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Ms Catherine Woods
Financial Reporting Council
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26 January 2016

**Financial Reporting Council Discussion Paper- "UK Board Succession Planning"
Issues and Questions**

Dear Ms Woods,

The Board of Bank of Ireland is supportive of the direction taken by the FRC in relation to board succession planning. In order to assist your deliberations, we provide below some comments in response to the specific questions you raise in your Discussion Paper.

Business Strategy and Culture

By what practical methods can the development of business strategy and company culture be linked to succession planning? (see also page 10)

How best can the link between strategic planning and effective succession planning be reported?

We believe succession planning, particularly for CEO, is a core role of the board and directly linked to the achievement of longer-term strategic success of the company.

Nomination Committee

How can nomination committee reporting be enhanced to provide sufficient information about the committee's work, including its focus on succession planning and talent management?

The reporting of the Nomination Committee to the board needs to be sufficiently comprehensive to provide assurance that effective succession planning is in place. With regard to reporting to shareholders, we include information on the work done by the Nomination Committee in our Corporate Governance Statement.

Legal Information

Bank of Ireland - The Governor and Company of the Bank of Ireland, incorporated by charter in Ireland with Limited Liability. A tied agent of New Ireland Assurance Company plc, trading as Bank of Ireland Life.

Bank of Ireland is regulated by the Central Bank of Ireland.

Directors:

Archie Kane (Governor) (British),
Patrick Kennedy (Deputy Governor),
Richie Boucher (Group Chief Executive),
Kent Atkinson (British), Pat Butler, Tom Considine,
Patrick Haren (British), Andrew Keating,
Davida Marston (British), Bradley Martin (Can),
Fiona Muldoon, Patrick Mulvihill,
Group Secretary: Helen Nolan

Registered Information

Registered No. C-1

Registered Office and Head Office –
40 Mespil Road,
Dublin 4,
Ireland.

To what extent do you agree with the assertion that those who challenge are sifted out during the recruitment process?

The ability to challenge is an essential skill for a NED and the assessment process seeks to establish this skill, rather than “sift it out”.

Should the details of the objective criteria used in the search for board candidates be set out in the nomination committee report and if not, why?

We do provide information in our Corporate Governance Statement on the overall skills profile identified by the Board as essential/desirable. Candidates are recruited to support achievement or maintenance of that profile.

What is your experience of public advertising for non-executive roles?

We have not advertised publicly for NED roles and do not believe this would be an efficient method of identifying suitable candidates.

Are the responsibilities of the nomination committee made clear in the principles and provisions of the UK Corporate Governance Code? Should there be more clarity about the role of the board?

We believe there is sufficient clarity.

What, if anything, can be done to improve the standing of the nomination committee?

We believe our Nomination Committee has the appropriate standing. This is likely to be supported by thorough reporting to and engagement with the Board.

To what extent is the role and operation of the nomination committee a subject for discussion between investors and the board?

It is discussed in the context of the Chairman’s governance meetings with investors.

Board Evaluation

What practical changes could help ensure boards fully consider succession planning within the annual evaluation exercise?

Would more detailed reporting on changes to a company’s succession planning process which resulted from the evaluation of the board be beneficial? What are the barriers to this and how might they be overcome?

Would retrospective disclosure of previous board evaluations be useful and how might companies go about this?

As it is a key board responsibility, it should be specifically considered in board evaluations.

However, sensitivity in reporting is important in ensuring the evaluation process is effective, rather than “sanitised” which undermines the process. This is not supported.

We would like to know more about the practical use of succession planning matrices by companies, for example:

Are there particular situations where they are more useful?

Were they developed internally or bought in?

Were they used in conjunction with consultants or other service providers?

For non-executives, we have internally developed matrices, which we refresh regularly. They are effective in helping to identify the key succession challenges and in supporting the discussions in addressing them.

For executives, we have both internal matrices and, at very senior level, matrices provided as part of the executive development programme. The key value is in the substance of the assessment underlying them. For this reason, the matrices backed up by the executive development programme are more valuable.

Pipeline

We would be interested to learn more about how companies review their internal talent and what development practices they use in support of succession planning.

How could companies do more to establish an external 'pipeline', tracking and nurturing external candidates – particularly NEDs?

What are the best ways to ensure that board members become more familiar with the work of internal candidates and their skills and attributes?

We are linking the executive development programme with the assessment and development of internal succession candidates. We have found 'visibility' sessions, where the board meets the layer of managers below Group Executive level in groups of 2 or 3 outside the boardroom (e.g. over breakfast) to be an effective way of assessing the depth of the talent pipeline.

Diversity

How should a succession plan incorporate and deliver diversity objectives?

The nature of skills and experience required in composite by the board could incorporate a range of diversity metrics.

What more can be done and by whom to encourage greater diversity in the boardroom?

Greater diversity at executive level is an important element in building a diverse pipeline.

Do the current Code provisions relating to non-executive directors' independence and length of tenure assist with encouraging diversity and progressive refreshment of the board?

Yes, we agree with the current provisions.

It has also been suggested that HR and nomination committees should work more closely with executive search firms to identify more diverse candidates. Can you provide examples of how this has taken place?

We involve HR only in the search for executive directors. Greater diversity at executive level, which helps build the pipeline for diversity at board level, should be supported by HR. Non executive search is the preserve of the Board and is done with full engagement of executive search firms.

What experience have companies or investors had in terms of engagement about the introduction of new talent to a board?

What information can be shared constructively between companies and investors on succession planning and talent development and how?

The Chairman, in his governance meetings, does discuss succession and board composition with investors. Investors recognise succession planning as a key responsibility of the board and seek to establish that it is being undertaken in a structured and effective manner so that critical gaps, particularly in CEO/CFO roles, will not emerge and create risk for the company.

I would be happy to discuss any of these matters further with you, should you find that helpful.

Yours sincerely,

A handwritten signature in black ink that reads "Archie G. Kane". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Archie G. Kane