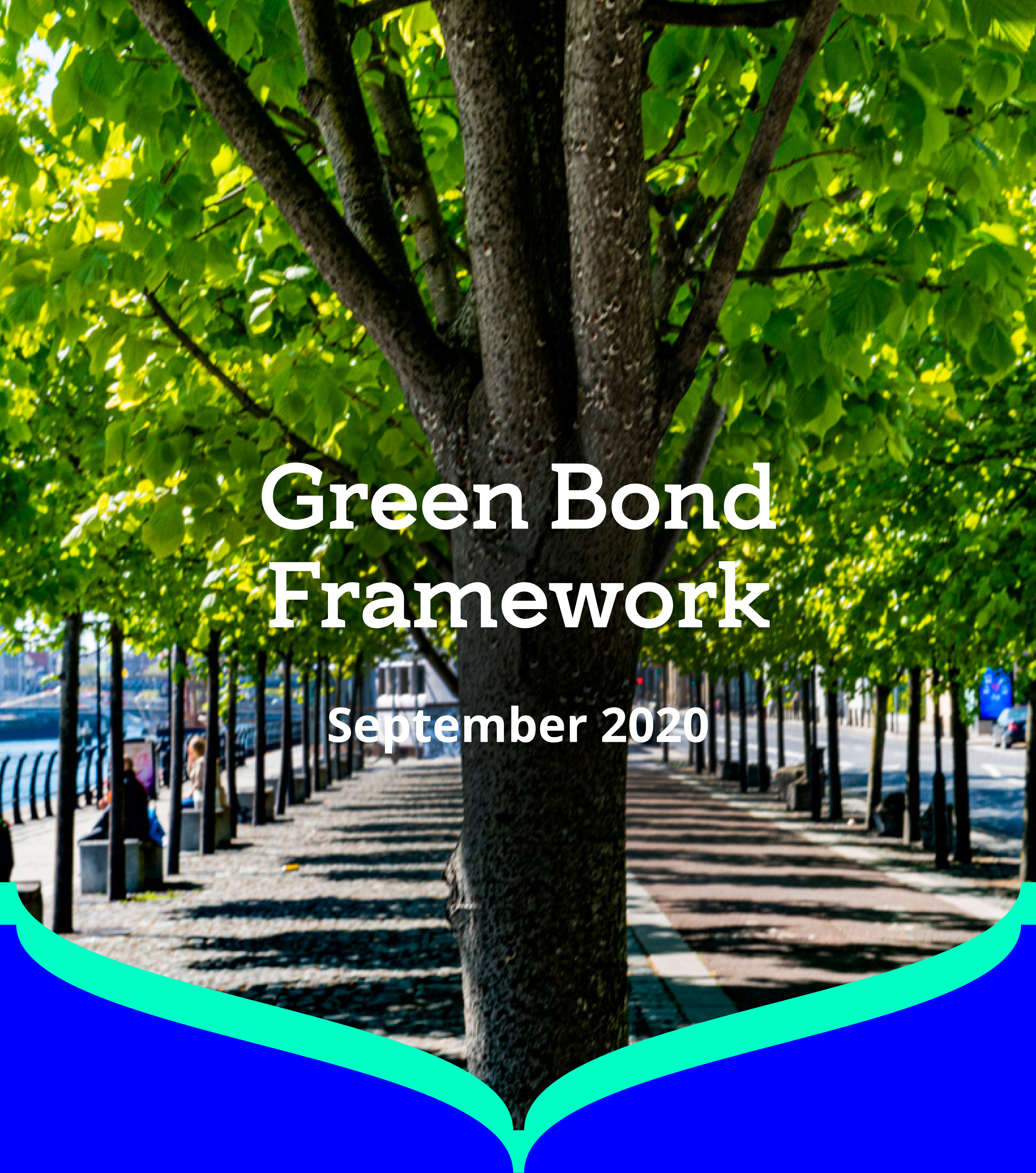


Green Bond Framework

September 2020

Bank of Ireland

Contents

1. Introduction

At Bank of Ireland Group (the Group) our ambition is to be the National Champion Bank in Ireland with UK and selective international diversification and our purpose is to **"enable our customers, colleagues and communities to thrive"**. In this context, we recognise the responsibility that we have and the important role that we can play in addressing one of the big global challenges of our time - climate change.

Ensuring that global warming stays below the 2°C goal as set out by the Paris Climate Agreement will require a huge effort across all sectors of the economy and society. Transformational change will be required across areas including housing, transport and energy. This will present both risks and opportunities for our customers and our business. We want to support and enable our customers in the transition to a low carbon economy by ensuring our business is mobilised to support sustainable solutions.

Bank of Ireland's Responsible and Sustainable Business

Behaving in a responsible and sustainable way is fundamental to the Group achieving its purpose of enabling its customers, colleagues and communities to thrive. We are committed to addressing the climate challenges facing society today and became a signatory to the UN Principles for Responsible Banking in 2019 and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020. Both steps signify our commitment to be part of the global drive to address climate risks and be a responsible business partner for our customers, colleagues and communities.

Throughout 2020 we are continuing to focus on integrating Responsible and Sustainable Business (RSB) practices throughout the Group in a way that supports our customers' low carbon journeys, builds our resilience as a pillar bank and contributes to the overall sustainability of the financial services sector and the markets in which we operate. During the summer of 2020, we completed a materiality assessment to identify and prioritise the environmental, social and governance (ESG) topics that matter most to our business and our stakeholders. We have engaged with a range of stakeholders including customers, suppliers, NGOs and colleagues through interviews and surveys. We have also completed an impact assessment to understand our impacts (both positive and negative) on society, the environment and the economy. We are using these insights to develop a Responsible and Sustainable Business framework and strategy including setting goals and targets.

Governance of Responsible and Sustainable Business

The Group Nomination, Governance and Responsible Business Committee, chaired by the Group Chairman, oversees the Group's RSB framework and strategy on behalf of the Board of Directors.

At senior executive level, the Group Executive Committee (GEC) has overarching responsibility for the Group's RSB framework and strategy. Specific RSB executive responsibility has been delegated to the Group's Chief Strategy Officer.

The Responsible and Sustainable Business Forum (RSBF), chaired by the Chief Strategy Officer consists of senior business and functional executives from across the Group and enables the Group to have a coordinated approach to oversight, delivery and reporting of the Group's RSB framework and strategy to the GEC. The RSBF is supported by the Group's dedicated RSB team. 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 Group Strategy function and reports to the Chief Strategy Officer.

Supporting the low-carbon economy

The Group is committed to supporting a transition to a low carbon, climate resilient economy. We will do this by enabling our customers to take action, managing climate related risks and reducing the Group's own environmental footprint.

Supporting our customers

To support our customers' transition to a low-carbon economy, the Group launched the Sustainable Finance Fund (the 'Fund') in July 2019 and in doing so became the first bank in Ireland to introduce a green mortgage. An additional €1 billion was added in June 2020 bringing the total amount of the Fund to €2 billion. The Fund supports our customers on their low carbon journey by encouraging and rewarding energy efficient homes, investment in older properties, SME and agri investment in energy efficiency.

Initiatives associated with the Fund include a green interest rate discount for borrowers buying or building energy efficient homes, and a green home improvement loan for energy-efficiency retrofits for older properties. We have also introduced lower interest rates for investment in energy-saving improvements for businesses.

The Group continues to be a leading financier of the renewable energy sector. To date, we have provided finance for c.720MW of renewable energy generating assets on the island of Ireland, providing the equivalent of 468,000 homes with renewable generated electricity. We are also actively monitoring other forms of renewable technology, e.g. solar and offshore wind, with the introduction of a new government support scheme a key enabler of lending into these sub sectors.

Managing climate related risks

We recognise that climate change presents both risks and opportunities to our business model and strategy. We have integrated climate risk into our risk frameworks and policies, not as a separate risk category, but as a transverse risk that impacts existing risk categories such as credit and operational risks. As such, it has been integrated to leverage existing risk management governance frameworks, policies and processes.

In line with the recommendations of the TCFD, the Group has identified activities and assets exposed to climate-related risks and has begun measuring possible financial risk impacts. The mix of assets on the Group's balance sheet and minimal direct exposure to fossil fuels sees the key focus areas emerging as mortgages, property lending and car finance, which together account for c.70% of the Group's customer lending assets. An initial set of metrics for climate-related risks is in development to support the setting of relevant targets and limits to track progress against our strategy and to allow for related disclosure.

Our own environmental impact

In May 2018, the Group signed up to the Low Carbon Pledge to reduce our carbon emissions intensity (scope 1 and 2)[1] by 50% by 2030. This pledge is part of The Leaders' Group on Sustainability, a business coalition, convened by Business in the Community Ireland (BITCI).

To date, we have achieved a 40% reduction in carbon emissions intensity (on a 2011 baseline), using m^2 as intensity metric (in absolute terms we have achieved a 50% carbon emissions reduction).

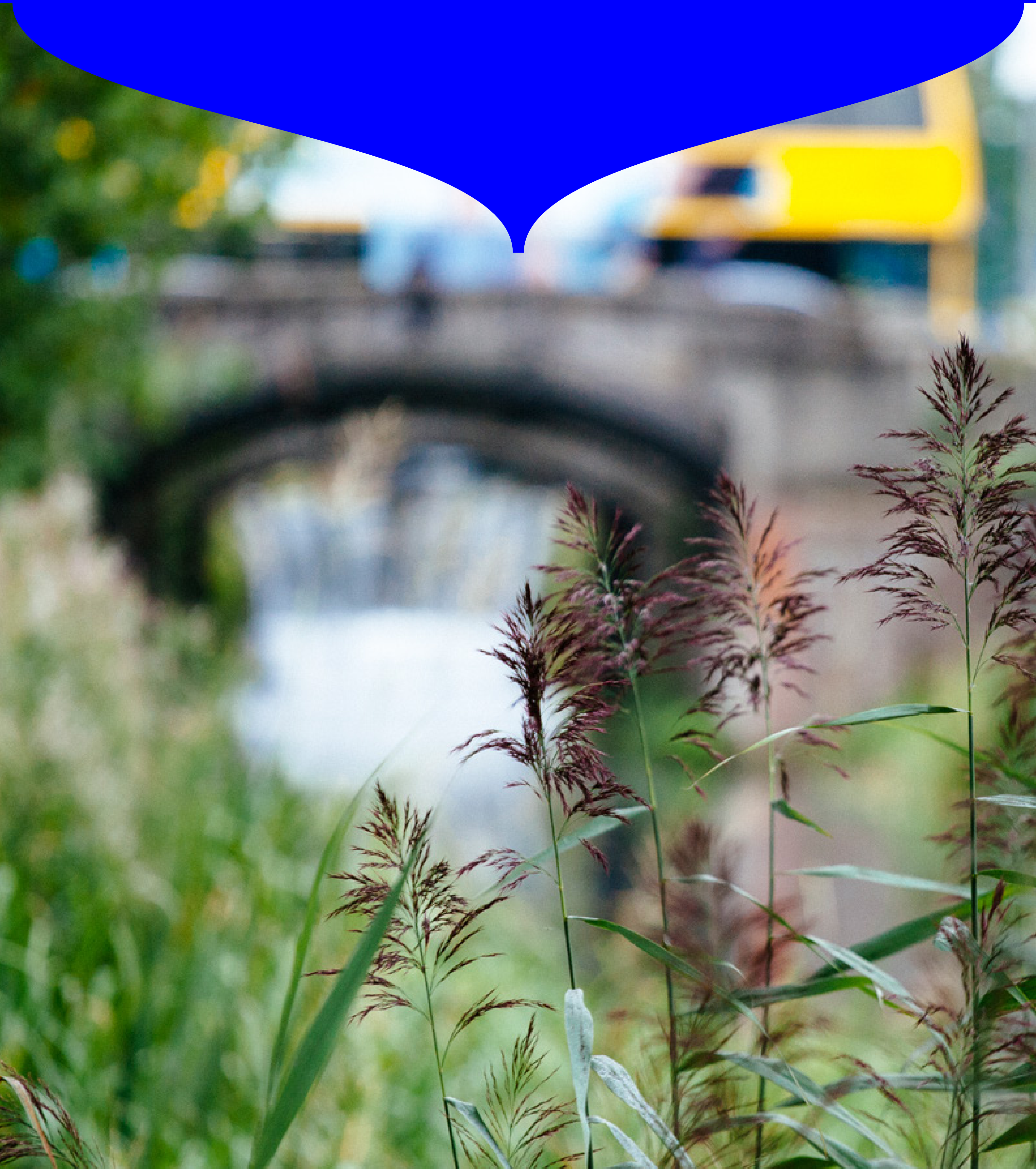
In support of our commitment to reduce the Group's carbon emissions and the impact that we have on the environment, we have continued to implement energy efficient and other environmental initiatives throughout 2019, which include:

- re-certification and transition to the **ISO 14001** and **ISO 50001** 2018 standard;
- installation of a highly-efficient **air conditioning system** in a number of our large administration buildings;
- upgrade of traditional lighting with **LED lighting** across a number of retail and administration sites; and
- installation of **16 electric** vehicle charging points at six of our administration sites.

To further support the transition to a low carbon economy, 100% of our RoI and NI electricity is now supplied from renewable sources (as of 1 January 2020).

[1] Note: Scope 1 refers to carbon emissions directly produced within the Bank's operations, e.g. gas-fired heating boilers. Scope 2 refers to the carbon emissions produced when the electricity used by the Bank is generated by the electricity providers.

2. Bank of Ireland Green Bond Framework



Our commitment to supporting a transition to a low carbon, climate resilient economy will require investment and capital. For this reason, the Group has decided to issue Green Bonds that will allow us finance or refinance projects and assets that mitigate climate change by reducing carbon emissions and protecting our environment; activities that are key components of the Group's RSB agenda.

The Group has designed this Green Bond Framework (this Framework) to ensure it is fully aligned to the Green Bond Principles[2]. In the event of future updates which may be made to the Green Bond Principles or other relevant guidance, regulatory or otherwise (including the EU Green Bond Standard currently under development), the Group may review and update this Framework accordingly. Any future updates will maintain or enhance the current levels of transparency, and will be accompanied by an updated External Review as required.

This Framework defines the loans or investments eligible to be financed and/or refinanced by the proceeds of Green Bonds issued by Bank of Ireland Group plc or any of its subsidiaries. In addition, the Framework outlines the process used to identify, select and report on eligible loans and projects and how the proceeds are managed prior to allocation.

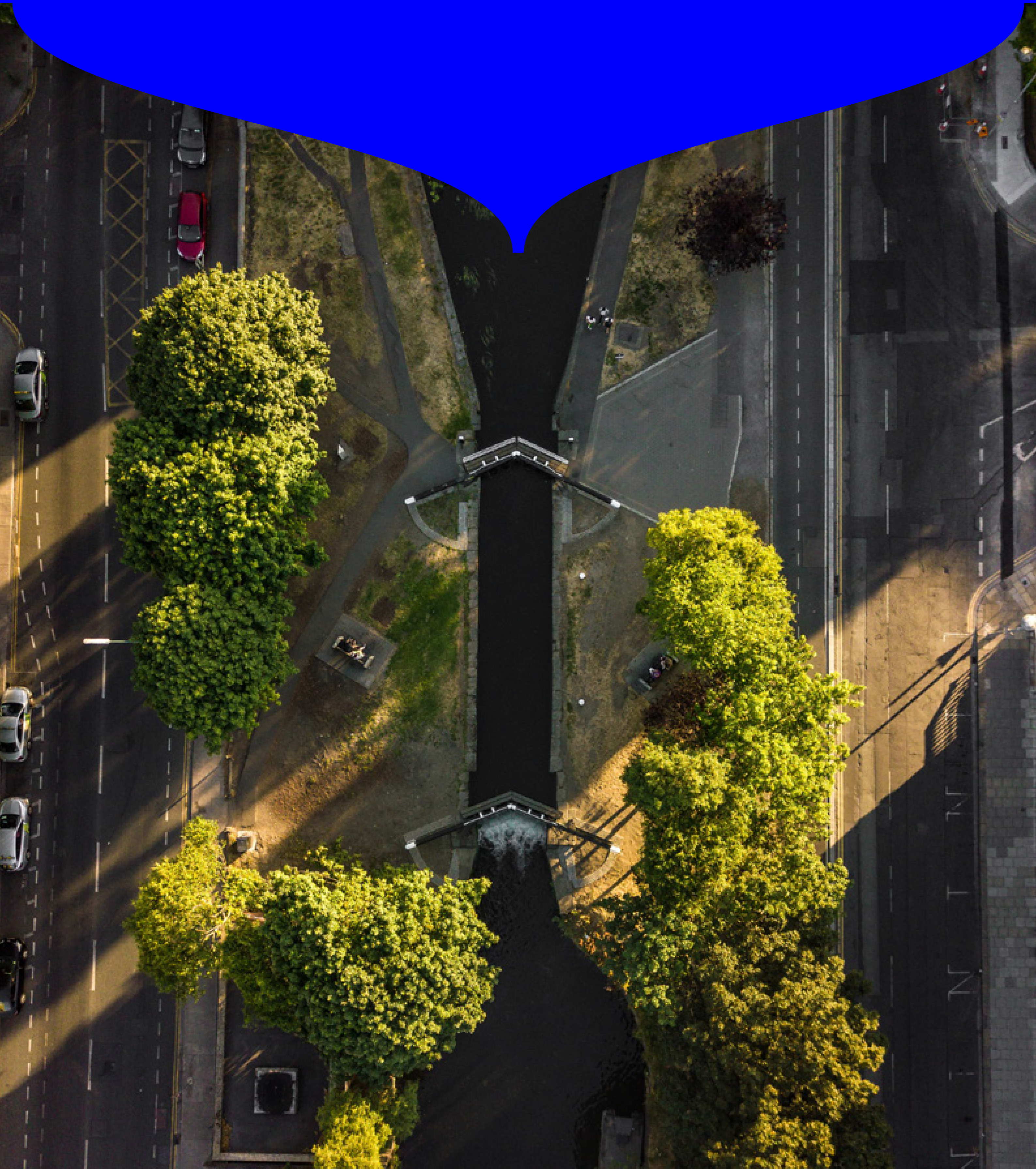
Under this Framework, Bank of Ireland Group plc or any of its subsidiaries may issue Green Bonds in various formats. These formats include:

1. **Senior and subordinated debt issued by Bank of Ireland Group plc;**
2. **Senior debt issued by The Governor and Company of the Bank of Ireland; and**
3. **Asset covered securities (covered bonds secured against green residential mortgages) issued by Bank of Ireland Mortgage Bank.**

The terms and conditions of each Green Bond will be specified at the time of issuance.

[2] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

3. Use of Proceeds



The Group intends to allocate an amount equal to the net proceeds from any issue of Green Bonds under this Framework to advance loans to the Group's customers for the purposes of financing and/or refinancing by such customers, in whole or in part of assets, projects and expenditures which support the transition to a low-carbon economy and have positive impacts on the environment, customers and communities and in line with the Use of Proceeds Criteria detailed below (Eligible Assets).

The Group intends to allocate an amount equal to the net proceeds raised by the Green Bond issuance to Eligible Assets (i) where financing has taken place within a 36-month period preceding the date of the Green Bond issuance, and/or (ii) where financing takes place within a 12-month period following the date of the Green Bond issuance.

Use of Proceeds Criteria

As defined in the table below, Green Bonds issued under this Framework will only reference Use of Proceeds categories that are aligned to the Green Bond Principles. Areas of alignment[3] between the categories recognised by the Green Bond Principles, and the UN Sustainable Development Goals (SDGs)[4], EU Environmental Objectives[5], and Project Ireland 2040[6] are also indicated.

Eligible Category & UN SDG	EU Objective / Project Ireland 2040	Eligibility Criteria	Example Impact Metrics	Example Green Projects
Green Buildings & Energy Efficiency (Residential) 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Climate Change Mitigation** Investment in energy efficiency, with upgrades to homes increasing from 30,000 to 45,000 per annum from 2021 to achieve a minimum BER Rating 'B'	Residential property with an energy efficiency rating which places it within the Top 15% (in energy efficiency terms) in the Republic of Ireland market[7], equivalent to a Building Energy Rating (BER) of 'B3' or better, and/ or: New or existing residential property with a date of construction of 2015 or later, and/or: New residential buildings where the net primary energy demand of the new construction is at least 20% lower than the primary energy demand resulting from the relevant NZEB[8] requirements, and/ or: Renovated residential property where the renovation achieves savings in net Primary Energy Demand of at least 30% in comparison to the baseline performance of the building before the renovation	Annual energy efficiency improvements, MWh[9] tCO2e[10] avoided	Mortgages financed by the Sustainable Finance Fund. The green discount is only available to mortgages for residential properties that hold a BER rating of A3 or above Mortgages originated out of Bank of Ireland Mortgage Bank (BOIMB) against properties built from 2015 onwards Green retro fit loans financed through the Sustainable Finance Fund for residential properties

[3] Note that areas of potential alignment with these reference frameworks are highlighted for information purposes only and no representation is made with respect to the extent of alignment.
[4] United Nations Sustainable Development Goals
[5] The six EU environmental objectives are: (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy, waste prevention and recycling; (5) pollution prevention and control; (6) protection of healthy ecosystems
[6] Project Ireland 2040.
[7] Note: When making these determinations, Bank of Ireland anticipates drawing on the most current dataset available at the time of the allocation process (including datasets compiled by any retained technical consultants). As average building energy efficiencies and related datasets improve, relevant benchmarks and determinations involving proxies (e.g. Building Energy Ratings) will be updated accordingly.
[8] This threshold is based on 'near-zero energy building' (NZEB) requirements, which are defined in national' regulations implementing the Energy Performance of Buildings Directive, and are mandatory across EU Member States from 2021.
[9] MWh – megawatt hours – a standardised measurement of electricity consumption rate
[10] tCO2e – tonnes of carbon dioxide equivalent – a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

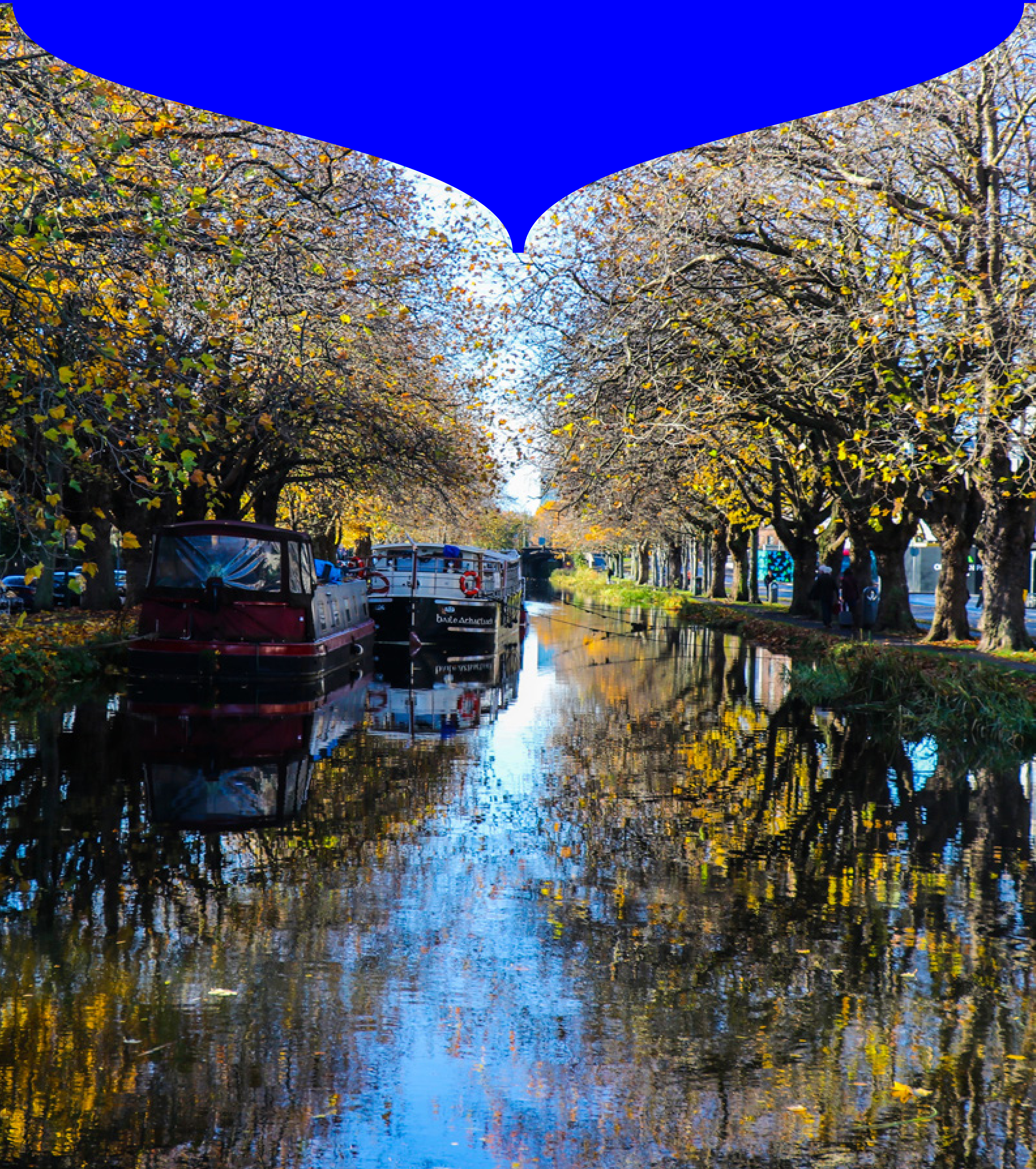
Eligible Category & UN SDG	EU Objective / Project Ireland 2040	Eligibility Criteria	Example Impact Metrics	Example Green Projectsth August)
Green Buildings & Energy Efficiency (Commercial)	**Climate Change Mitigation** Investments in energy efficiency of existing commercial and public building stock with a target of all public buildings and at least one-third of total commercial premises upgraded to BER Rating 'B	New or existing commercial property in the Republic of Ireland, UK and US holding a BREEAM[11] 'Outstanding' or 'Excellent' or LEED[12] 'Platinum' or 'Gold' Certification, and/or: New or existing commercial buildings belonging to the top 15%[13] of buildings in Ireland and UK, and/or; New commercial property where the net primary energy demand of the new construction is at least 20% lower than the primary energy demand resulting from the relevant NZEB[14] requirements, and/or: Renovated commercial property where the renovation achieves savings in net Primary Energy Demand of at least 30% in comparison to the baseline performance of the building before the renovation	Annual energy efficiency improvements, MWh tCO2e avoided	
Renewable energy	**Climate Change Mitigation** New Renewable Electricity Support Scheme to support up to 4,500 megawatts of additional renewable electricity by 2030	Renewable energy generation facilities including onshore and offshore wind, solar and geothermal	Renewable energy capacity added, MW tCO2e avoided	
Clean Transportation	**Climate Change Mitigation** At least 500,000 electric vehicles on the road by 2030 with additional charging infrastructure to cater for planned growth	Financing of the purchase, manufacture and operation of Battery Electric Vehicles and electrically-powered public transport systems, and the infrastructure that supports clean transportation	tCO2e avoided	Financing of auto leases for Battery Electric Vehicles Financing of Electric Vehicle Charging Infrastructure installations

Exclusions:

Allocations will be made in accordance with the Use of Proceeds Criteria requirements as specified above. For the avoidance of doubt, no allocations relating to direct financing of activities in the fossil fuel, nuclear, defence, alcohol, tobacco or gambling industries will be made.

[11] BREEAM is a recognised sustainability assessment method for masterplanning projects, infrastructure and buildings (www.breeam.com).
[12] LEED (Leadership in Energy and Environmental Design) is a widely used green building rating system (https://www.usgbc.org/leed/why-leed).
[13] As determined by reference to established energy performance benchmarks. Bank of Ireland anticipates drawing on the most current dataset available at the time of the allocation process (including datasets compiled by any retained technical consultants). As average building energy efficiencies and related datasets improve, relevant benchmarks and determinations involving proxies (e.g. Building Energy Ratings) will be updated accordingly.
[14] This threshold is based on 'near-zero energy building' (NZEB) requirements, which are defined in national regulations implementing the Energy Performance of Buildings Directive, and are mandatory across EU Member States from 2021.

4. Green Project Evaluation and Selection Process



In line with the **purpose and values** of the Group to **enable customers, colleagues and communities to thrive**, the Use of Proceeds categories in this Framework have been chosen with the aim of supporting our customers' transition to a low-carbon economy, and to have a positive impact on customers, colleagues and communities.

All potential Eligible Assets need to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. In addition, the assets and projects are evaluated from an environmental perspective by a separate Green Bond Working Group that reports directly to the Chief Strategy Officer (CSO), as GEC sponsor for the Group's RSB agenda and to the CEO, Markets and Treasury.

The Green Bond Working Group comprises of representatives from: the RSB team; Markets and Treasury; Group Risk; and the business lines (Retail Ireland, Retail UK and Corporate Banking) and is chaired by Head of Group Balance Sheet Management.

As with all Group lending activities, all potential Eligible Assets go through the standard credit process, which is governed by the Group Credit Policy and Group Credit Framework, and which requires consideration of climate, environmental and social factors, taking into account all relevant laws and legislation as well as adherence to other Group policies and standards in this respect[15].

The business lines where the loans are originated and administered select potential Eligible Assets based on a review of their compliance with the Eligibility Criteria set out in the table above. Following the submission of potential Eligible Assets, the initial list of Eligible Assets is reviewed by the Green Bond Working Group, which approves inclusion into the Green Eligible Assets Portfolio.

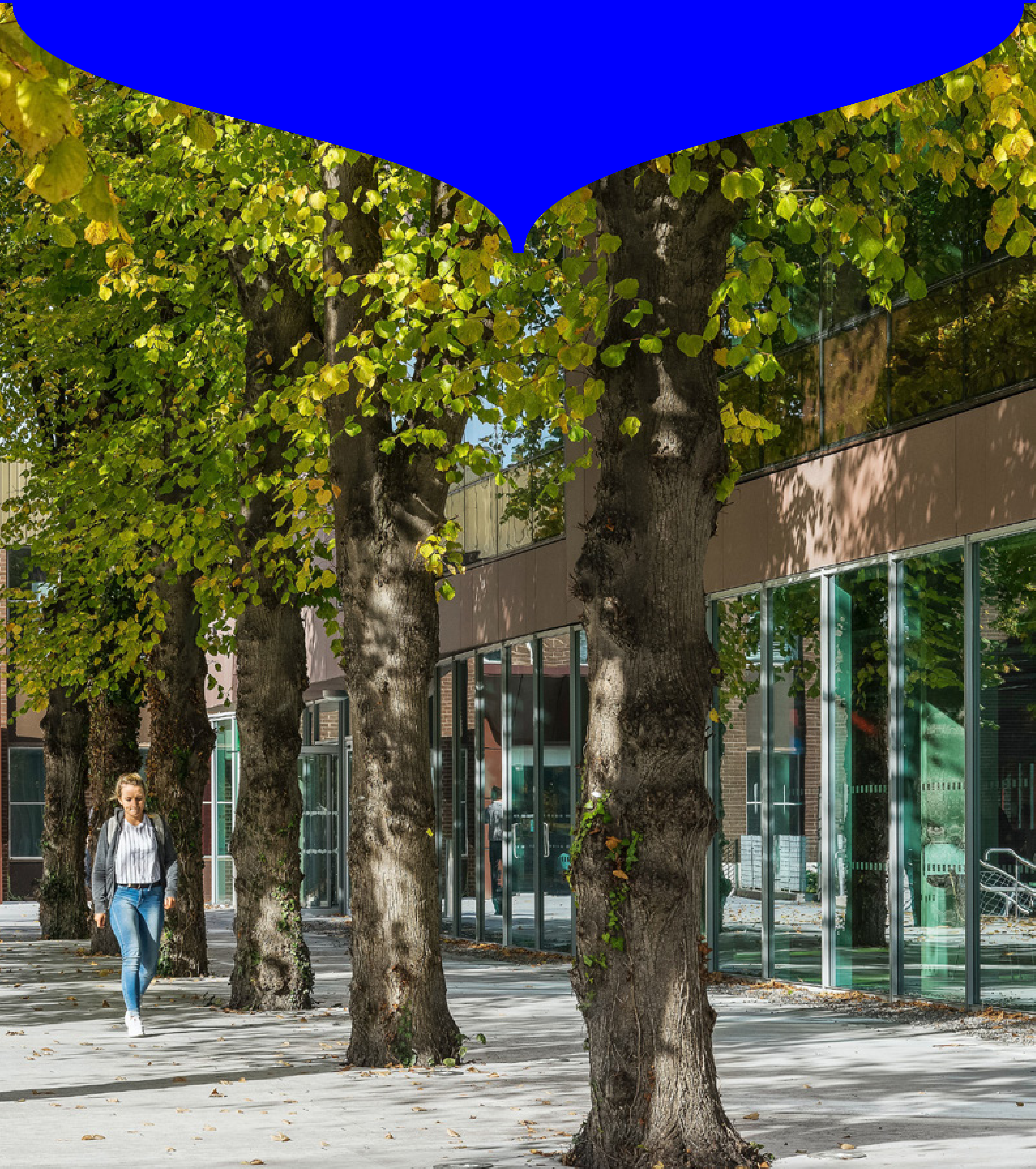
The role of the Green Bond Working Group is to:

- approve the proposed assets for inclusion in the Green Eligible Assets Portfolio based on the Eligibility Criteria;
- approve the removal of loans on the basis that they no longer meet the eligibility criteria, e.g. following divestment, liquidations or concerns that the assets/projects do not align with the Group's RSB strategy;
- allocate green bond proceeds;
- manage future updates to this Framework and possible future expansion of the Eligibility Criteria;
- monitor regulatory developments with regards to sustainability; and
- document the evaluation and selection process in order to facilitate external verification of whether the Green Eligible Assets Portfolio and whether it meets the Eligibility Criteria.

The Green Bond Working Group will meet quarterly to assess potential inclusions, monitor the size of the Green Eligible Assets Portfolio and manage the allocation process. They will provide quarterly updates to the CEO, Markets and Treasury, CSO, and RSBF. In addition this Framework will be reviewed and approved by the CEO, Markets and Treasury and CSO on an annual basis.

[15] Note: As part of the Bank of Ireland implementation of the UN Principles for Banking, the integration of environmental and social risk management into established lending procedures is being continually enhanced.

5. Management of Proceeds



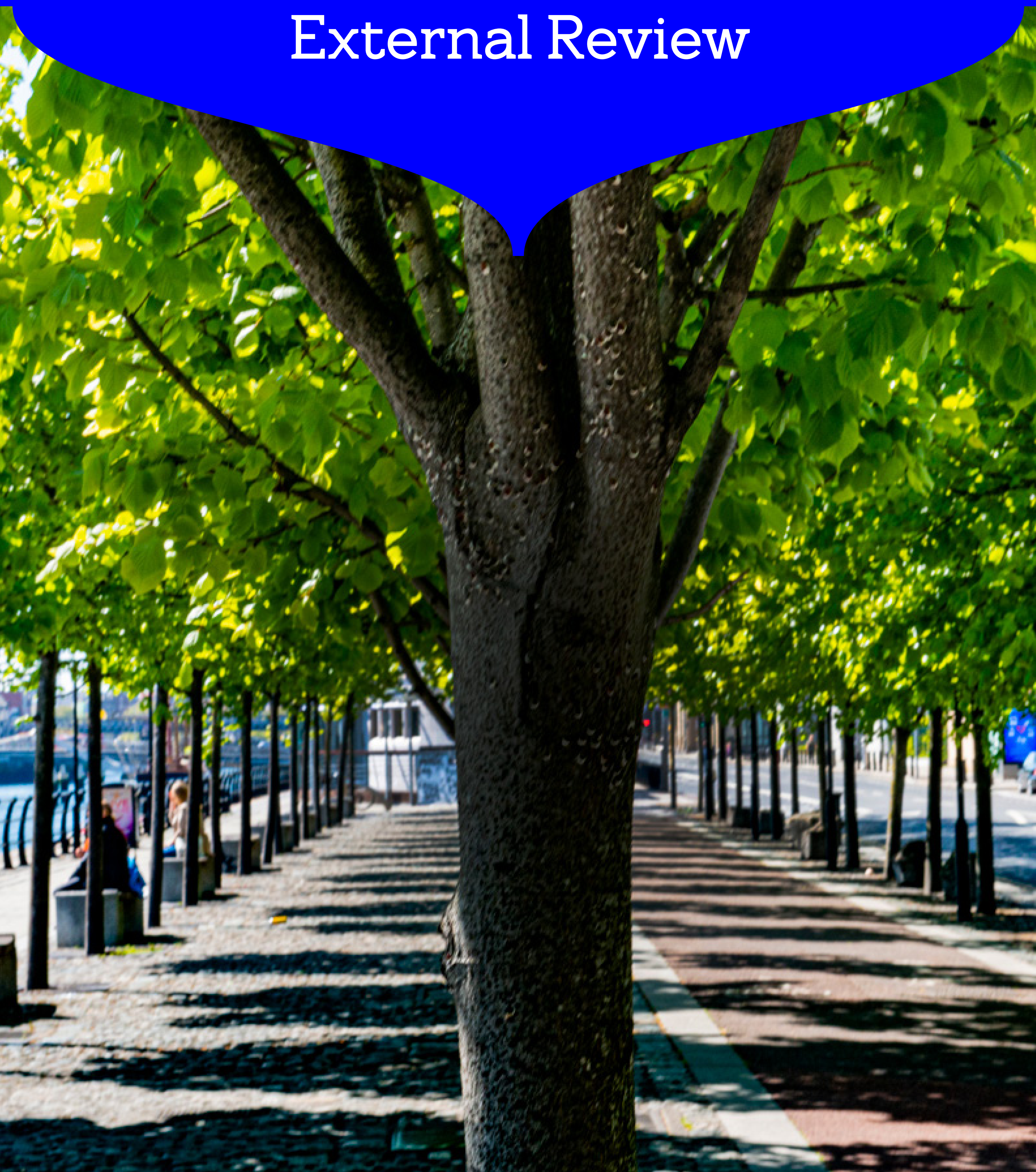
The net proceeds of the Green Bonds issued under this Framework will be managed by the Group on the basis of a portfolio approach. The Group intends to allocate an amount equal to the net proceeds from the Green Bonds to a portfolio of Eligible Assets that meet the Use of Proceeds Criteria and in accordance with the evaluation and selection process set out above (the Green Eligible Assets Portfolio).

Over time, the Group will strive to achieve a level of allocation to the Green Eligible Assets Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Assets will be added to the Green Eligible Assets Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Green Bonds will be allocated to Eligible Assets.

For any Green Bonds proceeds that remain unallocated post issuance, the Group will hold and/or invest at its own discretion in its treasury liquidity portfolio, in cash or other short term and liquid instruments.

All potential changes to the Green Eligible Assets Portfolio will be reported quarterly to the Green Bond Working Group for approval.

6. Reporting and External Review



Reporting

Within one year of issuance of a Green Bond, and annually thereafter for the life of the Green Bond, the Group intends to provide an External Report to its Green Bond investors. This External Report intends to include (i) an Allocation Report and (ii) an Impact Report, subject to the availability of suitable information and data.

These Reports shall also be publicly available via the Bank of Ireland Group website at: **www.bankofireland.com/investor**

(i) Allocation Report:

The Allocation Report will provide on the Green Eligible Assets Portfolio indicators such as:

- Total amount of proceeds allocated to Eligible Assets per category as specified in the Use of Proceeds section above;
- The proportion of financing and/or refinancing; and
- The balance of any unallocated proceeds

An external verification by an accredited independent provider[16] will be published alongside the Allocation Report providing assurance the Green Bond proceeds have been allocated in accordance with the Uses of Proceeds Criteria specified in this Framework document.

(ii) Impact Report:

The Group will also report on selected environmental impacts of its Eligible Assets, subject to the availability of suitable information and data.

We anticipate that the key environmental impact indicator will be tCO2e avoided, as a result of increased residential and commercial energy efficiency, and the displacement of more carbon-intensive forms of electricity generation by renewable energy generation assets. Further detail on anticipated impact metrics are provided in the Use of Proceeds categories table above. The Group will refer to available market guidance[17] when assessing opportunities to report on the environmental impacts of its Eligible Assets.

The Group may also appoint a technical consultant to assist with the development of the methodology for the estimation and calculation of the environmental impact of Eligible Assets.

External Review

Sustainalytics has provided a Second Party Opinion on this Framework and has assessed the alignment of this Framework with the Green Bond Principles as published by the International Capital Markets Association. The Second Party Opinion is available on the provider's website at **www.sustainalytics.com**

[16] For example, statutory financial auditor, or similarly-qualified provider of independent review services.
[17] For example, including, but not limited to the Handbook: Harmonized Framework for Impact Reporting, April 2020, as published by ICMA, and suggested Impact Reporting Metrics for Green Building Projects published in March 2019 by the Impact Reporting Working Group of the Green Bond Principles.

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This Framework represents current Bank of Ireland policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.

Any decision to purchase any Bank of Ireland Green Bonds should be made solely on the basis of the information to be contained in any offering document or prospectus produced in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions and seek their own professional advice.

No representation is made as to the suitability of any Bank of Ireland Green Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Bank of Ireland Green Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such Bank of Ireland Green Bonds regarding the use of proceeds and its purchase of Bank of Ireland Green Bonds should be based upon such investigation as it deems necessary.

Bank of Ireland has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with Bank of Ireland Green Bonds. However, it will not be an event of default or breach of contractual obligation under the terms and conditions of any Bank of Ireland Green Bonds if Bank of Ireland fails to adhere to this Framework, whether by failing to fund or complete eligible green projects or otherwise.

In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the anticipated benefits of these initiatives, including the funding and completion of eligible green projects. In addition, each environmentally focused potential purchaser of Bank of Ireland Green Bonds should be aware that eligible green projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Bank of Ireland Green Bonds or any other person might otherwise have in respect of this Framework or any Bank of Ireland Green Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed to the fullest extent permitted by law.

The Governor and Company of the Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, The Governor and Company of the Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. The Governor and Company of the Bank of Ireland is incorporated in Ireland with limited liability. Registered Office - 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.

Bank of Ireland