

Corporate Responsibility Report 2008

A Three-Year Perspective

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Message from the Chairman



Gillian Bowler
Chairman
Irish Life & Permanent

In 2008, we managed our CR activities against a backdrop of an exceptionally difficult business climate that has continued into 2009. This has presented challenges, not just for us, but for all of our stakeholders – our customers, employees, shareholders and our community partners. In the current climate, businesses need to work harder than ever to retain and build trust among their stakeholders. We do not take our licence to operate lightly and we recognise that sustainability is a process of continuous improvement. This report testifies to that philosophy.

During 2008, the financial services sector, including Irish Life & Permanent came under scrutiny for some of its practices. We acknowledge that some issues arose that ran counter to the high standards that we have set for ourselves both in the way we manage our businesses and in our dealings with customers. We are addressing these issues and are making the necessary changes to make sure that they do not happen again.

We are also working with the Irish Banking Federation (IBF) on the CSR agenda under the Government Bank Guarantee Scheme. The first report on this agenda by the IBF was published on 18 March 2009 and is available on our group website.

The various CR programmes that we put in place over the past three years have continued to deliver positive results and we continue to set targets for further development.

Examples include:

- Comprehensive customer satisfaction programmes in place in each of our main businesses
- A strong commitment to employee learning and development
- A wide-ranging group community involvement programme
- Continuous development of our environmental agenda and reporting system

In our individual community programmes, we follow a partnership approach and we work with our community partners to make these programmes as successful as possible. Our community partners are Age Action Ireland (Care & Repair services for older people), Trinity College (Long-term ageing study) and Foróige (Youth Citizenship programme and awards). In September 2008, we received a “Good Neighbour” Award at the Chambers Ireland CSR Awards 2008 for our community involvement activities.

Climate change continues to be an important focus of attention for Governments, companies and individuals. In Irish Life & Permanent, we aim to minimise our impact on the environment and to achieve best practice

on environmental performance. In 2008, we completed a full review of our environmental policy and practices. Data is key to managing this agenda and we have put in place a system for gathering environmental data at a detailed level.

Apart from our own CR programmes, we are a member of Business in the Community Ireland (BITCI) and support their activities, including their Schools’ Business Partnership programme that forms part of our community activities. We also took part in the BITCI CEO forum on climate change held in Dublin in October 2008.

We have built our CR programmes around our three core group values:

- A team of winners
- Relentless pursuit of customer satisfaction and
- A great place to work

These drive our CR agenda and we continue to use these as a measure of our performance.

It is clear that 2009 will present significant challenges but we will continue to manage our CR programmes to deliver benefits for our stakeholders and our businesses.

Our CR Programme at a glance – Three-year summary view

Marketplace *Core value: Relentless pursuit of customer satisfaction*

Our policy is to offer our customers the best combination of choice, value and service on the market.

ACTION		RESULTS (CSI SCORES)		
		2006	2007	2008
Irish Life Retail	InTouch programme running since 2004 	76.8%	80.0%	80.1%
Irish Life Corporate Business	BORU* programme running since 1999 	78.7%	87.6%	89.1%
permanent tsb	Customer Central programme running since 2006 	81.3%	84.2%	82.7%
Irish Life Investment Managers	Commitment to service and communication with clients 	Investment Management – KPMG Financial Services Excellence Award 2007		

*Building our reputation up

Workplace *Core value: A great place to work*

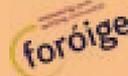
Our policy is to offer competitive terms and conditions of employment. We also have specific policies covering equality and diversity, health and safety and speaking up.

ACTION		RESULTS			
		2006	2007	2008	
Best practice recruitment procedures	New employees	permanent	915	879	495
		contract	252	280	212
Regular employee surveys	No. of surveys	3	4	4	
Investment in training and development	Training days	14,200	16,600	17,000	
Health & well-being programmes in place throughout the group	Health & Well-being events held each year				
Structures in place to support the employment of people with disabilities	O2 Ability Award Winner for Progression, Learning and Development 2007				

Our CR Programme at a glance – Three-year summary view

Community *Core value: A team of winners*

Our policy is to concentrate our community activities in Ireland. We aim to make a measurable difference to whatever causes we select for support and to create volunteering opportunities for our employees.

ACTION		
Flagship programmes (Community partnerships)	Irish Life	Trinity College 10-year ageing study 
	permanent tsb	Age Action Care & Repair services for older people 
Other programmes	Central Corporate Fund	Foróige Youth Citizenship Programme and Awards 
	Support for Staff Charities	Sponsorships & donations supporting access to education, disability, serious illness, inner city Dublin and the visual arts 1-to-1 Matching of funds raised by staff for selected charities
RESULTS	Second year of community flagship programmes successfully completed and measurable impact achieved	

Environment *Core values: A great place to work, a team of winners*

Our policy is to minimise our impact on the environment and to promote awareness of environmental issues among staff and the wider community.

ACTION		RESULTS			
		2006	2007	2008	
Energy	Corporate member of the Power of One campaign	Total energy use GWh	27.3	27.2	28.0
	Renewable electricity in use in c.100 premises	Green energy %	28%	25%	24%
Waste	Recycling of office waste in place throughout the group	Total waste (Tonnes)	1,887	1,520	1,636*
		Waste recycled %	72%	71%	75%
Resources	Some paper-free communications in place	Savings of 500,000 A4 pages achieved in 2008 (estimated)			

*Excluding 1,060 tonnes (880 tonnes recycled) exceptional demolition waste.

Our core values drive our CR agenda

A team of winners

This value influences everything we do. We put an emphasis on teamwork and building a high-performance culture. We also want to create a desire to win and to beat the competition. To do this, we need to recruit ambitious people and link rewards to performance.

Relentless pursuit of customer satisfaction

For us, this means putting the customer at the heart of our business, constantly measuring customer satisfaction levels and linking staff rewards to customer satisfaction levels.

A great place to work

We aim to create an environment where staff can develop and contribute to their maximum potential and where people feel valued, respected and treated fairly. We also want to make a meaningful contribution to the communities where we do business.

Our Core Values	Marketplace	Workplace	Community	Environment
A team of winners	<ul style="list-style-type: none"> ■ Beating the competition 	<ul style="list-style-type: none"> ■ Creating a high performance culture ■ Building stronger teams 	<ul style="list-style-type: none"> ■ Setting ambitious targets ■ Maximising impact from community involvement 	<ul style="list-style-type: none"> ■ Aiming for best practice
Relentless pursuit of customer satisfaction	<ul style="list-style-type: none"> ■ Customer satisfaction programmes 	<ul style="list-style-type: none"> ■ Linking staff rewards to customer satisfaction 	<ul style="list-style-type: none"> ■ Treating customers fairly 	<ul style="list-style-type: none"> ■ Green financial products
A great place to work	<ul style="list-style-type: none"> ■ Better customer relationships from more engaged employees 	<ul style="list-style-type: none"> ■ Staff surveys * ■ Investment in learning and development 	<ul style="list-style-type: none"> ■ Volunteering ■ Support for Staff Charities 	<ul style="list-style-type: none"> ■ Power of One at Work campaign

* To track and drive workplace improvements

How we manage our CR agenda

Board of Directors

The Board of Irish Life & Permanent sets overall CR policy and objectives.

Group CR Committee

This committee reviews progress in implementing our CR programme. The Committee is chaired by our General Manager – Investor Relations.

Group Environmental Committee

This committee sets environmental policy for the group and reviews progress on our environmental agenda. The Committee is chaired by our Group Head of CR.

Group Head of CR

Gerry Loughrey is our Group Head of CR. He manages our CR programme on a day-to-day basis. He works with internal departments and external stakeholders to develop and promote our CR programme.



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Marketplace

Three-year summary view

Measure of Performance	2006	2007	2008
CSI* – Irish Life Retail	76.8%	80.0%	80.1%
CSI* – Irish Life Corporate	78.7%	87.6%	89.1%
CSI* – permanent tsb	81.3%	84.2%	82.7%
Complaints & Concerns – Irish Life Retail:			
- “One and Done”	} 4,316 (Note)	18,318	75,801
- Investigation		2,442	3,699
Complaints and Concerns – permanent tsb	3,211	3,009	3,235

* Customer Satisfaction Index

Note: From 2007, Irish Life Retail began measuring both complaints and concerns – comparative data is not available for 2006.

Customer satisfaction

We engage with our customers through our customer satisfaction programmes – Intouch (Irish Life Retail), BORU (Irish Life Corporate) and Customer Central (**permanent tsb**). During the past three years, these programmes have developed and expanded both to increase the level of interaction with customers on their service experience with us and also to have some measurement of our performance against international benchmarks. We have adopted Plain English as a standard for communicating with our customers and we have also taken steps to improve accessibility to our products and services.

In our three main businesses, we use customer satisfaction indices based on the results of customer surveys. In 2007 and 2008, the results from these surveys showed satisfaction levels at 80% or above. In each business, we have also introduced additional techniques to assess satisfaction levels:

- in Irish Life Retail, we use monthly surveys of key customer transactions and “Mystery Shopping” exercises with financial advisers;
- in Irish Life Corporate, we track broker satisfaction levels each month; and
- in **permanent tsb**, we survey customers each night within 24 hours of attending a branch (10,000 customers surveyed in 2008).

Bank transaction fees

In 2005, **permanent tsb** was the first bank in Ireland to end normal transaction fees on current accounts. This benefit was extended to all existing current account customers in 2006. As a result, during the three year period 2006-2008, customers have opened more than 200,000 new current accounts with **permanent tsb**.

Compliance with regulations

In 2007, two major new sets of rules came into effect setting out how financial services companies should

deal with their customers – Minimum Competency Requirements (for individuals who give advice to consumers on retail financial products) and a new Consumer Protection Code. We made the changes necessary to make sure that we comply with these new regulations.

Accessibility

During the past three years, we have carried out works to make our products and services more accessible for people with disabilities. These works have focused on our Head Office buildings and branches and include:

- two new lifts installed in the Irish Life Centre to provide access from the underground car park in the centre to both street and first floor level;
- hearing aid “loop” systems installed in all **permanent tsb** branches and in other offices; and
- works to provide wheelchair access to eight **permanent tsb** branches.



Customer Satisfaction – Irish Life Retail

Irish Life Retail Customer Satisfaction Index		
Year	Target	Actual
2006	80.0%	76.8%
2007	77.5%	80.0%
2008	80.7%	80.1%

Intouch Customer 1st

In the last quarter of 2008, the Intouch programme was extended to include all departments in Irish Life Retail and was renamed “Intouch Customer 1st”. The aim is to bring all staff together to improve customer satisfaction for both external and internal customers. Intouch Customer 1st is a combination of the Intouch, Customer 1st and Worldclass customer satisfaction programmes.

Customer satisfaction index

Our Customer Satisfaction Index continues to be the key measure that drives the Intouch Customer 1st programme.

In 2008, we changed the basis of the customer satisfaction Index from a once a year survey to a month-on-month transaction-focused questionnaire. We now seek feedback from customers who have experienced one of five interactions with us – New Business, Financial Review, Customer Service Centre, Withdrawal or a Complaint. This allows us to react much more quickly to customer feedback. In 2008, we focused on the following priorities for improvement:

Transaction area	Priority for improvement
New business	Keeping you informed through the application process Clarity of fees and charges
Financial review	Proactivity of your financial adviser Quality of information provided
Customer service	Keeping promises and commitments Quality of information provided
Withdrawals/Maturities	Advice on options at maturity Quality of information on tax liability
Complaints	Keeping customers updated during the complaints process Keeping promises and commitments

Financial Planning

In October 2008, we began a “Mystery Shopping” exercise with our financial advisers in the **permanent tsb** bancassurance sales channel. To date, all financial advisers have received a mystery shopper who then gives feedback on the entire financial review process to us. This is done via “Optimum Contact”, a UK company that specialises in helping businesses optimise their engagement with customers. The feedback so far has been very valuable and corresponds strongly with the results from our customer satisfaction research in relation to the financial review.

We measure the financial advisers across a number of key competencies including compliance, professionalism and customer service. The results to date have shown that we are rated as follows;

- Professionalism 96%,
- Product Knowledge 88%,
- Customer Service 98 % and
- Compliance 89%.

Here are some of the things that the mystery shoppers have said:

“I felt I received good advice, clearly explained, from a Financial Adviser who was pleasant, courteous and who listened carefully to my requirements. Based on those positive factors, I would certainly be well-disposed towards buying a product or service as a result of this visit in a real life situation.”

“Overall experience was amazing and a great service was provided.”

“I would have no hesitation. He is a young man who is very amiable without being familiar. I found him to be totally confident in his explanation of the products and was a good listener. He worked hard to understand my requirements and to cover any future needs we might have regarding investment and cover in the event of an illness that might reduce our monthly income.”

In some early comparisons provided by Optimum Contact we compare favourably with UK financial services companies:

Did Financial Adviser offer a full financial review?

Irish Life **97%**

Best in Class **97%**

Industry average **88%**

Did the Financial Adviser collect all of the relevant details regarding your assets and investments?

Irish Life **97%**

Best in Class **97%**

Industry average **74%**

In 2009, we will be expanding the Mystery Shopping programme across all tied intermediary channels. This will help us to identify specific actions to improve the customer experience delivered at the point of sale.

Customer service centre

Our customer service centre in Dundalk maintained high service levels with more than 95% of customer calls answered within 10 seconds although this showed a fall on the 2007 result of 98% of calls answered within 10 seconds.

The consistent promotion of online services by our customer service representatives resulted in a doubling of online services and activity. By year end we were achieving more than 1,000 registrations per month.

Investments Training

It is clear from customer feedback that the quality of information we provide is very important to our customers. The key questions our customers have at the moment are in relation to investments. With this in mind, we launched the online investments training programme. More than 300 employees in Irish Life Retail have now taken this programme.

Awards

We received two awards in 2008. In November, we won the Best Customer Service Delivery Award at the 2008 Irish

Contact Centre and Shared Service Centre awards. Earlier in the year we received the Moneymate award for Best Customer Service.

Customer Satisfaction – Irish Life Corporate Business

Irish Life Corporate Business Customer Satisfaction Index

Year	Target	Actual
2006	78.0%	78.7%
2007	85.0%	87.6%
2008	92.0%	89.1%

The Irish Life Corporate Business customer service index measures actual performance against target service levels across twelve key administrative services carried out for clients. Actions taken in 2008 to improve service included:

Migration of pensioners to a new payroll system:

We developed a more efficient payroll service for c. 30,000 pensioners whose pensions and tax we process each month. The new system also allows more customer-friendly style of communication.

Implementation of a new work-tracking system:

We implemented a new system that changes the way work is tracked and allocated to people working in Corporate Business. This will help us continue to deliver substantial service improvements every year.

Enhancement of our on-line services:

In late 2008, we began work to improve our existing on-line services. Improvements will include providing interactive services for our customers and intermediaries. The first phase of the programme will be delivered in April 2009.

Irish Life Corporate Business also commissions an independent yearly survey of brokers and consultants to assess their levels of satisfaction with insurance companies operating in the group business area. This survey is carried out by Millward Brown IMS. The results of the survey for the last three years are as follows:



Irish Group Business Companies Brokers' / Consultants' Satisfaction

Year	Irish Life	Next Best	Gap
2006	72.0%	65.4%	6.6%
2007	77.4%	70.1%	7.3%
2008	74.7%	69.1%	5.6%

Irish Life Corporate Business topped the survey again in 2008, although the satisfaction level fell by 2.7% against the 2007 result. Also, the gap between Irish Life Corporate Business and the second-ranked company narrowed in 2008.

Customer Satisfaction – permanent tsb

permanent tsb Customer Satisfaction Index

Year	Target	Actual
2006	82.0%	81.3%
2007	82.5%	84.2%
2008	84.5%	82.7%

Customer Central – the customer satisfaction programme in **permanent tsb** – is driven by a senior executive supported by a steering group with representatives from all areas of the bank. Priorities for action are identified from a yearly customer satisfaction survey. The results of the survey are communicated across the organisation and detailed action plans are put in place to address the issues raised.

Customer Central ambassadors:

As indicated in last year's CR Report, we appointed 150 Customer Central "Ambassadors" in 2008 – one for every branch and central department. The aim is to embed the programme throughout the bank. In addition, almost 1,000 days of formal customer service training were delivered with the aim of showing every member of staff the role they had to play in driving the Customer Central agenda.

Customer concerns and complaints

Company	permanent tsb		Irish Life	
	2007	2008	2007	2008
Total Received	3,009	3,235	One & Done – 18,318 Investigation – 2,442	One & Done – 75,801 Investigation – 3,699
Ombudsman Decisions Received	24	35	135	98
Complaints Upheld	5	5	9	11
Not Upheld	12	21	80	74
Partly Upheld	5	8	14	12
Outside Terms of Reference	2	0	31	1
Resolved Amicably	0	1	1	0

Customer service awards: We have monthly and yearly customer service awards where staff who make a special effort are recognised by our customers and are formally acknowledged.

Service level agreements: We have developed internal service level agreements between the central support areas and the staff dealing directly with customers to make sure that the quality of our service is matching our customer expectations. We also introduced an internal customer satisfaction survey to allow our branches to rate the quality of service provided by the support departments. This allows us focus on areas of greatest impact.

Moments of Truth: 'Moments of Truth' are key customer interactions with members of staff that have an important influence on the attitude of the customer to **permanent tsb**. We have begun to examine these in detail using Lean/Kaizen continuous improvement methodologies. We are developing an approach that will make sure that we have consistency throughout the bank in how we handle these interactions. In June 2008, we formally launched our first two Moments of Truth. We launched the programme through our BBTV internal communications system and we followed this up with training using our Customer Central Ambassadors.

Measuring the Impact: We have three methods of assessing our performance on customer service:

- Our annual Customer Satisfaction Index (CSI) where 2,500 customers are asked their views on our service across 28 measures of performance
- Our nightly surveys of customers on Moments of Truth where customers are asked to comment on their branch experiences within 24 hours of attending the branch (10,000 customers surveyed in 2008)
- Participation in a pan European retail banking service quality study involving 40 other banks in 17 countries

The results from all of these indicate that our customers rate us very highly, are extremely loyal and are well disposed to recommending us to their friends, family and colleagues.

Customer concerns and complaints

permanent tsb

In 2008, we received 3,235 complaints against 3,009 in 2007. Two percent of all complaints received were referred by complainants to the Financial Services Ombudsman.

Partnership programme

The Customer Relations department continued to roll out the Partnership Programme to the network during 2008. The 'Partnership' programme is a business partner approach to facilitating complaints handling at source. Each of the participating branches/departments are assigned a 'buddy' within the Customer Relations Department who interacts closely with a nominated person in each area helping to resolve customer complaints locally and assist where necessary in logging complaints on the CFM system.

Partnership was rolled out to 33 branches and seven head office locations during 2008.

Staff members nominated in each of the areas to liaise with their 'buddy' have received comprehensive training on the CFM system with emphasis on our obligations under the Consumer Protection Code implemented on 1st July 2007.

CFM Training

Ongoing training workshops on the CFM system were conducted throughout 2008. 84 staff have availed of these workshops to date.

All Regional Support Officers (RSOs) have also been trained on the CFM system so that they in turn can provide assistance/training on the ground.



Irish Life

A number of factors contributed to the significant increase in complaints in Irish Life in 2008 including falls in the value of investment products. In the later months of the year, we have also seen a marked increase in the number of customers requesting sign-off for the Ombudsman—this is not yet apparent in the Ombudsman decisions as they have not yet reached this stage.

We are improving our management information system to allow us to give additional feedback on complaints to our sales channels.

Complying with regulations

2008 was mainly a year of bedding-in and monitoring the significant level of regulations introduced in previous years. Compliance departments around the group spent a significant amount of time making sure that the compliance procedures and processes introduced in 2007 were fully bedded-in and were operating effectively.

In October 2008, the Credit Institutions (Financial Support) Act, 2008 was passed into law. This allowed the Government to introduce a guarantee arrangement for specified deposits, borrowings and debt of specified credit institutions (to be known as 'Covered Institutions'). Subsequently, the Minister for Finance made an order designating the first group of banks and building societies to participate in the scheme and these included Irish Life and Permanent plc and its subsidiary Irish Permanent (IoM) Limited. The Act was later supplemented by regulations that contain detailed provisions and requirements to be complied with by the Covered Institutions.

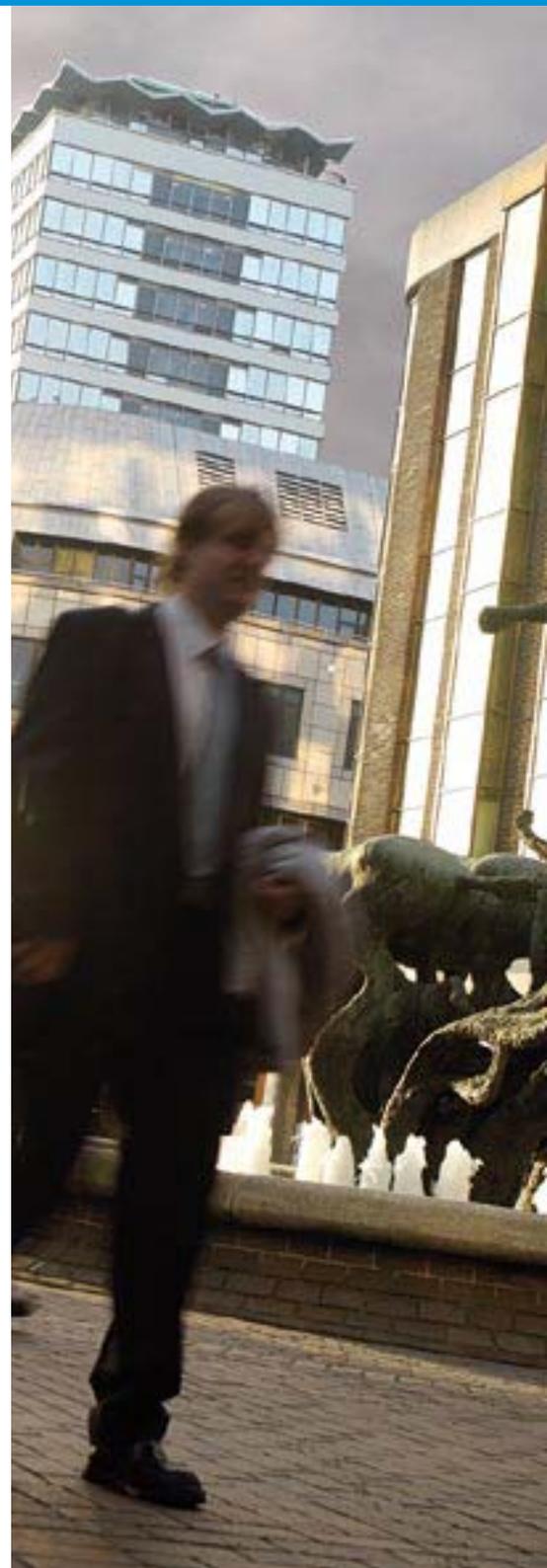
The Scheme requires each Covered Institution to comply with the Consumer Protection Code issued by the Financial Regulator and with the Irish Banking Federation Code of Practice on Mortgage Arrears. The Scheme provides that, every quarter, each Covered Institution must provide the Financial Regulator, on behalf of the Minister, with compliance certificates from: (i) its Chairman and Chief Executive jointly and (ii) its auditors, confirming compliance with all of the terms and conditions of the Scheme. The first such Certificate was provided for the quarter ended 31 December 2008, and sent to the Department of Finance on 13 February 2009. The Certificate was unqualified and confirmed material compliance with the relevant requirements. The accompanying external Auditor's Certificate was also unqualified.

Accessibility

In 2008, we had planned to complete accessibility works on seven **permanent tsb** branches and to reposition some ATMs that were above an accessible height for wheelchair users. Due to budget constraints, we had to restrict the works carried out and we focused on four branches and repositioned two ATMs (as part of a larger refurbishment). The four branches are: Dundalk, Swords, Lapps Quay and Enniscorthy. We spent in excess of €87,000 on works in these branches.

The accessibility improvement works on Dundalk and Swords (level threshold access, wheelchair accessible ATMs, disabled toilets and lower counters) were completed as part of a larger refurbishment.

We assess that we still have six branches that are not wheelchair accessible and works on two of these are planned for 2009.



Workplace

Three-year summary view

Summary workforce data

Year	New employees recruited		Average turnover	Total number of employees at year end	Training & Development
	Permanent	Contract			
2006	915	252	14.0%	5,458	14,200 Days
2007	879	280	14.5%	5,607	16,600 Days
2008	495	212	14.0%	5,490	17,000 Days

During the past three years, our workplace agenda has evolved to reflect both the needs of the group and the changing economic environment. Prior to 2008, like many other organisations, we faced challenges in recruiting and retaining experienced employees. This is reflected in both the number of job applications that we received each year – peaking at more than 21,000 in 2006 – and the level of turnover – at c.14% on average.

Workforce

We publish data on the composition of our workforce each year in our CR Report. Representation of women in the workforce at managerial level, at c.30% is low although comparable with companies in the sector in Ireland and the UK that have published data on gender balance. In 2007 and 2008, we took part in a “Return to Work” programme run by FAS to provide

opportunities to women who were joining the workforce after some time. A total of 28 women were recruited by **permanent tsb** under this programme.

In each of the last three years, at least 10% of new employees recruited were non-Irish nationals. This is in line with overall population statistics. During the past three years, we have seen increases in the proportion of people with disabilities employed by the group reaching at least 4% at end 2008. In 2006 and 2007, we took part in a programme run by AHEAD (The Association for higher education access and disability) to recruit graduates with disabilities.

Learning development

We continually review and adapt our training programmes to changing needs. For example, in 2006, we delivered a number of tailored training programmes for

Customer Services Managers in Irish Life and Assistant Branch Managers in **permanent tsb**. In 2007, we introduced a new two-year programme called “Access Development” to help graduates develop to their full potential.

Employee surveys

We carry out regular employee surveys and we act on the results. Actions have included a revamp of performance systems, improvements to employee communications and the introduction of a “Meeting Master” system to make meetings more effective.

Health & well-being

Finally, we run Health & well-being programmes each year in Irish Life and **permanent tsb**. Activities in the past three year have included health screening, advice on nutrition and food labelling and improving the work environment.

A great place to work

For us, a great place to work means creating a work environment where employees are treated fairly and can develop to their maximum potential. Clearly, in the current economic environment all businesses are facing significant challenges and we are no exception. We have a responsibility to all our stakeholders, including our employees, to protect our business for the future. We continue to engage with our employees through their representative bodies and we adopt a responsible approach where reductions or redeployment of staff are necessary. This has included offering a number of employees in both Irish Life and **permanent tsb** paid career breaks for periods of two or three years.

Recruitment and retention

Our recruitment and retention data for the past three years reflects the changing economic background in Ireland. The number of job applications peaked in

	2006	2007	2008
Total number of employees at year-end	5,458	5,607	5,490
External applications for positions	21,450	16,900	10,000
Permanent employees recruited ¹	915	879	495
Contract employees recruited	252	280	212
Seasonal employees recruited	234	197	207
Internal appointments and promotions	201	293	306
Average turnover ²	14.0%*	14.5%	14.0%
Average days absent	6.8 Days	5.8 Days	5.2 Days

¹ Excludes seasonal employees.

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

2006 at more than 21,000 falling sharply to 10,000 in 2008. In 2008, the number of new employees recruited was at the lowest level of the three-year period at 707. Turnover was 14.0%.

We recruit approximately 200 temporary employees each year during the summer to support our term-time flexible working policy.

Average number of days absent per employee has reduced over the three-year period from 6.8 days to 5.2 days.

The proportion of employees with flexible working arrangements has increased as follows:

Year end	%
2006	18.4%
2007	19.9%
2008	20.6%

NB: Data is for Irish Life & permanent tsb representing 90% of group employees at end 2008.

This reflects a company policy to promote family-friendly policies and to retain experienced people where possible by offering such arrangements.





At the end of 2008, 96% of our employees were permanent. In 2008, as in the previous two years, at least 10% of new employees recruited were non-Irish nationals. This is in line with overall population statistics. The number of non-Irish nationals employed by the group at the end of 2008 was 4.7% in line with the previous year.

Recruitment of people with disabilities

At the end of 2008, we estimate that at least 4% of our employees has some form of disability. This compares with a statutory target of 3% for the Public Service under the Disability Act 2005 and with an estimate of 4% at the end of 2007.

We continue to provide support and advice to people with disabilities through a network of 15 fully trained Disability Liaison Officers.

During 2008 we worked with the National Learning Network and after a selection process we offered work placements of between four and ten weeks duration to four candidates. The feedback from all participants was hugely positive.

We were involved in an innovative Project entitled "Job Shadow Initiative". Working with the Irish Association of Supported Employment (IASE), two participants spent a day job shadowing employees to get an insight into the workplace environment.

Gender balance in the workforce

The balance of men and women at managerial level has remained at an approximate level of 70/30 Male/Female during the past three years. As we have said in previous reports, our policy is to offer equal opportunities of advancement to both men and women. We will continue to monitor data on gender balance and look at ways of improving this balance.

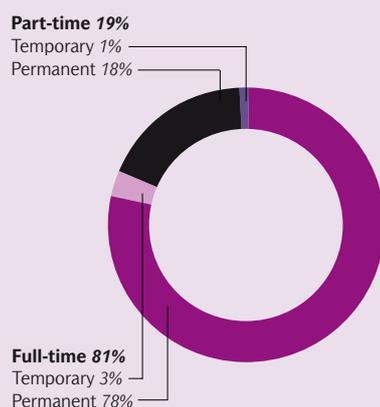
FÁS Programme

permanent tsb recruited 13 people from the FÁS back-to-work scheme in January 2008. Three people are currently working in customer support roles in the mortgage department where they provide customer service support for our mortgage customers. Ten recruits were assigned to the branch network and of these three remain with the bank and are working in branches in the greater Dublin area.

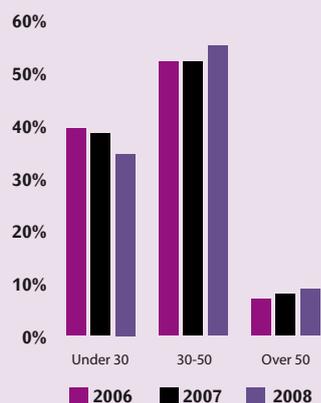
Analysis of our workforce at the end of 2008

The data analysing our workforce at the end of 2008 is shown in the graphs below:

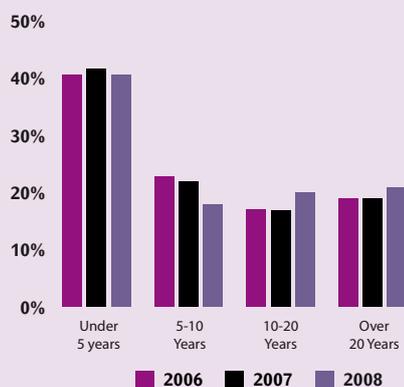
By contract and type



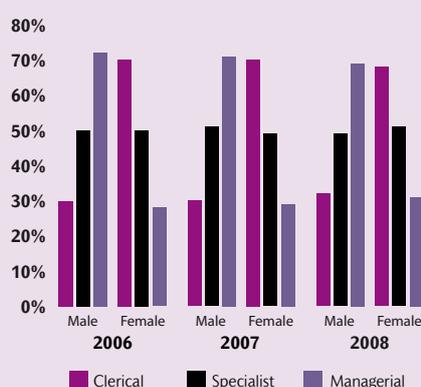
By age profile



Length of service



Gender analysis of the workforce



Employee Surveys

Division	Survey Response Rates		
	2006	2007	2008
Irish Life Retail	80%	70%	N/A
Irish Life Corporate	87%	86%	86%
permanent tsb	80%	74%	84%
Irish Life Investment Managers	N/A	84%	85%
Cornmarket Group	55%	N/A	64%

Employee surveys are important in identifying actions to support our core value of “A Great Place to Work”. Following our 2008 survey in **permanent tsb**, each team conducted a “stop, start and continue” workshop to confirm local actions to make sure that we continue to focus on making **permanent tsb** a great place to work.

Health, safety and well-being

In 2008, we completed our seventh yearly Health and Well-being Week in Irish Life and a wider programme of activities in **permanent tsb**.

In **permanent tsb**, we refreshed our health and wellbeing programme with a new theme of “Healthy Inside and Out – how to look after your whole self”. We gave information to employees on a number of healthy issues including nutrition and handling stress.

In Irish Life, the theme for the week was ‘Working for a Healthier Tomorrow’. It included an element of fun, relaxation and nutrition. Activities included holistic health treatments, workshops on nutrition at work and a healthy options coffee morning.

Irish Progressive Services International also ran various events during the year.

Learning & development

	2006	2007	2008
Training Expenditure	€5.2m	€6.4m	€5.6m
Training Days	13,500	16,600	17,000
Average per Employee	2.5 Days	3.0 Days	3.1 Days

At Irish Life & Permanent, we are committed to giving our employees opportunities to learn and develop throughout their time with the group. With the introduction of a learning management system (LMS) in May 2008, all employees can now plan their learning progress, register online for training programmes, take e-learning courses and view a history of their learning and development.

Using the learning management system, we delivered more than 2,000 days worth of e-learning courses in 2008. This included training for product launches, investment updates, competency tests, anti-money laundering courses and personal development courses. E-learning has been particularly effective when coupled with competency testing.

The Qualified Financial Advisor Diploma (QFA) is the industry standard for those involved in selling financial products or giving advice. More than 800 Group

employees took QFA exams in 2008. We provide in-house supports including registration through the LMS, in-house tutorials (1,300 days training in 2008) and tailored study material.

A primary goal is to increase the level of personal/management development. During 2008, we reduced the amount of time spent on functional learning (systems/process training) and increased the amount of time on personal development. This included training on coaching and influencing skills and programmes for **permanent tsb** branch managers and newly-appointed assistant managers:

- The Assistant Branch Manager programme. This programme consisted of two core modules called Maximising Performance and Leadership in a Sales environment. Two thirds of assistant branch managers attended a workshop and committed to a number of actions they would take when they returned to the branch. The implementation was supported by the branch manager.
- An employee development programme called VEGA – Vitality Education Growth and Achievement continued in Irish Life during 2008. This programme created the opportunity for professional and personal development in short modules covering topics such as ‘Influencing and interpersonal skills’, ‘Developing my leadership skills’ and ‘Introduction to project management’.
- The Access Development programme continued during 2008 and we started a second Access programme. In total, there are 52 participants on both programmes including existing employees and newly hired graduates. The programme is a combination of workshops, mentoring, on-the-job projects, and meetings with CEOs of four of the group’s businesses. We now have a strong graduate network across the group.

Accidents/incidents

	2006	2007	2008
Reported to Group Health and Safety Manager	32	32	30
Employees	23	24	17
Third Parties	9	8	13
Notified to Health and Safety Authority	2	2	1
Fatalities	None	None	None



Community

Three-year summary view

Major Programmes

- Age Action Care & Repair services
- Trinity Irish Long-term Study of Ageing (TILDA)
- **permanent tsb** Foróige Youth Citizenship programme

Staff Charities

- Euro for euro matched funding policy agreed by the company.
- Payroll deduction facility introduced.

Other Activities

- Three-year sponsorship of ethnic entrepreneur awards.
- Discretionary donations
- Mentoring programme with Patrician College, Dublin

Policy

Prior to 2006, our group community activities did not have a clear focus. Following a review, we increased our level of investment in this area and we selected partners in the community for a comprehensive new community programme. We also increased our support for Staff Charities with the introduction of a groupwide payroll deduction facility and a policy of Euro for Euro matching for all funds raised by employees. Finally, we make discretionary donations on a smaller scale to support a wide range of charity and community organisations in Ireland.

Community partnerships

We have three major community partnerships that were launched in 2006. Two of these are sponsored by Irish Life and focus on improving the quality of life for older people in Ireland. The third is a youth development programme sponsored by **permanent tsb**.

Age Action Ireland Care & Repair services is a home visiting and minor DIY service that was piloted in Dublin and Galway in 2007 (511 jobs/visits completed) and began expanding nationally in 2008 (4,100 jobs/visits completed). They have introduced a franchising arrangement as a way of expanding the services more quickly and this has worked well so far.

The Trinity Irish Long-term study of ageing (TILDA) will survey 8,000 people aged 50 and over in Ireland over the next seven years starting in September 2009. During 2007 and 2008, the structures needed to support the study were put in place. Funding for the study is coming from The Atlantic Philanthropies, the Government and Irish Life. The study will provide valuable information on lifestyle, health and well-being that will be publicly available to policymakers, companies and others.

permanent tsb sponsor the Foróige Youth Citizenship Awards – an out of school programme for young people

aged 12-18 who carry out projects to improve their local communities. The projects are showcased every year at a major national awards event held in Dublin in the Autumn. With funding from **permanent tsb**, the programme has expanded to involve youth groups beyond Foróige and to host regional awards events around Ireland – 120 projects were featured at these events in 2008.

Other activities

We have been involved in sponsoring the Ethnic Entrepreneur Awards of Ireland over the past three years and we take part in mentoring of second-level students in Patrician College, Dublin through the Business in the Community Ireland Schools' Business Partnership.



Care & Repair services for older people exceed targets

2008 was the first full year of the Age Action Care & Repair programme sponsored by Irish Life. This is a DIY service and a home visiting service for older people in Ireland. During 2008, the programme focused on providing these services in Dublin and Galway. A target of 3,600 jobs/visits was set for the year and the final result was 4,100 jobs/visits completed in the year.

The services are advertised locally and the reach of the programme is being gradually widened to keep an appropriate balance between the demand for services and the number of volunteers available to provide them. This will make sure that the programme continues to develop in a sustainable way.

Following a pilot study in 2007, it became clear that in order to expand the programme nationally within a reasonable timeframe, the best approach would be to invite individuals and groups to run the services on a franchise basis with support and guidance from Age Action. Age Action invited interested parties to sign up for the Care & Repair programme and during 2008 training (10 days per franchise) was given to nine groups to run the programme and all of these were up and running by year-end.

Age Action Care & Repair Services

“When you live on your own you’d be nervous of letting people into the house, but not with Age Action Ireland/Care and Repair because you know they’re vetted.”

“The room was depressing with the paint all faded; they did a great job, now the room is a lovely oxford blue colour, it’s lovely.”

“I’m delighted that someone could recommend someone to me, someone I can trust, that’s very important ... I live on my own and don’t want to be letting strangers in to my home”

“If they can’t do a job they tell me where to get help; this advice is really useful.”

“I feel much safer...I didn’t have an alarm before”

During 2008, Age Action commissioned an independent evaluation of the programme by Training and Evaluation Services Ltd. and this was completed at the end of April. The feedback from both clients and volunteers was very positive but the evaluation did identify some areas for improvement and these have been addressed by Age Action. These areas included clarification on how often clients can use the services, guidance on what is considered to be an acceptable voluntary donation and effective scheduling of jobs for volunteers.

*Youth citizenship programme is developing with financial and other support from **permanent tsb***

Trinity long-term study of ageing (TILDA) secures full funding

This study is being lead by Trinity College and will survey 8,000 people in Ireland aged 50 and over to gather valuable information on lifestyle, health and well-being. The information from the study will be publicly available.

In 2008, the TILDA team secured the funding commitments from Government and from The Atlantic Philanthropies that it needs to launch the full study.

To date, Irish Life has contributed €1m to the study and has the distinction of being one of the few commercial sponsors of any ageing study anywhere in the world. This is consistent with Irish Life's position as the largest provider of pensions and related products in Ireland apart from the State.

During the year, the TILDA team completed the final design of the study and carried out a pilot test of the study questionnaire. To continue building awareness about TILDA and ageing among the general public, the team was involved in organising two lectures, one by Robert Winston, entitled "Too Old to Reproduce?" and one by Justice Catherine McGuinness entitled "Now that Getting Older No Longer Means Slowing Down?" The TILDA team also ran two conferences

to continue establishing international and national links. The first, entitled "Health in Ageing", focused on the contribution of longitudinal research to our understanding of ageing. The second, entitled "Charting New Research Agendas for Ageing Labour Markets", which addressed the issues of ageing in the labour market, was organised in collaboration with the Economic and Social Research Institute and the European Science Foundation and aimed to identify new priorities in research in the field.

Finally, a health assessment centre was opened in Trinity College. The centre will be one of number around the country that will be used to carry out the detailed health assessments of participants in the study.

Youth Programme continues to expand and develop

In 2008, **permanent tsb** continued its sponsorship of the Foróige Youth Citizenship programme. The programme consists of projects that young people around Ireland carry out to improve their local communities.

Our aim is to expand the programme in four ways:

- develop regional structures and awards
- invite other youth groups and organisations to get involved in the programme

- promote volunteering by **permanent tsb** staff
- use our branch network to showcase the activities of Foróige clubs and projects

We have been successful in advancing the first two aims and we intend to review our approach on the second two in 2009.

Regional Awards

In May 2008, the second annual regional awards were held around the country and the number of locations increased from four to five – Cavan, Cork, Dublin, Galway and Offaly. The number of projects showcased at these awards increased from 85 in 2007 to 133 in 2008. Examples of these projects are:

- Environmental awareness and recycling
- Drug and alcohol misuse
- Opportunities for people with learning disabilities
- Care of the elderly
- Setting up a new library

Also, for the first time, other youth organisations were invited to take part in the awards and 36 entries were received from them.



National Awards

Once again, the highlight of the programme was the national awards event that took place in Croke Park on 30 October 2008. Twenty projects were selected for recognition at this event that was attended by more than 800 people including more than 600 young people. The guest of honour at the event was Pat Carey, the Minister of State at the Department of An Taoiseach, who presented the awards with Gillian Bowler, the Chairman of Irish Life & Permanent and Pat McLoughlin, Chairperson of the National Council of Foróige.

Support Activities

In 2008, **permanent tsb** held two training days for volunteers and a total of 25 staff took part in training sessions in Dublin. The training is designed to introduce volunteers to Foróige, their background and club structure, the youth citizenship programme, child protection etc and to set them up in their local youth club

A number of Branch Managers and Assistant Branch managers represented **permanent tsb** at the regional awards. Along with Pat McLoughlin, Chairperson of the National Council of Foróige, they presented certificates to representatives of the local clubs and youth groups that took completed projects for the awards.

“I chose to volunteer with Foróige as I was part of a youth club when I was younger and remembered how much fun it was. I thought it would be a good way to give something back to my community. I volunteer with the Kimmage Foróige group which meets once a week and run various activities, workshops and organised outings for the members. It is a brilliant forum for young people to express their ideas, learn new skills, or learn about community issues in a fun way.”

Karen Clarke – **permanent tsb**

We continue to support Staff Charities and a wide range of voluntary organisations

Staff Charities

In Irish Life, the two charities selected by staff for support in 2008 were the Central Remedial Clinic, Dublin and GOAL Ireland. Funds raised by employees were matched by the company and, after including additional donations received, each charity received a cheque for €67,695 (matched amount €54,358). During the past three years the funds raised and the charities benefiting were:

Year	Total donation	Charities Benefiting
2006	€136,000	Belvedere Newboys Club, The Aisling Project
2007	€160,000	Cystic Fibrosis Association, Aids Partnership for Africa
2008	€135,390	Central Remedial Clinic, GOAL Ireland

In **permanent tsb**, the charity year end is 31 March. For 2008/2009, in response to requests from employees, the **permanent tsb** Staff Charities committee decided to increase the number of charities receiving support. Seven charities were selected covering both the bank head office and the retail network. These included ABACAS (A specialist school for children with Autism) and BUILD4 LIFE (Cystic Fibrosis).



Examples of Citizenship Projects:

Moyvoughley Foróige Club Co Westmeath

The club decided that as there was no library in their community that they would go about setting up one in their hall. They held a stay awake in their club to raise funds for shelving etc for the library. They then went about collecting used books from members of the community which they catalogued and put on the shelves in the hall. The library was opened to the public on 11 April 2008.

Killimordaly/Kiltulla Foróige Club Co Galway

Following consultation with the local community, Killimordaly/Kiltulla Foróige Club decided that they wanted to raise awareness of the dangers of drug and alcohol misuse. They used the medium of art to highlight how drugs and alcohol negatively impact on communities. The exhibition of their artwork then formed the backdrop to a series of information evenings that they held in their local community.

Hot Fuzz Group Dublin

The Hot Fuzz Special Olympics group started in March 2007. They meet in Blanchardstown Youth Service once a month. They wanted to let others in the community know about their club. They contacted the local newspaper; the Community Voice, City Wide and radio stations. The group did interviews and had articles and photographs displayed. They worked together in designing a poster and the group then put the posters up in schools, shops and local centres. As a result the community learnt about the Hot Fuzz group and about the opportunities there are for young people with learning difficulties, to have fun, to have a voice and to take part in the community.

During the past three years the funds raised and charities benefiting were:

Year	Total donation	Charities Benefiting
2006/7	€115,168	Debra Ireland, Irish Hospice Foundation
2007/8	€145,400	St. Francis Hospice, Dublin, Rosbrien Suicide Group
2008/9	€120,000 (estimated)	Various (seven charities)

Ethnic Entrepreneurs

The second **permanent tsb** Ethnic Entrepreneur Awards were held in April 2008. The winner of the overall award was Asheesh Dewan (pictured below), founder of the Jaipur Indian restaurant chain that started in 1998. The other winners were: Maria Angolo (Lifeline Nursing) – Best Business Idea; Marco Giannantonio (Flavour of Italy) – Emerging Entrepreneur; Yemi Ojo (Integration of African Children in Ireland) – Social Entrepreneur and Lord Diljit Rana MBE – Special Judges Award.

Sponsorships and Donations

In 2008, we continued our policy of focusing on the following areas:

- inner City Dublin
- access to education
- people with disabilities
- serious illness
- the arts

Donations made in 2008 totalled €247,000 and organisations that benefited included:



- Dublin Simon Community (House of Cards Appeal)
- Peter McVerry Trust
- Lourdes Day Care Centre
- Irish Deaf Society
- Meningitis Trust
- HADD (supporting children with Attention Deficit/Hyperactivity Disorder)
- UCD New Era programme
- Abbey Theatre

Other group companies

Irish Progressive Services International

In 2008, Irish Progressive Services International took part in the Santa Letter project for the fifth year running with Scoil Mhuire, Ballyboden, Dublin.

Mentoring programme

In 2008, we completed the third year of our mentoring programme with Patrician College, Dublin. This takes place under the Business in the Community Ireland School's Business Partnership that has been running since 2000. Our involvement consists of one-to-one mentoring sessions, coaching on CV preparation and interview techniques and a supervised study scheme.

The Social Finance Foundation (SFF)

The Social Finance Foundation is a not-for-profit private company emanating from a Government initiative announced in Budget 2006. It makes loan funding available at affordable rates for projects that generate a social return and have a capacity to repay.

The Foundation was incorporated in January 2007 and received seed funding of €25m from the banking sector. Irish Life & Permanent's contribution was €3.1m. As a wholesale supplier of social finance, the foundation works through social lending organisations (SLOs). Following an application and vetting process, eleven SLOs were selected and SFF is currently lending through four – First Step Microfinance, Clann Credo, Limerick Enterprise Development Partnership and Ulster Community Investment Trust.

To the end of 2008, a total of over €9m of loans has been approved for social projects and individuals via the SLOs. Loans typically, but not exclusively, take two forms. Firstly, finance for microenterprises where the individual is moving from state dependency to self-employment. Secondly, community finance, where there is typically a shortfall of funds to make a community initiative a reality and SFF provides funds to bridge the gap. Typical projects include community centres, childcare support, community sporting facilities, disability facilities, addiction treatment centres.



Environment

Three-year summary view

Year	Total Energy Consumption (GWh)	Green Energy %	CO ₂ emissions (tonnes)	Total Waste (tonnes)	Waste recycled
2006*	27.3	28%	10,057	1,887	72%
2007*	27.2	25%	10,149	1,520	71%
2008	28.0	24%**	10,335	1,636***	75%

* As restated. ** Estimated. ***Excluding 1,060 tonnes (880 tonnes recycled) exceptional demolition waste.

During the past three years, we have developed a structured approach to our group environmental agenda and in 2008 we completed a full review of our environmental policy and practice.

In particular, we have spent time and resources improving our procedures and systems for gathering environmental data. This has included additional metering for electricity use that allows us to target areas for action more effectively.

Use of paper

In addition, like other major financial services companies, we use a lot of paper and in 2008 we have been gathering data on paper use with a view to setting targets for reducing it. For a number of years, we have encouraged shareholders to opt for electronic communication.

Power of One

We are a corporate partner of the national Power of One campaign that promotes energy efficiency for Ireland and we use this brand internally for our energy saving initiatives. Uniquely, we link energy savings by employees to donations to our two Staff Charities organisations. In 2008, 24% of the total energy we used came from renewable sources.

One Small Step

We also support the Dublin Transportation Office's (DTO) "One Small Step" campaign to reduce car use for commuting to and from work in Dublin. In 2008, we took part in a One Small Step "pedometer challenge" that ran for five weeks beginning in September. We are a member of the Dublin City Council Business Improvement Districts (BIDs).

Waste management

As regards waste management, we have recycling in place in almost all of our offices although recycling levels vary from very high levels for paper waste to organic waste from our staff restaurants which is not recycled. Compliance with waste segregation procedures is not as high as we would like and we will look at ways of improving this in 2009.

Other activities

Looking at other areas of our green agenda, in 2007, **permanent tsb** launched Ireland's first green loan but the take-up to date has been quite low. We also review the environmental policies and practices of at least 10% of our suppliers every year. Finally, we have been reviewing our company car policy in the light of changes to Vehicle Registration Tax and Motor Tax in the 2008 Budget.

We are a selected participant in the FTSE4Good Index and we are represented in the Kempen/SNS Smaller Europe Index.



Review of environmental policy and practice

During 2008, we completed a full review of our group environmental policy and practice. As part of the process, we looked at policy and practice in other companies in our sector both in Ireland and abroad. In summary, we decided that we should aim to achieve best practice on environmental performance but we will adopt a pragmatic approach in doing so with an overall aim of staying ahead of public policy performance benchmarks. We identified the following specific actions:

- Develop a group energy policy and achieve accreditation to the energy management standard IS393
- Continue to focus on energy efficiency and consider using renewable electricity where possible (ongoing)
- Reduce waste to a minimum and achieve as close to 100% level of recycling as possible
- Develop a policy on use of resources – mainly paper and water – and reduce our use to a minimum
- Develop policies on travel and teleworking
- Improve our Environmental Management System and achieve accreditation to ISO14001
- Monitor the demand for green financial products and offer products to meet it (ongoing)
- Engage staff to the maximum extent possible on our environmental agenda (ongoing)

The timeframe for completing these actions is end 2009 except for accreditation to the International Standards (IS393 and ISO14001) where our target is to submit applications for accreditation by end 2009.

Energy management

Energy Usage

Total group energy consumption showed no increase between 2006 and 2007 and a 3% increase in 2008. The main reasons for the increase in 2008 are:

- Additional IT equipment installed in our group Head Office in Dublin and in our IT Centre in Cork. This included new computer servers and storage equipment. The new servers will provide standby units in the event of failure of the main servers. Additional air conditioning was also installed as a result.
- Increased demand across the **permanent tsb** branch network.

These increases were partly offset by reductions achieved in our Head Office locations – both in Irish Life and **permanent tsb** due to our ongoing Power of One and Switch off and Save energy reduction campaigns.

We have used the Power of One campaign to encourage employees to minimise energy use and we have also taken targeted actions over the past three years to reduce energy usage where possible. These actions include:

- “Switch off and Save” initiative for all electrical equipment
- centralised print stations
- installing movement sensors for lights in common areas and
- replacement of PC monitors with flat-screen monitors

Power of One Campaign

permanent tsb has a “Switch off and Save” initiative in place in the bank’s two main administration buildings in Dublin that resulted in a savings of 2.5% in electricity use in 2008.

In addition, in the last quarter of 2008, we installed new software called “Nightwatchman” on PCs in our Head Office buildings. This software automatically switches off PCs at a predetermined time at the end of each day. It also allows software updates to be installed remotely outside normal working hours. This minimises disruption to work and achieves near 100% software distribution success.

We continue to link electricity savings achieved to a donation to our Staff Charities. In 2008, we made a donation of €10,000 to **permanent tsb** Staff Charities.





Energy Management Standard IS393

In last year's CR report, we said that we would begin the process of achieving accreditation to the energy standard IS393 during 2008. We did not proceed as planned because we wanted to wait until we had completed our review of policy and practice. This action is now on our agenda for 2009.

Use of renewable energy

During our policy review, we concluded that rather than maximising the use of renewable energy, we should maintain a balance of supply from both renewable and non-renewable sources while at the same time supporting the development of renewable sources within the Government's energy strategy. That is now our policy.

During the last three years, we have an average green energy use of c. 25%. As mentioned in last year's CR report, the development of the new **permanent tsb** Head Office – planned for 2009/2010 – offered an opportunity to increase our use of renewable energy. However, in 2008, because of the changed economic situation, we decided to defer that development. Therefore, for the foreseeable future our aim is to hold our proportion of green energy usage at the current level.

Waste Management

We are achieving waste recycling levels of c.75%. However, the level of recycling varies from very high levels for paper waste to organic waste from our staff restaurants which is not recycled.

During 2008, we investigated the use of the "Westphalia" waste management system for recycling organic waste. We concluded that the scale of our waste generation would not justify the use of the system. Also, installing the infrastructure needed to support it would present a major challenge for us. During 2009, we will explore alternative options for handling organic waste.

As signalled in last year's report, we introduced new, clearer labelling for our on-floor recycling bins. However, the level of compliance with on-floor waste segregation is not as high as we would like. We will look at further ways to address this in 2009.

As mentioned in last year's CR Report, we installed an Ellicro "intelligent" recycling machine in our group head office in 2007. This machine segregates aluminium cans and plastic bottles and crushes them reducing the volume of waste by up to 90%. In 2008, a total of 400 cans and 1,200 bottles were recovered from the machine.

Use of resources

The first step in managing use of natural resources is to put systems and procedures in place to monitor consumption of these resources. We have a system in place for measuring energy use. During 2009, we plan to install water metering as planned to allow us to manage the use of water more effectively. Finally, we have been gathering data on paper use and in 2009 we will set targets for reducing our usage.



Paper

In 2008, the total amount of paper that we bought from our major Irish suppliers was 1,150 tonnes. This equals an average consumption of 250Kg per employee (full-time equivalent basis).

During 2008, we began reducing the amount of paper that we use through some targeted initiatives. We introduced electronic benefit statements as a default for our OneSource and Direct tied agents and as an option for our brokers.

At the 2008 Annual General Meeting, a resolution was passed that allows the group to publish annual reports and to issue other shareholder communications in electronic form. As a result, we will be able to reduce the number of annual reports printed in 2009 and future years by an estimated 80%-90%.

Previously, we would have issued paper copies of client annual benefit statements to all intermediaries. In 2008, for our OneSource and Direct tied agents, we replaced those paper copies with electronic copies and as a result we saved an estimated 500,000 A4 pages. Later in the year, we extended this to premium billing letters and customer communication letters. We are continuing with this initiative in 2009.



Transport

In 2008, Irish Life remained a corporate partner of the “One Small Step” campaign being run by the Dublin Transportation Office (DTO). In the last quarter of the year, along with 16 other organisations in Dublin we took part in a “pedometer challenge” run by the DTO. This was designed to encourage people to incorporate walking into their daily routine, as an alternative to using the car. More than 350 teams and 1,700 people took part including 11 teams with 58 employees from Irish Life. This has helped to promote walking as an option for getting to and from work.

Other Environmental Issues

Suppliers

Our policy is to review the environmental practices of at least 10% of our major suppliers every year. We have approximately 50 major suppliers including Woodprintcraft (printed materials), Axis (computer supplies), Noonan Services (contract cleaning), Irish Estates Management (facilities management) and Greenstar (waste recycling). We completed reviews for 10 Suppliers in 2008 and they confirmed that they are continuing to follow best practice.

Participation in indices

Irish Life & Permanent has retained its membership of the FTSE4Good index in 2008 and continues to be represented in the Kempen/SNS Smaller Europe Index.

Company Cars

From 1 July 2008, the CO₂ emissions of a car rather than engine size determine both the level of VRT payable at the point of registration and the level of motor tax. We have a fleet of more than 600 company cars and we have reviewed our policy in the light of the tax changes. Our new policy is that most of the choices available going forward for the majority of vehicles in our car fleet will be diesel versions and be within the lower CO₂ categories A, B or C. Some choices are available to Senior Management in the higher CO₂ categories of vehicles but these will be the exception rather than the norm and it is expected that Senior Managers will deviate from purchasing these cars as the BIK rate also increases in line with the CO₂ category of the car.

Key Performance Indicators

Energy Consumption	2006 as restated	2007 as restated	2008
Electricity – total (GWh)	19.7	19.8	20.6
Green electricity (GWh)	7.1	7.1	7.5
Gas (GWh)	7.0	7.2	7.3
Oil (GWh)	0.5	0.2	0.1
Total energy consumption (GWh)	27.3	27.2	28.0
Green energy %	28%	25%	24%*
CO ₂ emissions (tonnes)	10,057	10,149	10,335

*Estimated

Key Performance Indicators

Waste generation (tonnes)*	2006 as restated	2007 as restated	2008
Total	1,887	1,520	1,636**
Waste to landfill	532	435	413
Waste recycled or reused	1,355	1,085	1,223
Waste recycled	72%	71%	75%
Hazardous waste	23.7	9.2	20.7

*The level of waste we generate is dependent, among other things, on the number of premises refurbishments carried out each year. This can result in major fluctuations in waste generated from year to year and in the proportion of waste recycled.

**Excluding 1,060 tonnes (880 tonnes recycled) exceptional waste from demolition work in the Abbey Street Group Head Office Complex.

B.I.D.S.

Business Improvement Districts (B.I.D.s) is an initiative by Dublin City Council to improve the environment and the quality of life for residents, workers and visitors in the business area within the Dublin City 1 and 2 postal districts. The services provided under B.I.D.s are in addition to those already provided by Dublin City Council and are funded by a bid levy of c. 4.9% of existing rates. B.I.D.s services include: additional street sweeping/ washing, improved lighting and signage, prompt removal of graffiti/fly posters and assistance for visitors. Irish Life & Permanent is a city centre tenant and a participant in B.I.D.s.

Group Overview

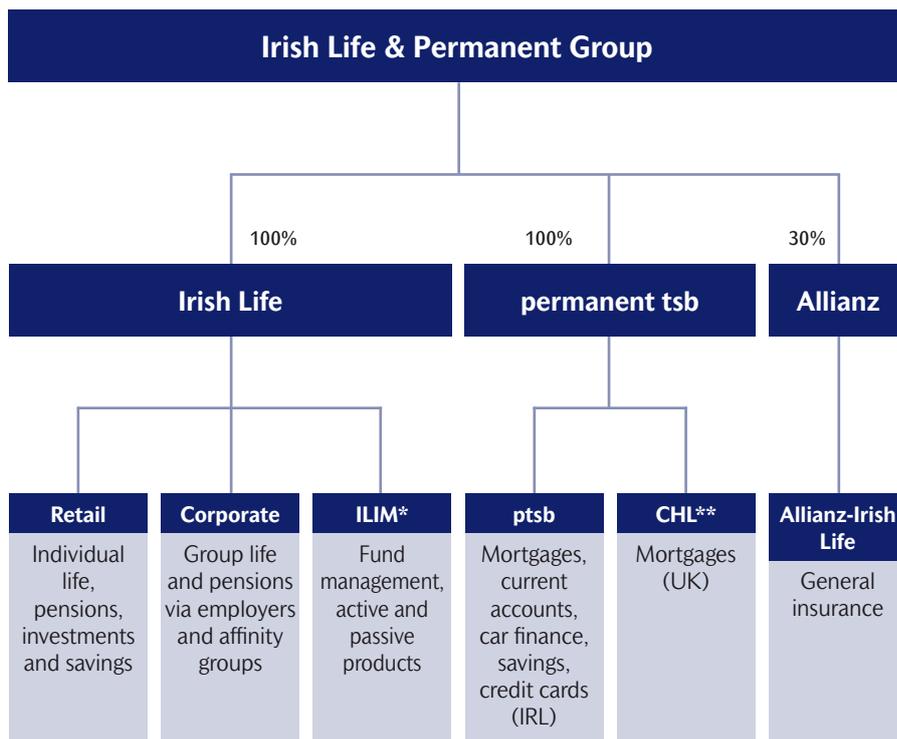
Irish Life & Permanent was formed in 1999 from the merger of Irish Life and Irish Permanent. TSB bank joined the group in 2001. The group has 5,600 employees and has a strategic focus on the Irish personal financial services market.

Our Core Values

A team of winners

Relentless pursuit of customer satisfaction

A great place to work



* Irish Life Investment Managers

** Capital Home Loans Limited

Note: Irish Life international, Irish Progressive Services International, Cornmarket Group Financial Services Limited, Blue Cube Personal Loans Ltd and Springboard Mortgages are also group companies.

Group History

	1800	1930	1960
Irish Life A Government-owned life assurance company. The largest life and pensions company in Ireland. <i>Expertise in life and pensions business and fund management.</i>		1939 Irish Life Assurance formed (amalgamation of nine British and Irish life assurance companies)	1947 Restructuring – Minister for Finance acquires 90% shareholding 1965 UK Branch operation begins
Irish Permanent The largest building society in Ireland. <i>Expertise in mortgage business and car finance.</i>	1884 Irish Temperance Permanent Benefit Building Society formed	1940 Name changed to Irish Permanent Building Society	
TSB Formed from the merger of various trustee savings organisations. <i>Expertise in retail banking and branch services.</i>	Early 1800's First Trustee Savings Banks formed		1976 Dublin Savings Bank and Monaghan Savings Bank merge



Fountain and sculpture ('Chariot of Life' by Oisín Kelly) in the Plaza of the Irish Life Centre, Abbey Street, Dublin.

Group Strategy

'Ireland First' strategy

We focus on personal financial services in Ireland.

Product strength and distribution reach

We have a wide range of financial products and a wide variety of access channels.

Opportunistic approach to acquisitions

We will consider acquisitions that fit our 'Ireland First' strategy.

Business & Financial Performance

	2007	2008	Change
Operating profit	€590m	€341m	(42%)
Profit/(Loss) after tax	€404m	(€433m)	(207%)
New loans issued	€12.4bln	€7.1bln	(43%)
Lending book	€39.1bln	€40.1bln	2%
New current accounts	69,000	53,000	(23%)
Life & investment new business (APE)	€1,014m	€714m	(30%)
Life market share	30.1%	31.9%	–
Fund management market share	28.5%	29.8%	–
Total tier 1 Capital Ratio	8.7%	9.2%	–
Life solvency cover (times)	1.6	1.6	–

This report covers the 12 month period to 31 December 2008. Our last report covered the 12 month period to 31 December 2007.

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

Global Reporting Initiative

This report has been prepared with reference to the Global Reporting Initiative G3 guidelines. These were issued in October 2006 and we were one of the first Irish companies to adopt them.

The “Global Reporting Initiative” (GRI) is a large network of thousands of experts, in dozens of countries worldwide, whose mission is to provide the global standards for sustainability reporting.

The GRI network has developed a **Sustainability Reporting Framework**, the core of which is **Sustainability Reporting Guidelines**. The Guidelines

consist of principles for defining report content and ensuring the quality of reported information as well as standard disclosures comprising performance indicators and other disclosure items.

Organisations have the option of using independent, external assurance to provide opinions about a sustainability report. We have chosen to do this for our 2008 report and the statement from the independent external consultant is presented on the inside back page of this report.

The first table below sets out our

assessment of the level of disclosure in this year’s report. We self declare that we have applied the GRI Reporting Framework to application level ‘B+’. A ‘B+’ application level requires reporting on a specified range of criteria and reporting on a minimum of 20 performance indicators. It also requires that external assurance has been applied for the report.

The second table below lists the sections to the guidelines that we have reported on and where we have reported on them. The full GRI Content Index is available on our website – www.irishlifepermanent.ie.

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared					✓		
	Third Party Checked					✓		
Optional	GRI Checked							

Source	Strategy and Analysis	Organisation Profile	Report Parameters	Governance	Performance Indicators				
					Economic (EC)	Environment (EN)	Labour and Human Rights	Society (SO)	Products (PR)
CR '08	1.1, 1.2	2.1, 2.2, 2.3, 2.5, 2.6, 2.7, 2.8, 2.10	3.1, 3.2, 3.3, 3.4, 3.7, 3.10	4.4, 4.8, 4.9, 4.14, 4.15, 4.16, 4.17		1, 3, 4, 5, 16, 18, 22	LA1, 2, 7, 8, 10, 11, 13, HR3		3, 5, 6
AR '08		2.8		4.1, 4.2, 4.3, 4.5, 4.6, 4.7, 4.10, 4.11	1, 3				
Web		2.4, 2.8, 2.9	3.5, 3.6, 3.8, 3.9, 3.11, 3.12, 3.13	4.8, 4.12, 4.13	MAD 4, 6, 8	MAD 7, 17, 28	MAD LA4, 5, 8, 12, 14, HR5	MAD 2, 3, 5, 6, 7, 8	MAD 3, 4, 7, 8
NR					2, 7	2, 19	HR 2, 4	4	
NA						8, 11, 12, 20, 21, 23, 26, 27	HR1, 6, 7	1	1

Legend:

- **CR '08:** Corporate Responsibility Report 2008
- **AR '08:** Annual Report and Accounts 2008
- **Web:** A copy of our complete GRI Content Index is available on our website – www.irishlifepermanent.ie
- **NR:** Not reported – this indicator is currently not being measured or has not been reported on in IL&P’s CR report
- **NA:** Not applicable – this indicator is not considered relevant or material to IL&P’s operational activities
- **MAD:** G3 Management Approach Disclosures



Our Agenda for 2009

 Completed
  Partly completed
  Not yet completed

Plans for 2007	Progress in 2008	Plans for 2009
Customers		
Continue to develop customer satisfaction programmes	 Completed – results in this report	Continue to develop customer satisfaction programmes
Reposition some non-compliant ATMs		N/A
Complete accessibility works on seven branches	 Partly completed (four branches)	Complete accessibility works on two branches
Employees		
Carry out surveys in a number of our companies	 Surveys completed in four companies	Continue with surveys in a number of our companies
<ul style="list-style-type: none"> ■ Monitor compliance with equality legislation ■ Review equality policies of preferred agencies 		
Continue with graduate “Access Development” programme		N/A
Launch new learning management system to all employees in the group		
Communities		
Raise profile of Youth Citizenship programme and open awards to all youth organisations		Review involvement (initial 3-Year commitment completed)
Roll-out Care & Repair services nationwide using a franchise model	 Franchise model in place	Continue expansion and achieve “run-rate” of 10,000 jobs p.a.
Complete pilot study and launch Wave 1 of the main ageing study	 Pilot study completed. Launch of main study deferred to 2009	Launch Wave 1 of the main ageing study.
Expand volunteering programme in permanent tsb and test model for employee volunteering in Head Office locations		Develop clear group position on volunteering
Match funds raised by Staff Charities up to €200,000		Continue support for Staff Charities and match funds raised
Continue to develop partnership with Patrician College and consider partnering at least one more school	 Completed	
Pilot business mentoring scheme with Social Entrepreneurs Ireland	 Completed	
Environment		
Continue to promote awareness using the Power of One and One Small Step campaigns		Continue to promote awareness using the Power of One and One Small Step campaigns
Continue to refine data and use for target setting	 Data refined but detailed target-setting deferred to 2009	Use data for target setting and review at 4-monthly intervals
Set target date for achievement of ISO14001 Standard		Submit application by year-end
Continue to review practices of 10% of our suppliers		Continue
Consider ways of increasing the percentage of shareholders using electronic communication	 Completed (AGM resolution)	Set target for reducing paper use
Values		
Embed new values throughout the group		

External commentary by Business in the Community Ireland

This 2008 Irish Life & Permanent Corporate Responsibility report is presented to the company and its stakeholders against a backdrop of extraordinary circumstances. The global financial and economic crisis has led to a serious break in trust in business in general and the financial services sector in particular. We are witnessing a radical transformation of business models, of what defines business success, reward and shareholder return. Regaining trust and the licence to operate from society at large are the key challenges for any business.

The concept and practice of corporate responsibility has been challenged as well when the fundamental elements that define sustainable business fail to align with corporate strategy. These are difficult times for businesses committed to operate and behave responsibly and within this framework we welcome the fifth edition of this annual account on corporate responsibility performance of Irish Life & Permanent.

The report clearly demonstrates a significant level of development and integration of company policies and practices across the group, not merely as scattered elements managed independently from business strategy but aligned with a process and linked to business operations. Worth noting are some of the company initiatives in

areas such as customer satisfaction, management of the diversity agenda in the workplace or community partnerships. There is a common pattern in the strategy implemented where programmes are assessed, critical stakeholders engaged and impact of practices measured and best practice communicated. External accolades, awards and recognitions help add recognition and value to these practices.

The report provides clear and understandable data across all areas of company operations. The report structure, based on three-year programmes and data collation allow for clear benchmarking and understanding of the evolution and impact of key practices.

As stated in the Chairman's statement, climate change is an increasingly fundamental issue for any business and Irish Life & Permanent's strategy is commensurate to examples of best practice, not only in the processes engaged but also the behavioural change programmes and the external accreditation achieved.

As in previous editions of this report, we note the clear balance of all relevant areas of corporate responsibility being addressed as well as a clear corporate responsibility strategy and measurable targets going forward. We would like to see in future communications more data

on the impact that the Group's products and services have on customers and on its engagement with shareholder groups and suppliers on responsible business practice.

Responsible business practice is not simply about statements and policies but fundamentally about actions and impact. Corporate accountability is essential to help stakeholders understand how a business operates, makes decisions and improves its performance on a continuous basis. For us at Business in the Community Ireland the main lesson from the current downturn is that business integrity and responsibility are essential for any business and that the licence to operate business receives is not simply a social contract but a critical success factor. We welcome this report and the company's consistent commitment to accountability and transparency.



Tina Roche
Chief Executive
Business in the Community Ireland

www.bitc.ie



External Assurance Statement

Irish Life & Permanent plc commissioned GMJ Associates to provide independent assurance of the information in the Irish Life & Permanent plc Corporate Responsibility Report 2008. We have previously consulted with Irish Life & Permanent plc to provide some facilitation and research services in relation to community projects and environmental policy. Irish Life & Permanent plc Management are responsible for the content of the report. GMJ Associates were not involved in the scoping or compilation of the 2008 Corporate Responsibility report, the collection of source data or in devising the internal management and reporting systems that yielded the data.

Objectives

To provide assurance that:

- Statements made in the report are fair, objective and can be verified
- Processes used to identify, collate and report data and supplementary information are reliable
- Data reported is accurate and consistent with source information
- The report meets the requirements of Global Reporting Initiative (GRI) G3 Application Level B+

Review Process

- Interviews with Management responsible for the scope of the 2008 Report
- Review and sample testing of data including reference to supporting documentation and underlying records where appropriate. Data sources reviewed included source data and the contents of reports and newsletters produced by various departments in Irish Life & Permanent. They also included records and reports from suppliers and community partners of Irish Life & Permanent, websites and media reports
- Interviews with a sample of individuals responsible for the collection and collation of data
- Challenging of statements and claims made in the report
- Contents checked for compliance with the requirements of GRI G3 Application Level B+
- Review of final content of the report

Opinion

On the basis of the review performed, our opinion is that:

- Quantitative data is accurately reported or where estimations have by necessity been made a reasonable margin of error has been allowed
- Statements made in the report are supported by data or other objective evidence
- The report presents a balanced and accurate assessment of the Corporate Responsibility activities and measurement carried out during 2008
- The report has been prepared according to the GRI Reporting Framework (including the Reporting Principles) and the content meets the requirements of GRI G3 Application Level B+

**GMJ Associates
Dublin**

6 April 2009

