

In Irish Life & Permanent, we take good governance seriously. We fully subscribe to the principles of the Combined Code on Corporate Governance and comply with all provisions of the Code.

As we have begun to have a greater appreciation of the opportunities and risks associated with Corporate Responsibility, so we have extended our governance to include the CR agenda. In 2004, we

- Established a Group CR Committee comprising senior managers from each of the main operating divisions and from key functions
- Appointed an equality/diversity monitoring officer to ensure that we manage equality and diversity issues in line with best practice
- Reviewed policies and practices across the group to identify any significant gaps
- Initiated a review, in conjunction with Business in the Community Ireland, of the group's charitable and community related activities.

That momentum has continued into 2005 with the appointment of a full-time CR manager for the group. The Board is also committed to reviewing and strengthening our policies and to put in place the management systems to ensure that the policies are properly implemented.



Irish Life



In the Marketplace

*Our customers' trust must be earned
and not taken for granted*

The Irish Life & Permanent group is a leading provider of personal financial services in the Irish market. The group was formed in 1999 from the merger of Irish Life, Ireland's largest life assurance company, and Irish Permanent, Ireland's largest residential mortgage provider. The group was further strengthened with the acquisition of TSB Bank in 2001 and the creation of **permanent tsb** bank.

Full range of retail financial services

The group provides a full range of retail financial services from banking to life assurance, pensions and investments. Our lending in **permanent tsb** is almost all for personal customers. In Irish Life Assurance, we provide products and services to both individuals and pension funds.

Our proposition to customers is to offer a combination of competitively priced products, quality service, flexibility and ease of access. These features, together with the confidence and trust that our customers place in us, provide the basis for our success in the market. We recognise, however, that standards and customer expectations do not stand still and that trust must be earned over and over and cannot be taken for granted. So we are constantly looking to raise our game to meet and exceed the expectations of our customers.

Prudent lending

Our range of personal products is designed to appeal to as broad a customer base as possible. We offer a variety of loan types and in all cases our **lending criteria are prudent** and based on the customer's ability to manage the repayments on the loan and allow for the impact of possible increases in interest rates. Customers who encounter

financial difficulties are dealt with on a one-to-one basis. As the leading mortgage provider, **permanent tsb** has successfully dealt with the widest range of mortgage payment arrears for the longest time. Arrangements are wide and varied and while they typically involve a combination of debt rescheduling or facilitating payment breaks, they very much revolve around the needs of the particular customer under review.

Affordable products

For customers requiring current accounts and savings accounts, we have attractive and affordable options. We offer current accounts with no charges for lodgements, withdrawals, direct debits, or standing orders. The minimum savings amount for one of our regular **permanent tsb** savings accounts is €20 per month.

Socially Responsible Investment (SRI)

Our funds management company, Irish Life Investment Managers (ILIM), provides a wide range of investment options for both individual investors and pension funds. These include quoted stocks and shares, bonds and property. Since 2002, ILIM has offered SRI funds investing in Global and European equities using the FTSE4Good Index. This index has been designed to measure the performance of companies that meet globally

In the Marketplace *continued*

recognised corporate responsibility standards and to facilitate investment in those companies. Individual and company investors can now invest in these funds. To date, however, the take-up of the SRI fund options has been disappointing.

Easy access to products and services

Having the right products is fine but are they readily available and accessible to customers? In the Irish Life & Permanent group, our multi-channel distribution approach means that our customers can access our products and services howsoever they choose and can do so when it best suits them. We offer an unrivalled array of choices:

- 155 **permanent tsb** branches and agencies nationwide
- c.400 financial advisers who can visit customers in their homes or workplaces
- A network of over 2,000 brokers and intermediaries offering independent advice
- 24 hour self-service on-line banking through OPEN24
- 24 hour on-line & telephone access to customers' pension and investment products
- Extended hours for personal customer assistance by phone in mornings, evenings and on Saturdays
- Access to a network of over 2,000 ATMs nationwide and 900,000 internationally.

Disability access

As our customers will appreciate, our branch

network has undergone significant change following the joining together of Irish Permanent and TSB to create **permanent tsb**. This process is ongoing with major investments taking place in the refitting of branches and in the installation of new convenience ATMs. As part of this process, we are adapting branches and ATMs for suitable disability access.

We appreciate that there is more to be done in terms of improving physical access and many older buildings and facilities across the group need to be adapted. This is on our agenda.

Customer service and care

Transparency of charges

Our commitment to be honest and straightforward in our business dealings starts with providing customers with appropriate products – ones that match their needs – and by ensuring that our charges on those products are clear and easy to understand.

All our product literature provides details of charges, and **permanent tsb** branches display brochures setting out details of fees and charges. When customers purchase a product or open an account, the applicable fees and charges are explained and any changes to these charges are notified to customers prior to the effective date.



In the Marketplace

Since 1998, all the literature/brochures for the core products of Irish Life's retail division have carried the "Crystal Mark ". This is an internationally recognised symbol of clarity awarded by the "Plain English Campaign". Adding to this, in 2004, Irish Life Retail was the first financial services company in Ireland and the UK to be awarded the "Honesty Mark". This award guarantees that everything in the literature is true, is not contradicted by any other document and is written in an up-front manner.

Customer satisfaction

It's a truism in business that what matters is what gets measured and that is most certainly the case in regard to customer satisfaction in the Irish Life & Permanent group. All our businesses closely monitor customer satisfaction and service, and target continuous improvement against the benchmarks that we have set ourselves. We use a variety of methods and measures to gauge our performance including customer focus groups, staff and customer surveys, complaints monitoring and external market research.

intouch...with you

In Irish Life's retail division, we commissioned a major customer satisfaction survey involving over 2000 customers and in 2004 communicated the results of that survey to over

300,000 retail life customers. This overall satisfaction index, made up of 15 different aspects, registered at 73%. As a result of the feedback received, we launched our "Intouch" programme which involves every member of staff changing the way we do business to continuously improve the way we serve customers. Irish Life's retail division is committed to repeating this research annually and sharing it with our customers.

Irish Life's corporate division also use a Customer Service Index (CSI) to measure and monitor service performance with



Irish Life and **permanent tsb** both operate Customer Contact Centres. Irish Life also has a Vistor Centre in Dublin (pictured above).

In the Marketplace *continued*

its pension customers and the brokers and consultants who introduce the business. CSI is an index of 13 key services, each weighted as to their importance. The corporate division's CSI for 2004 was 72% (2003:72%) and in an independent survey of intermediaries carried out by Millward Brown IMS in 2004 it was ranked 1st on service.

For the bank, **permanent tsb** assesses customer satisfaction on a quarterly basis through its subscription to MORI MRC, a research study that surveys a representative sample of the population across all product types, and rates customer satisfaction levels for all financial institutions, including **permanent tsb**. The bank is a leading company in the retail banking field on customer satisfaction ratings with particularly strong ratings on staff helpfulness and product range.

Customer Complaints and Concerns

When a customer has a complaint or is dissatisfied in any way, there has been a service failure and/or a communication breakdown. Our objective in all we do is to prevent such occurrences but where they do happen we try to remedy the failure or breakdown immediately or as soon as is possible after being notified.

It is in the interest of both customers and the businesses that complaints are resolved speedily. In **permanent tsb**, written complaints are acknowledged immediately and all efforts are made to resolve them within 5 working days of receipt (currently under review). In Irish Life, complaints in the retail division are acknowledged on receipt, actioned immediately, if possible, and failing that responded to within 10 working days. During 2004, approximately 90% of complaints were resolved within the 10 day period. In the corporate division of

Irish Life, the target is to have an interim response within 5 working days and closure of the complaint within a maximum of 20 working days, this timeframe reflecting the more complex nature of the business. During 2004, a final response was issued within the 20 day period in respect of almost 99% of complaints.

We don't always get it right. We still have some older systems and processes which do not match today's standards. On occasion, we do not take sufficient care or are hurried and human errors are made. For example, in 2004, in Irish Life Retail, we realised that our system continued to deduct stamp duty on indexation increases on unit-linked protection policies after stamp duty had been abolished in January 2001. In **permanent tsb**, in 2004, an error arose due to a number of loans being issued at an earlier quoted rate despite the fact that a rate reduction took effect between the time these loans were approved and drawn down. When we discovered these errors, we took action to restore customers to the positions that they would be in had we not made these errors.

Of course, if any customer is not satisfied with the manner in which a matter has been dealt with, he/she has the right to independent adjudication of their complaint by the Ombudsman. In 2004, a total of 41 (2003:56) complaints were referred by bank customers to the Credit Ombudsman of which 6 (2003:19) were decided in favour of the customer and a further 9 (2003:11) complaints were partially upheld. Complaints from retail customers of Irish Life referred to the Insurance Ombudsman totalled 59 (2003:75) for the year of which 14 (2003:19) were upheld.

Working with our business partners

We regard the distributors of our products and services and the suppliers to our business as partners. We work with the intermediaries and agents

In the Marketplace

who distribute our products to ensure that customers receive the appropriate products and quality service that they expect from us. Similarly, the quality, efficiency and reliability of products and services that we use in our business underpin the service delivery to our customers.

Intermediaries

Central to our relationship with brokers and intermediaries is an understanding of the relationship between them and their clients. That involves a recognition of the need to protect the integrity of that relationship and a commitment to respect the confidentiality upon which it is based. The “Broker Charter” which we operate is designed to give effect to these principles and ensures in particular that, as a multi-channel and multi-product personal financial services provider, we do not misuse the confidential customer information to which we have access.

Suppliers

Our commitment to our suppliers is to treat them fairly and equally and to pay them on time. Treating them fairly means that in awarding contracts we operate an open tendering process where the awarding of contracts is based on sound business principles. Our procurement policy, available to all suppliers, sets out clearly the criteria which we apply and the processes involved in the awarding of contracts.

Our gift policy, which applies to all employees, precludes them from accepting gifts or benefits which could affect, or could be considered to affect, their ability to exercise independent judgement or give rise to a conflict with the duty owed to customers.

Complying with regulation

Getting it right

In recent years, we have seen a substantial increase in regulation and in the associated compliance obligations of companies. In Irish Life & Permanent, we have a commitment to best practice compliance and to dealing with regulatory authorities in an open and co-operative way. We have invested heavily in improving our processes and in staff training to ensure that our compliance obligations are understood and met as an integral part of the way we do our work. We also have allocated substantial resources – 63 full-time (equivalent) staff in Compliance and Internal Audit - to managing and monitoring compliance throughout the group.

Where errors do occur, it is our policy to notify the regulatory authorities immediately we have scoped and sized the problem. We then set about putting right the error, ensuring that customers are treated fairly and receive the appropriate compensation and redress as approved by the regulatory authorities.

Speaking Up

In line with best practice compliance, the group is currently introducing a “Speaking Up” policy (sometimes referred to as a “Whistle-blowing” policy) that will enable staff to raise any concerns that they have about wrongdoing. It is designed to ensure that those concerns will be listened to and investigated by the group. The policy provides a safe and supportive process within which staff can raise such concerns without fear of being singled out or victimised in any way for their actions. Staff can raise any concern about wrongdoing either internally - at the highest level - or through an external independent and confidential charity that specialises in this area.

Workplace

Ensuring that staff reach their potential

There are over 4,500 employees in the Irish Life & Permanent group. The quality and commitment of those employees underpins our ability to succeed and to remain successful in the highly competitive market for personal financial services. It is important, therefore, that we recruit, motivate and retain high quality staff and in helping them reach their full potential we also ensure that their contribution to the group is maximised.

We achieve this by applying to employee relations the same principles of fairness, openness, accessibility and flexibility that we do for relations with our customers and by investing in and supporting their development.

Equality and Diversity

As a group, we believe that by valuing and promoting diversity, we are fostering an environment where all staff respect one another, can contribute more and can enjoy their work.

We neither treat employees differently, nor do we impose job requirements, on the basis of gender, marital status, family status, sexual orientation, age, disability, race, religion or membership of the Traveller Community etc. We seek to provide a workplace where there is mutual respect and which is free from harassment or bullying of any sort.

Equality / Diversity Monitoring Officer

In 2004, in recognition of the importance of promoting equality and diversity, the group appointed an equality / diversity monitoring officer with the following objectives:

- Monitor diversity across the group, reporting to the Executive Top Team
- Review the group's recruitment processes and procedures and ensure compliance with equality legislation
- Increase the awareness of equality and diversity within the organisation including the role which both management and staff have to play

- Develop a code of practice for the employment of people with disabilities
- Participate in the Equality Diversity Network in Ireland - a national organisation focused on the advancement of diversity
- Proactively work with the Equality Authority, IBEC and other organisations to ensure that we achieve best practice in the management of equality and diversity.

Recruitment and Selection

Our recruitment objectives are simple – firstly to ensure that we get the right people with the right skills in the right roles and secondly that this is done through the use of fair, objective and transparent selection processes.

We are committed to having a good knowledge of the requirements of our internal business units and the external market. All promotional opportunities are communicated across the group. All advertisements, both internal and external, clearly state that we support equal opportunities. Line managers who are involved in conducting interviews receive coaching in interviewing skills and are made aware of relevant group policies and legislative obligations. Where possible, we apply a competency based approach to assessment, selection and development.

Workplace

In 2004, we introduced a new on-line application system that allows applicants to register for job opportunities. Applicants can be notified if vacancies arise through an e-mailing service or can apply for existing vacancies in a fast and easy way. We recruited 950 new employees across the group in 2004 (out of a total of almost 10,000 applicants) and there were another 155 internal appointments and promotions.

Staff turnover in 2004 increased sharply reflecting the strength of the economy and more particularly the buoyancy of the financial services sector.

Employee Share Ownership

Employees in the Irish Life & Permanent group enjoy attractive levels of remuneration reflecting their education and skills and the value added nature of the sector in the economy. In 2004, the average total payroll cost (salary plus company pension and company PRSI contributions) for all staff, including managers, was €55,000 (2003:€53,000).

An important component of the remuneration package for employees is participation in the share based profit sharing scheme. Under the scheme, there is an annual allocation of shares to employees, the amount being related to the performance of the group in the year. Staff enjoy favourable tax treatment in relation to shares acquired in this manner.

The group also has approved share

option schemes in place which cover all employees - management and staff. These provide the option to purchase shares in the future at a price which is fixed at the date the option is granted.

Since the start of these schemes in Irish Life plc and Irish Permanent plc, a total of almost 20 million (equivalent) Irish Life & Permanent plc shares have been allocated to employees corresponding to 7% of shares in issue. Current employees hold approximately 4% of shares in the group.



The total number of training days in the year exceeded 11,000. The picture above shows a training course in progress for Open 24 employees in **permanent tsb**.

Workplace *continued*

These share based incentive schemes are an important aspect of our performance-related remuneration system. They give employees a real stake in the ownership of the business and align their interests with those of shareholders in general.

Training and Development

We aim to improve the competitiveness of our organisation by developing the business skills and personal effectiveness of our staff. To achieve this, we have developed a range of training programmes – using both internal and external training professionals/organisations – and covering all levels and areas of the organisation. In addition, we strongly encourage and support staff in acquiring professional skills and qualifications.

The programme of courses for employees in 2004 included the following:

- Induction courses for all new employees joining the group
- Technical training on computer applications, products, legislation etc
- Personal effectiveness courses covering communication skills, time management, performance management, coaching and influencing skills etc.
- Customer care
- Supervisory and front line management skills
- Leadership and change management
- Advanced management in conjunction with the Irish Management Institute
- Corporate MBA (2 year) designed and run by Dublin City University.

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 trainee period, they get 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 relevant formal educational qualifications.

The group training budget for 2004 amounted to €4 million and a further €0.3 million was spent on educational support. The total number of training days in the year exceeded 11,000 with an average of 2.5 training days per employee.

Work - life Balance

We are committed to supporting our employees in achieving a good balance between their home and their working life. Over 40% of employees in the group have flexible working hours which allows them, subject to the needs of the areas in which they work, to adapt their working day to their personal circumstances and to avail of an increased number of days' leave from work.

In addition, over 15% of employees currently avail of special flexible working arrangements. Some examples of the flexible working arrangements offered include:

- Job Sharing – where two employees share a position/role
- Part-time – working from between x and y hours per week
- Compressed Hours – fitting the working week into 4 days
- Term Time – taking breaks during the year to coincide with the children's holidays

Workplace

- Career Breaks – availing of breaks of up to two years before returning to work
- Home Working – remote on-line working from home

In our head office and main business locations, we provide all day subsidised restaurant facilities for employees. The group also operates a recreational centre (including swimming pool) in its head office complex which is available to all Dublin based staff.

Health and Safety

The health and safety of our staff and of those working in, or visiting, our premises is of great concern to us and we take a proactive approach to ensuring that all existing safety, health and welfare requirements are met and that emerging issues are addressed.

We have a comprehensive safety policy for the group prepared in accordance with the Safety, Health and Welfare at Work Act, 1989 and a programme of activities to ensure that the policy is implemented and adhered to. Our health and safety team provides and/or arranges a range of services including:

- Surveys of premises and hazard identification
- Regular testing of emergency evacuation procedures
- Accident reporting and investigation
- Provision of eye/eyesight testing and payment of a subsidy towards the cost of spectacles for Visual Display Unit (VDU) use
- A confidential counselling service - the Employee Assistance Programme – to help

with personal or work related issues

- Provision of a Critical Incident Response service to employees who suffer a sudden traumatic event at work
- Provision of specialised equipment where required e.g. back support chairs.

In 2004, a total of 36 accidents were reported to the Group Health & Safety Manager, of which 6 were reported to the enforcing authority.

Working Together

Our commitment to providing honest, open and timely communications to our customers applies equally to communications with our employees. And, as with customers, that communication process must be two-way. It is essential that all our employees understand what we must do as a business to be successful and their role in making that happen. Equally, management must listen to their ideas and concerns.

Communication is a continuous process and we have an active programme across the group to keep in touch with staff and keep them up to date, viz.

- Employee briefing magazines (“team briefs”) are published monthly or quarterly (depending on the business unit)
- Intranet sites are in place in all the main business units providing information on a wide range of employee and business topics and the facility to directly address a query or concern to the CEO
- Special presentations and briefing notes are arranged for results announcements
- Employee surveys are undertaken across the group on an annual basis in order to measure staff motivation and morale.

Workplace *continued*

All employees have the entitlement to raise matters relating to their work with management and to expect a fair hearing when they do so. They may choose to do this individually, as is generally the case, or for some matters will be represented through their trade union or staff association. Irish Life & Permanent recognises a number of trade unions who represent and negotiate on behalf of staff across the group on matters including salaries, hours of work and other work arrangements. Many members of staff are also union representatives and receive the facility from the company to attend meetings, training courses etc. Irish Life & Permanent view the partnership approach of working with trade union representatives, staff and management as important to the success of the organisation. Approximately 70% of staff are members of a trade union.

The existence of good staff relations is very important to the group and we endeavour to ensure that all employees are treated fairly at all times. A grievance and disciplinary procedure is in place, which has been agreed by the unions, and all employees have access to the process and the right to union representation at all stages.

Environment

Valuing and respecting the environment

As a services business providing 'intangible' financial products and services to customers, our environmental impact is moderate when compared with many other industries and sectors. However, by virtue of our size and our presence across the country we can make a difference, both in terms of our direct impacts and by example, contributing to a greater awareness of the importance of environmental standards.

Within our businesses, we are adopting an approach of managing our direct impacts and seeking to minimise those impacts. This makes good business sense both in reducing costs and in ensuring that we meet increasing legislative and regulatory obligations. We also seek to raise awareness and secure best outcomes by encouraging our staff to participate in and contribute to our environmental initiatives.

Management Structure

A Group Environmental Committee has been in place since 2003 with representation drawn from a number of functions throughout the group including Facilities, Property Management, Engineering Services, Procurement and IT.

Its initial brief was to propose and implement a set of environmental initiatives. It was recognised at an early stage that the success of these initiatives was dependent on the support of staff and as a result a number of staff from our main office locations in Dublin were invited to take up the role of Environmental Volunteers. These individuals assisted in the development of the environmental initiatives and in finding ways to communicate these changes most effectively throughout the organisation.

Environmental Management System

Our environmental management system uses the International Standard, ISO 14001, as a guideline. It also includes aspects of the FORGE Guidance on Environmental Management and Reporting for the Financial Services Sector. Although still in its infancy, we are hoping to strengthen our

environmental management system over the coming year in order to enable us to achieve accreditation to this standard in the future. A key requirement in this respect is regular reporting on performance measures.

Environmental Policy

As part of our environmental management system, we have developed an environmental policy for the group setting out how we aim to fulfil our commitment of protecting the environment from the potential impact of our activities, products and services and to assist in maintaining and improving the quality of the environment. In summary, this policy comprises: minimising the use of energy and resources through recycling and other means; promoting environmental awareness among staff and monitoring the environmental impact of our activities.

Full details of our policy are available elsewhere on our group website (<http://www.irishlifepermanent.ie/ipm/corporateresp/policies/environment/>).

During 2004, Irish Life & Permanent introduced recycling facilities in our main office locations in Dublin which have proved to be very successful.

Environment

All recycling facilities carry the group's new environmental logo which is based on the sunflower.

Environmental Initiatives

We have successfully implemented a number of environmental initiatives throughout the group which have improved our environmental performance, reduced costs and have been welcomed by staff:

■ Office Recycling Initiatives

During 2004, we implemented a major recycling initiative within our main office locations in Dublin. This involved introducing a new system whereby all office waste is now segregated so that the different components can be recycled following disposal. Out went the old office bins where all the waste previously went to landfill and in came the green trays and the on-floor recycling facilities. This initiative was welcomed and strongly supported by all staff.

We estimate that there was an increase of almost 50% in the amount of paper recycled in 2004 over the prior year.

We have also developed a regular collection scheme for used toner cartridges and mobile phones. Over 600 toners were recycled in 2004. All proceeds gained from the recycling are donated to Temple Street Children's Hospital.

■ Equipment Procurement & Disposal

Due to the potential impact that our suppliers have on the environment, we have incorporated our environmental policy into our purchasing. As a result, our procurement department, where possible, purchases more energy efficient equipment, recycled and recyclable materials and discusses with future suppliers their environmental policies.

We also identified the imperative that all our used/obsolete



During 2004, we introduced on-floor recycling facilities within our main office locations in Dublin.

Environment *continued*

electronic and electric equipment should be recycled where possible. We have developed waste maps detailing our waste avenues and our related suppliers and have arrangements in place for collection and recycling.

■ Energy Saving

Throughout 2004, we ran an initiative aimed at raising awareness of the need for greater energy efficiency. We have 5,000 PCs across the group and good practice in switching off results in considerable cost and energy savings. We have developed a guidance document outlining ways to reduce the amount of energy consumption for PCs. We are currently upgrading our equipment and network throughout our group to enable all staff to use energy saving features in the future. It is expected that this upgrade will be completed during 2005 and 2006.

We estimate that some 20% of the energy that we use comes from renewable sources.

■ Restaurants

As part of our policy of minimising use of materials, in co-operation with our external service provider, we have introduced recyclable disposable materials into our restaurants. Segregation facilities now exist in our restaurants and we recycle a larger amount of our waste than before.

■ Printing

We are currently implementing a new strategy in respect of our printers and our printing. A pilot scheme is in operation whereby we have purchased new equipment capable of energy shutdown, double-sided printing etc. In the near

future, we will look at ways to expand this throughout the group with both environmental and cost benefits.

■ Environmental Website



We have developed an environmental website within our group to enable staff to understand the background to our initiatives. This website contains useful links to local authorities and it also acts as an avenue for feedback and queries.

Going forward

We have made some good progress during 2004 and we intend to build on this in 2005. We aim to develop our environmental policy, adding a sensible set of objectives and targets in those areas where we can make a real difference and putting measurement systems in place to monitor our progress. We will also be looking to expand the scope of our initiatives so that all centres in the group are covered.

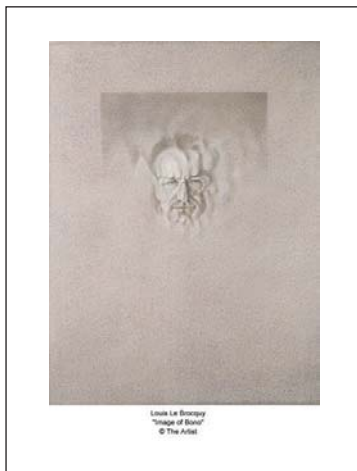
Community

Supporting arts and education and helping the homeless

The Irish Life & Permanent group's strategic focus is on Ireland and the most important contribution that we can make in Ireland is by ensuring that our business is, and remains, successful – creating wealth and providing employment.

We recognise, in addition, that our involvement in the wider community goes beyond success in the marketplace and we provide financial and/or practical support to charities, community projects and organisations. At national level, our focus has been on projects and charities in the arts, in education and in the area of homelessness. The group contributes and provides support to Focus Ireland, a charity tackling the problem of homelessness. In the arts, the group helped to fund the new portrait section of the National Gallery and has sponsored a series of modern portraits of well-known personalities from contemporary Ireland. We also sponsor the Royal Irish Academy of Music's High Achiever Awards.

At local level, we support a wide range of community-based activities through the nationwide retail branch network of **permanent tsb**.



The 2004 addition to the National Gallery collection was a portrait of Bono of U2 painted by Louis Le Brocquy.



During 2004, Irish Life and **permanent tsb** Staff Charities both purchased 7-seater cycles and donated them to the National Council for the Blind for fund-raising purposes.

Community *continued*

Our staff have active programmes supporting charitable causes and in 2004 the charities that were selected by staff were the Alzheimer's Society, Oesophageal Cancer Research and the Irish Kidney Association. Over €100,000 was raised in a wide variety of funding raising events and donated to these causes.

These are just some examples of our support for community activities over the past year. In 2004, the group also became a member of Business in the Community Ireland (BITCI) and we are currently working with BITCI to review of our policies and practices in relation to our support for, and involvement in, charitable and community activities.

Commentary from Business in the Community Ireland (BITCI)

The integration of Corporate Responsibility policies and practice into the organisation's DNA is an ongoing challenge and a continuous process for all companies. Responsible business practice is no longer the exclusive practice of a handful of progressive companies but the only acceptable way for leading and competitive businesses.

Business in the Community Ireland, as the leading membership organisation promoting corporate responsibility in Ireland commends Irish Life & Permanent plc on the publication of its first Corporate Responsibility Report in February 2005.

This report sets the foundations for a process Irish Life & Permanent have embarked on. Engaging with its stakeholders for better understanding and positive impact as well as communicating to a broad audience on the company's performance, achievements and challenges is its aim.

We also hope this report will inspire other companies in the financial services sector to adopt similar communications.

Tina Roche
Chief Executive
Business in the Community Ireland



