



UNEP FI PRB – Self-Assessment & Reporting



PRINCIPLES FOR
**RESPONSIBLE
BANKING**

Bank of Ireland signed the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking in October 2019. Providing a framework for a sustainable banking industry, the UN Principles help to align the banking sector with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.

The Bank of Ireland Group is a diversified Financial Services Group. Bank of Ireland, now a subsidiary of Bank of Ireland Group plc, was established in 1783 by Royal Charter. A traditional, relationship-driven retail and commercial bank with a conservative business philosophy, we have a clear and compelling strategy.

Our key strategic objectives are:

- ▶ Transform the Bank – improving our culture, systems and business model
- ▶ Serve customers brilliantly – by being the #1 for service
- ▶ Grow sustainable profits – through growing our revenue and optimising our cost base

Bank of Ireland Group is one of the largest financial services groups in Ireland and provides a broad range of banking and other financial services. The below shows the composition of our €78.8 billion loan portfolio as at 31 December 2020.

- ▶ ROI Mortgages: 29%
- ▶ UK Mortgages: 28%
- ▶ Non-Property SME & Corporate: 25%
- ▶ Property & Construction: 11%
- ▶ Consumer: 7%

The Group is organised into four trading segments and one support division to effectively serve our customers:

- ▶ Retail Ireland: Operating as one of Ireland's largest lenders with gross lending of €5.3 billion lent to the Irish economy in 2020, including targeted supports for businesses impacted by the difficult trading conditions. Serving 2 million consumer and business customers across a broad range of segments and sectors, while offering them the choice to engage through digital, branch and phone banking channels. Promoting their financial wellbeing by delivering a full range of financial products, services and propositions tailored to meet their needs, manage their current finances and to plan for the future.
- ▶ Wealth & Insurance: A leading provider of life, pensions, general insurance, investment and savings products in the Irish market. The Group is the only bancassurer in Ireland operating through New Ireland, and encompasses Wealth Distribution and Bank of Ireland Insurance Services. The Group, through New Ireland sells a broad range of protection, investment and pension products to individual and corporate customers in the Republic of Ireland. Its liabilities are predominantly unit linked and it has a multi-channel distribution strategy, selling products through the Bank's branch network and digital channels, the independent broker market and a tied agent channel (financial advisors).
- ▶ Retail UK: Distributes consumer products via own brand and partnerships with trusted brands (Post Office and the Automobile Association (AA)) and operates a full service retail bank in Northern Ireland (NI) as well as strong niche businesses in attractive segments, which include asset finance under the Northridge Finance and Marshall Leasing Limited (MLL) brands and FX via FRES.
- ▶ Corporate & Treasury: Ireland's number one Corporate Bank1 and customer treasury service provider incorporating the Group's corporate banking, wholesale financial markets, specialised acquisition finance and large transaction property lending business across Ireland, UK and internationally with offices in the US, Germany, France and Spain. Holds market leading positions in chosen sectors, including corporate banking, commercial real estate, foreign direct investment and treasury solutions.
- ▶ Group Centre: Group Centre comprises the Group's central control functions, which establish governance and oversee policies, and which provide and manage processes and delivery platforms for the trading divisions.

For further information see our Group Website:
<https://www.bankofireland.com/about-bank-of-ireland/about-the-group/>

Please see the **2020 Annual Report** for further detail on the following topics:

- ▶ Our Strategy – p.13
- ▶ Scale of Exposure – p.23
- ▶ Our Business Model – p.58

For further information on our RSB Strategy, [click here](#).

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s)/Link(s) to bank's full response/ relevant information

2. Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

In conjunction with our annual results, Bank of Ireland launched its new Responsible and Sustainable Business strategy (2021-2024) 'Investing in Tomorrow'. The strategy comprises three pillars (i) Enabling Colleagues to Thrive, (ii) Enhancing Financial Wellbeing and (iii) Supporting the Green Transition – and these are built on strong foundations which guide our commitment to being a responsible and sustainable business. Each of the pillars of the strategy are mapped to relevant Sustainable Development Goals. Our pillar on 'Supporting the Green Transition' sets out our commitment to supporting our customers and communities' transition to a resilient, net zero economy by 2050, in line with the Irish and UK governments' ambitions and actions. Our commitment to Science Based Targets ensures alignment with the Paris Climate Agreement.

The strategy was informed by our materiality and impact assessments. In the 'horizon scanning' step of our materiality assessment we reviewed relevant frameworks, commitments and regulation to ensure alignment. We also engaged with our stakeholders to understand what was important to them and we undertook an assessment of the impact we have on society and the environment.

As part of our implementation we will work across the Group to integrate the RSB strategy fully into the business. This implementation will align the European Central Bank's (ECB) Climate Related Risk Framework.

Please see the [2020 Annual Report](#) for further detail on the following topics:

- ▶ Responsible and Sustainable Business at Bank of Ireland - p.20
- ▶ RSB Framework – p.21
- ▶ Supporting the green transition – p.28

For further information on our RSB Strategy, [click here](#).

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

1. Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- ▶ Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- ▶ Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- ▶ Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- ▶ Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

Show that building on this analysis, the bank has

- ▶ Identified and disclosed its areas of most significant (potential) positive and negative impact
- ▶ Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

The Group carried out an initial impact assessment to understand both the positive and negative impacts of its products and services on society and the environment in its primary geographies of Ireland and the UK covering consumer banking, business banking and corporate banking. In conducting the impact assessment, the Group used the UNEP FI Portfolio Impact Analysis Tool for Banks and fulfilled the key elements listed. As the tool evolves, we will also refine and update our impact assessment. Our €78.8 billion loan portfolio at end of December 2020 is broken down as follows:

- ▶ ROI Mortgages: 29%
- ▶ UK Mortgages: 28%
- ▶ Non-Property SME & Corporate: 25%
- ▶ Property & Construction: 11%
- ▶ Consumer: 7%

Using the Portfolio Impact Tool, it was assessed that the most relevant needs and challenges in our main geographies are climate change, biodiversity, waste and resources and inclusive, healthy economies. We also used our materiality assessment including horizon scanning and extensive stakeholder engagement to ensure context and relevance.

The outcome of this initial assessment points to employment, inclusive healthy economies, housing, health and sanitation and mobility as our primary positive impacts, while our negative impacts are in the areas of climate, resource efficiency & security, biodiversity & ecosystem, waste and soil.

The outcome of this impact assessment informed the development of our new RSB strategy. We cross-referenced the outcomes of the impact assessment with that of our materiality assessment to ensure the correct focus. As climate has been identified as our most significant negative impact, this has been explored further and is the primary focus of our 'Supporting the Green Transition' pillar. Building on our positive impact on 'inclusive healthy economies', financial inclusion forms a key element of our Financial Wellbeing pillar and this will be examined even further during 2021. Employability, both within the Bank and more broadly in society, is also a key focus of our RSB strategy.

Bank of Ireland was an active participant in the consultation and feedback process of the development of the UNEP FI Portfolio Impact Analysis Tool. As the tool evolves, we will also refine and update our impact assessment.

Please see the [2020 Annual Report](#) for further detail on the following topics:

- ▶ Materiality Assessment – p.22
- ▶ Impact Assessment – p.23

For further information on our RSB Strategy, [click here](#).

Please see the 'How we measure success' section of our [RSB Strategy document](#).

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

In 2020, the Group carried out an initial impact assessment to understand both the positive and negative impacts of its products and services on society and the environment. This has informed the development of our RSB strategy. Bank of Ireland is an active participant in the consultation and feedback process of the development of the UNEP FI Portfolio Impact Analysis Tool. As this tool evolves, we will also refine and update our impact assessment.

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s)/Link(s) to bank's full response/ relevant information

2. Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Our impact assessment indicated that climate is our most significant negative impact, therefore we have set out a five point climate action plan as part of our 'Supporting the Green Transition' pillar. As part of this we have committed to setting science-based targets across our portfolios and operations by the end of 2022. We will use the methodology set out by the Science Based Targets Initiative for financial institutions to set these targets and will update on progress in this area next year. A commitment to make our own operations Net Zero by 2030 has been made.

Please see the [2020 Annual Report](#) for further detail on the following topics:

▶ "Supporting the Green Transition" Five Point Plan – p.28

For further information on our RSB Strategy, [click here](#).

Please see the 'How we measure success' section of our [RSB Strategy document](#).

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

We are currently working on developing our targets. We will report on progress made in our next report.

3. Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Targets have not yet been set, however as we do so implementation and monitoring plans will be developed.

Please see the 'How we measure success' section of our [RSB Strategy document](#).

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

We are currently working on developing our targets. We will report on progress in our next report.

4. Progress on Implementing Targets: For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

Targets have not yet been set, however as we do so implementation and monitoring plans will be developed.

Please see the 'How we measure success' section of our [RSB Strategy document](#).

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

We are currently working on developing our targets. We will report on progress in our next report.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

1. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

We are committed to building a customer focused organisation that invests in improving service and digital capabilities, while also getting the basics right.

To support our commitment to Serve Customers Brilliantly, our Group Code of Conduct sets out the high standard that we set ourselves when we deal with others, both within and outside the Bank of Ireland Group, and in our personal financial dealings. The code is supported by other policies such as our Speak Up Policy and our Anti-bribery and corruption policy. All colleagues complete mandatory Web Based Training (WBT) on an annual basis on all of these aspects.

We provide enhance services and supports in our Vulnerable Customer Unit (VCU) - which played a central role in our COVID- 19 response, with a new ‘Just A Minute’ (JAM) Card to help our more vulnerable customers’ discreetly convey their need for more time. And we have introduced a carers’ debit card to provide a safe and secure way for carers to manage daily living expenses of those in their care.

Please see the **2020 Annual Report** for further detail on the following topics:

- ▶ Serving Customers brilliantly – P.16
- ▶ Vulnerable Customer Unit (VCU) – p.16 and 27
- ▶ RSB Foundations – p.40

For further information on our RSB Strategy, [click here](#).

2. Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

In 2019, Bank of Ireland launched the Sustainable Finance Fund which included a Green Mortgage Interest Rate, Green Home Improvement Loan, and Green Business Loan introduced. In 2020 we added a further €1 billion to our sustainable finance fund, with a total fund now at €2 billion. The fund encourages and rewards investment in energy efficient homes, older properties to improve sustainability performance, and SME and agri investment in energy efficiency. The fund has provided c€950million to date in green loans to home owners and businesses.

In our RSB Strategy we have committed to working together with our customers, colleagues and communities to support their transition to a resilient, Net Zero economy by 2050, in line with the Irish and UK governments’ ambitions and actions. To put this commitment into action, over the coming years, the Group will implement a 5-point plan:

- ▶ Set science-based targets: Set our portfolios and lending practices on a pathway aligned with the Paris Agreement and commit to setting science-based targets across our portfolios and operations by the end of 2022.
- ▶ Provide sustainable financing: Support our customers through our core financing and advisory capabilities to enable them to transition to Net Zero and develop and deploy low carbon technologies.
- ▶ Decarbonise our own operations: Make our own operations Net Zero by 2030.
- ▶ Manage climate related risks: Support our customers through our core financing and advisory capabilities to enable them to transition to Net Zero and develop and deploy low carbon technologies.
- ▶ Transparently report our progress: Support our customers through our core financing and advisory capabilities to enable them to transition to Net Zero and develop and deploy low carbon technologies.

Please see the **2020 Annual Report** for further detail on the following topics:

- ▶ “Supporting the Green Transition” – p.28
- ▶ Sustainable Finance Fund – p.29

For further information on our RSB Strategy, [click here](#).

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

1. Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/ results achieved.

We engage regularly with our stakeholders through a variety of methods, including surveys, social media, meetings, working groups and more. To inform the development of our new RSB strategy, we conducted our first materiality assessment in 2020. This allowed us to get a deeper understanding of the issues important to our stakeholders. We completed a horizon scanning exercise initially to understand the key issues in this agenda. This was informed by our purpose, values and strategic priorities, existing surveys with customers and colleagues, peer reviews, regulation and a review of trends, media and relevant research. A shortlist of 25 topics was produced from this exercise.

To prioritise, these topics were then explored in a comprehensive stakeholder engagement exercise - which sought the views of customers, colleagues, suppliers, trade associations and NGOs among others; through interviews and surveys. Stakeholders were asked to indicate how important they considered each of the topics to be and their reasons for this.

Please see the **2020 Annual Report** for further detail on the following topics:

- ▶ Materiality Assessment – p.22

For further information on our RSB Strategy, [click here](#).

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p>1. Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Nomination, Governance and Responsible Business (NGRB) committee, of which our Group Chairman is Chair, has overall responsibility for the Group's RSB Strategy. It also monitors the Group's progress towards implementing the UN Principles for Responsible Banking.</p> <p>The Board Risk Committee has oversight of climate risk as a transverse risk driver, through the Group Risk Framework. The Group recognises that climate change can drive increased risk across key financial, non-financial and strategic risk types. Each key risk owner is therefore required to consider the effect climate change will drive for their risk and to integrate climate risk management within their individual risk frameworks. In September 2020, the Board Risk Committee was updated on the progressive integration of climate into risk management processes and considered an initial assessment of the impact and implications of climate risk across our credit portfolios, highlighting key areas of focus and sensitivity.</p> <p>The RSB team is responsible for developing the Group's RSB framework and strategy and supporting its implementation and delivery in all divisions across the Group. The team sits within the</p> <p>Group Strategy function and reports to the CSO. Climate risk responsibilities extend across the organization, based on a 'three lines of defence' approach, in line with the Group Risk Framework.</p> <p>As climate risk impacts through existing risk channels it requires a matrix approach and integration across multiple risk frameworks. With co-ordination from Enterprise Risk Management, Risk Owners are integrating climate into existing risk control frameworks, policies and strategies. Within Group Risk, an ESG Risk Working Group has been established to bring together second-line risk management from across key risk types (with the RSB team) to support an integrated approach to ESG management and climate-related risks within the Group. In 2021, we published a Responsible & Sustainable Business Sector Statement which clearly sets out our risk appetite for lending to potentially sensitive sectors which we believe cause environmental and/or social harm to society and our communities. The Statement applies to all new non-property lending arrangements within the Corporate Banking business.</p>	<p>Please see the 2020 Annual Report for further detail on the following topics:</p> <ul style="list-style-type: none"> ▶ "Supporting the Green Transition" – p.28 <p>For further information on our RSB Strategy, click here.</p> <p>For further information on Responsible & Sustainable Business Sector Statement, click here.</p>
<p>2. Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>A key focus of the Group's RSB strategy in 2021 is to ensure it and its ambitions are embedded into the Group's culture transformation plan. Key RSB targets will also be included in the relevant business' score cards. Also, where possible it will be embedded in key training while other bespoke training will be developed.</p> <p>The Group is engaged in a significant programme to deliver its strategy under 3 pillars: transforming the bank; serving customers brilliantly; and growing sustainable profits. The Group acknowledges the challenge in executing such a strategy effectively and progress against key milestones receives significant oversight.</p>	
<p>3. Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> ▶ target-setting and actions to achieve targets set ▶ remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The Nominations, Governance and Responsible Business (NGRB) committee provides oversight of the Group's RSB Strategy and monitors the implementation of the UN Principles for Responsible Banking. At Senior Executive level, the Chief Strategy Officer (CSO) has been delegated responsibility for development and delivery of the RSB strategy as well and integration into our core strategy. The CSO is supported in this by the RSB Team and the RSB Forum. Both the NGRB and the Group Executive Committee receive regular updates on RSB. The Chief Risk Officer has overseen the development of an overarching ESG Risk Framework (incorporating climate risk) which was approved by the executive level Group Risk Policy Committee.</p>	

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have made significant progress to date in fulfilling this requirement. The Bank has established key elements of a governance structure for ensuring that the Principles are implemented effectively. We have expanded the roles and responsibilities of our Nominations, Governance and Responsible Business Board Committee to include responsibility for RSB and the Board Risk Committee has established oversight of climate risk as a transverse risk driver, through the Group Risk Framework. The Chief Strategy Officer (CSO) has been delegated responsibility for development and delivery of the RSB strategy. A RSB advisory Forum has been developed to support the RSB agenda.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

1. Progress on Implementing the Principles for Responsible Banking: Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Throughout 2020, we have developed our new Responsible and Sustainable Business strategy 'Investing in Tomorrow'. As part of our materiality assessment we undertook a horizon scanning exercise. As part of this we reviewed relevant frameworks, commitments and regulation to ensure alignment. We also engaged with our stakeholders to understand what was important to them and we undertook an assessment of the impact we have on society and the environment.

Bank of Ireland's new RSB strategy supports our purpose of 'enabling customers, colleagues and communities to thrive' and also helps to achieve our ambition of being a National Champion Bank. The strategy comprises three pillars – Enabling Colleagues to Thrive, Enhancing Financial Wellbeing and Supporting the Green Transition – these are built on strong foundations which guide our commitment to being a responsible and sustainable business. The strategy was informed by our materiality and impact assessments.

Please see the [2020 Annual Report](#) for further detail on the following topics:

- ▶ Responsible and Sustainable Business at Bank of Ireland - p.20
- ▶ RSB Framework – p.21

For further information on our RSB Strategy, [click here](#).

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Following our commitment to the UN Principles for Responsible Banking (UNPRB) in October 2019, our focus in 2020 was to work on better understanding our impact, the issues important to our stakeholders and our baseline. All of this work has informed the development of our new Responsible and Sustainable Business (RSB) strategy (2021-2024), sets out our key environmental, social and governance priorities.



**Bank of
Ireland**