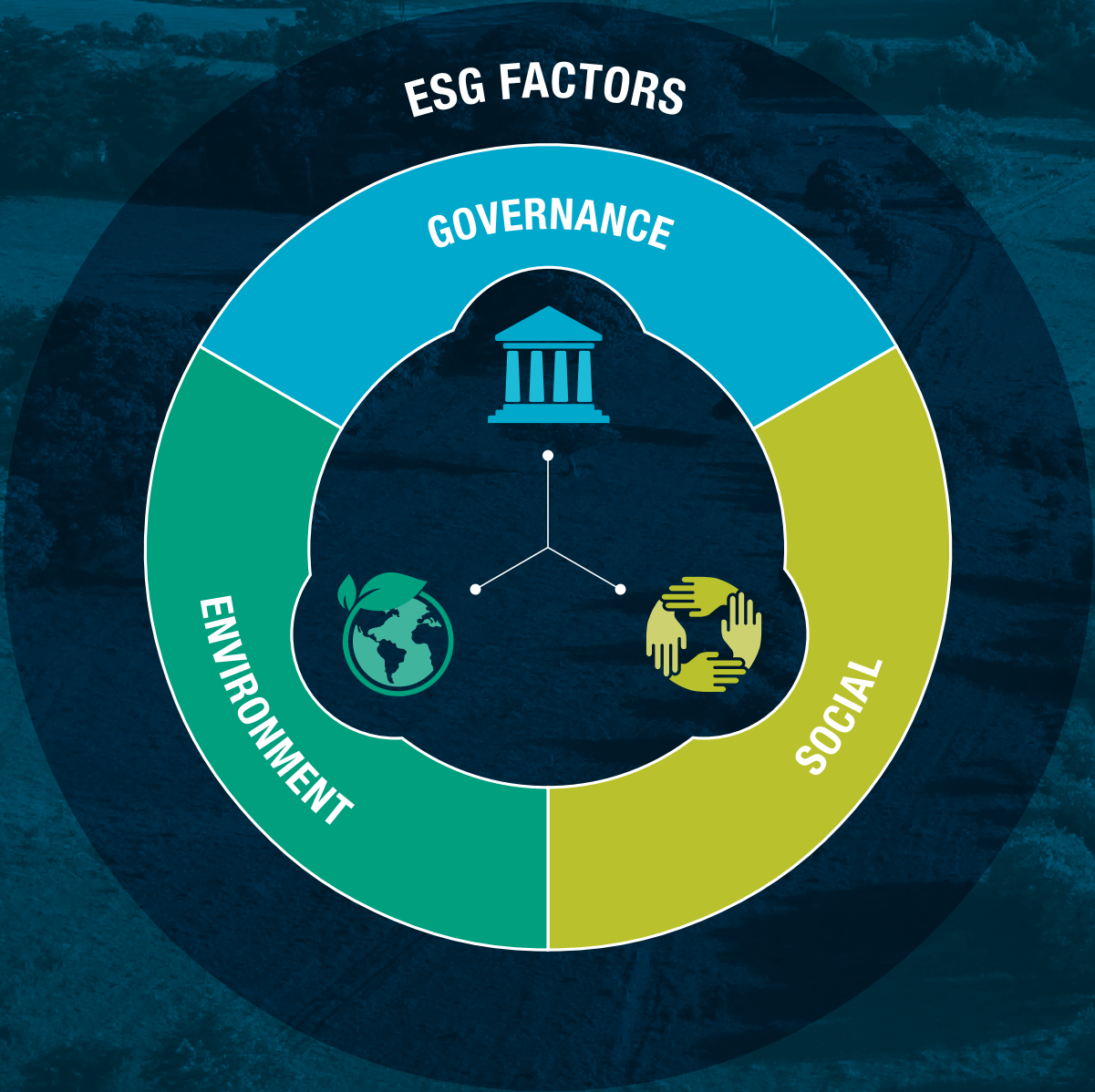


# CLIMATE FIRST SUSTAINABILITY STRATEGY

Strategy & Commitments







# Contents

Sustainability & ESG Factors	02
IPB's Purpose	03
Why do Sustainability and ESG Factors Matter?	04
Why are Sustainability and ESG Factors Important to IPB?	06
Our Sustainability Strategy & Commitments	09



# Sustainability & ESG Factors

**“Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs.”**

United Nations

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**“From a regulatory perspective, incorporating environmental, social and governance considerations – the ESG factors – in how financial firms are run is no longer a nice to have. It is expected.”**

Central Bank of Ireland

# IPB's Purpose

As the only indigenous mutual insurer in Ireland, and one which was established over 95 years ago IPB has a clarity of purpose and sense of mission that is unique in the Irish marketplace.

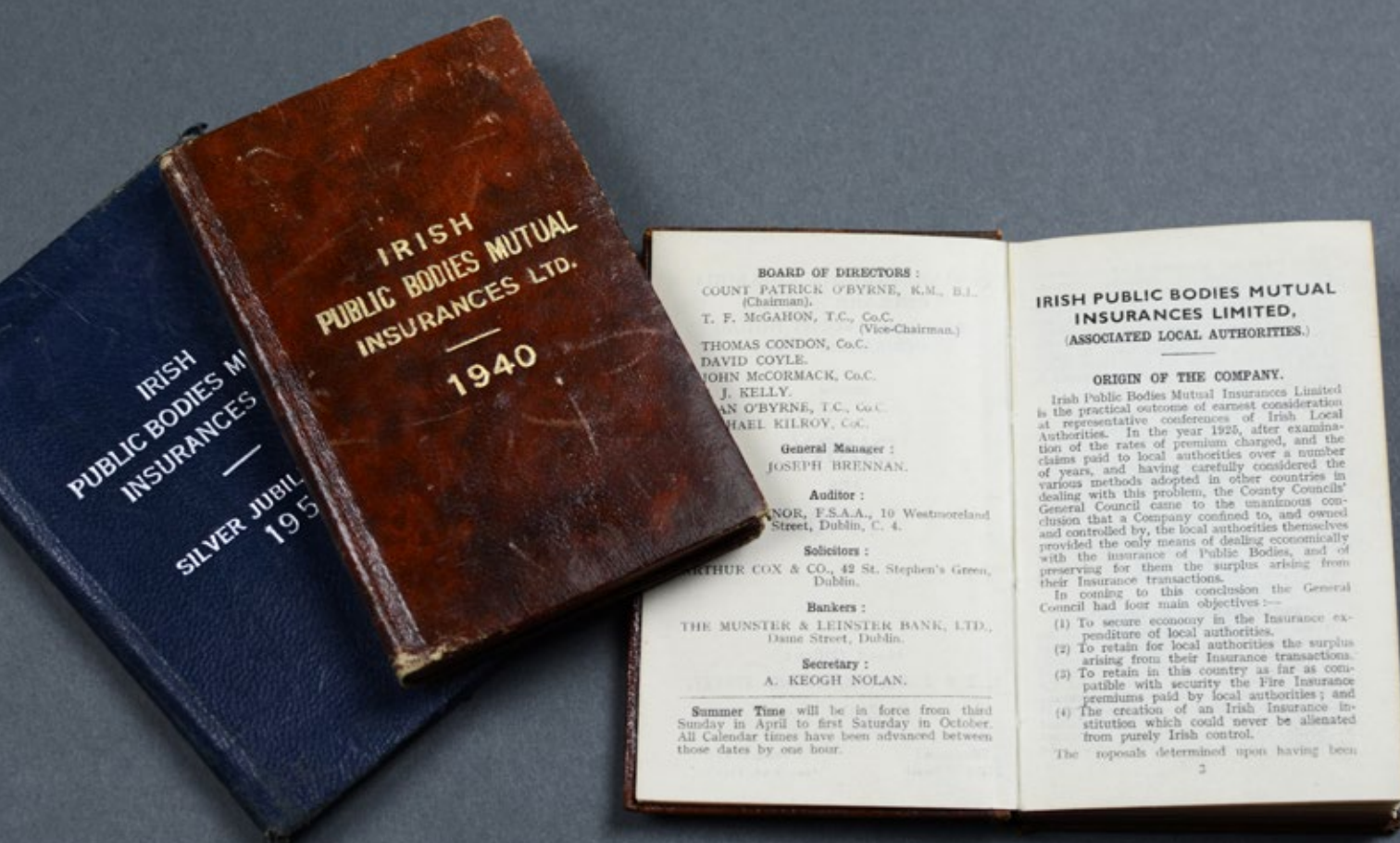
## Our founding purpose is to protect and safeguard the interests of our Members.

This purpose is as relevant today as it was 95 years ago and provides a solid foundation from which to develop the business over the next 95 years.

**Our purpose underpins our focus on Sustainability and our ESG commitments.**

There is growing pressure and urgency across all sectors of society to respond and find solutions to the sustainability

challenges the world is facing and the Insurance sector is increasingly putting a price on climate-related risk. As an insurer, IPB's exposure to ESG risk is mostly through the risks we insure for our Members but also through the investments we make. However, where environmental matters become systemic there is a risk that they are no longer insurable events. Therefore, supporting our Member's risk mitigation activities and the wider Sustainability agenda is an important strategic priority for IPB.



# Why do Sustainability and ESG Factors Matter?

As a mutual, we are founded on the principle of strength in unity and by working together with all our stakeholders, we can really make a difference. At IPB we believe that our mutual ethos, values and linked behaviours will serve us well as we look ahead to delivering on our sustainability strategy. We will achieve this by fully integrating **environmental (E)**,

**social (S) and governance (G) aspects** into our operations working in tandem with our Members to deliver our “Climate First” Sustainability strategy aligned to the UN Principles for Sustainable Insurance and the UN Sustainable Development Goals.

## The UN Principles for Sustainable Insurance

These principles are **aimed at industry participants who intend to develop their approach to integrating ESG risk considerations** into their core insurance business processes and decision-making.



1

We will **embed in our decision-making** environmental, social and governance issues relevant to our insurance business.

3

We will work together with **governments, regulators and other key stakeholders** to promote widespread action across society on environmental, social and governance issues.

2

We will work together with our **clients and business partners** to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

4

We will demonstrate **accountability and transparency** in regularly disclosing publicly our progress in implementing the Principles.



## The UN Sustainable Development Goals



IPB currently supports 11 SDGs # 3, 4, 5, 6, 9, 11, 12, 13, 15, 16, 17

### Research studies increasingly show that embedding Sustainability can benefit a business by:

- ▶ Improving brand image and competitive advantage
- ▶ Increasing productivity and reducing costs
- ▶ Improving the employer brand, employee retention and engagement whilst attracting employees
- ▶ Increasing business ability to comply with regulation
- ▶ Bringing opportunities for everyone to grow and learn from others
- ▶ Reducing waste
- ▶ Increasing Member and customer satisfaction



**Taking action on Sustainability is a clear imperative for IPB and is embedded within our 2022 Company Objectives**

# Why are Sustainability and ESG Factors Important to IPB?

Having completed a Corporate Sustainability Assessment with S&P Global Ratings of our operations, IPB announced on 21 October 2021 that we achieved an Environmental, Social and Governance (ESG) Evaluation Score of 73/100. We recorded the highest score for the social category to date under the S&P ESG evaluation process for financial services companies which is testament to our ethos as a mutual and the values we hold dear that not only recognises our commitment to our Members but also the communities they serve.

While our overall score is higher than the average score of 67 across all industries (over 90 evaluations conducted by S&P Global since 2019), there is still room for improvement. Sustainability still needs to be fully embedded in IPB's strategy and decision making and the observations from the S&P assessment report have informed the development of our Sustainability Strategy for the future.

## S&P ESG Evaluation Score\*

73/100

A higher score indicates better sustainability

### Capabilities

Awareness	Good
Assessment	Good
Action plan	Good

### Embeddedness

Culture	Excellent
Decision-making	Good

Adequate (+3)

### Preparedness Opinion (Scoring Impact)

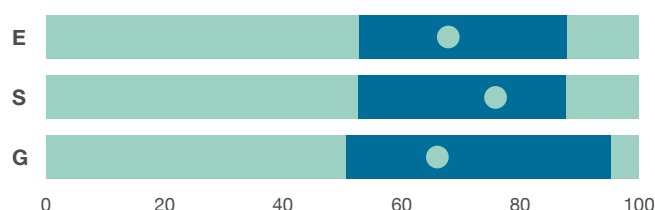
Adequate (+ 3)

### Preparedness Summary

"We believe sustainability is embedded into IPB's long-term strategy, facilitated by the company's mutual structure that ensures that both the board and day-to-day employees maintain focus on Members, who are both customers and owners. The company also leverages its close relationship with its Members to understand their insurance, which has seen a large increase in uptake since the May 2021 cyberattack on the Irish health care system. Its awareness and assessment of risks are good, and we believe the company overall has low exposure to disruptive trends, with most risks emerging from potential new entrants in IPB's target market resulting in a weakening of competitive edge, which we view as very unlikely. Despite this, we do not yet view sustainability to be fully embedded in to IPB's long-term strategy and decision making."

### EGS Profile Score

70/100



\* Dated: 21 October 2021



## ESG EVALUATION SCORE



## ENVIRONMENTAL PROFILE

## SOCIAL PROFILE

## GOVERNANCE PROFILE

Sector/region score 38/50

Greenhouse gas emissions	Good
Waste & pollution	Good
Water use	Good
Land use & biodiversity	Good
General factors (optional)	None

Entity-specific score 30/50

E-profile (30%) 68/100

Sector/region score 38/50

Workforce & Diversity	Good
Safety management	Good
Customer engagement	Strong
Communities	Strong
General factors (optional)	+3

Entity-specific score 39/50

S-profile (30%) 77/100

Sector/region score 31/35

Structure & oversight	Good
Code & values	Good
Transparency & reporting	Developing
Financial & operational risks	Neutral
General factors (optional)	None

Entity-specific score 36/65

G-profile (40%) 67/100

ESG profile score (including any adjustments)

70/100



Preparedness opinion\* (scoring impact)

Adequate (+3)



ESG Evaluation

73/100

\* Preparedness Opinion: A forward-looking opinion on companies' ESG preparedness, or their ability to adapt to potential long-term disruptions following dialogue with companies' management, CEO and Chair.



**There is growing pressure and urgency across all sectors of society to respond and find solutions to the sustainability challenges the world is facing**

Source: UN Environment Programme Finance Initiative  
[www.unepfi.org/psi/underwriting-esg-risks](http://www.unepfi.org/psi/underwriting-esg-risks)



# Our Sustainability Strategy & Commitments

**Identifying our Sustainability and ESG focus areas has involved engagement internally with the Board, Leadership Team and the employee led Sustainability Working Group which comprises employees from right across the business whilst leveraging the output from the S&P ESG Evaluation report.**

## Sustainability as a strategic priority

### Engagement & Discussion

- ▶ Significant increase in awareness of the importance of Sustainability & ESG Factors at all levels of the business – Board, Leadership Team, Management & Employees
- ▶ Increased level of focus on Sustainability & ESG Factors in the media and from the Central Bank – society expects companies to do more
- ▶ Increased expectations of action on Sustainability amongst our employees
- ▶ Government, through the publication of the Climate Action Plan 2021 which provides a detailed plan for taking decisive action to achieve a 51% reduction in overall greenhouse gas emissions by 2030 and setting a path to reach net-zero emissions by no later than 2050
- ▶ Recent publication of Ireland's Sustainable Finance Roadmap
- ▶ IPB recognise the importance of embracing Sustainability in a coherent, structured and targeted approach – hence the commitment to development of a holistic Sustainability Strategy and Action Plan
- ▶ IPB has taken and continues to take many actions which advance the Sustainability agenda within the Company – a clear Sustainability Strategy and Action Plan will support and coordinate these efforts into the future

## Identifying our key priorities

### Planning & Action

Sustainability priorities and focus areas – Identification of our emerging priorities are as a result of a multi-faceted research and engagement process:

- ▶ Consultation with external experts S&P Global through the ESG Evaluation process
- ▶ Discussion and debate at various governance and management levels, notably the Board, Risk Committee, Leadership Team and broader Management Team
- ▶ Considering our current activities and commitments to Sustainability through the Sustainability Working Groups
- ▶ Formal engagement through working groups with our Members
- ▶ Participation with Insurance Ireland Sustainability Working Group
- ▶ Reviewing and monitoring Central Bank of Ireland commentary on this topic

## Refining our strategy, targets and action plans

- ▶ The IPB Insurance Sustainability Strategy was approved by the Board of Directors in December 2021

## IPB's Sustainability Commitments

Society expects sustainability to be a key consideration in the way companies operate now and into the future. Environmental, Social and Governance factors are now key considerations in how our Members and customers operate. Our Members, as public bodies, have a pivotal role to play in the decarbonisation transition. As a mutual insurer, we will support our members and their communities during this transition.

For IPB, we are at a point in our development where our sustainability strategy is clearly defined. We commit to implementing and embedding our 'Climate First' Sustainability Strategy that meets our business and Member's needs in delivering on our broader responsibilities.

The following six Sustainability Commitments will underpin our Sustainability agenda for IPB Insurance, complemented by our work to date and ongoing actions to address findings from our 2021 S&P ESG Evaluation.







## Commitment 1

### Our commitment to develop and embed a sustainability strategy

# 1

#### What it is and why it's important

##### What

Our purpose is to protect and safeguard the interests of our Members. We commit to building on our purpose by integrating environmental (E), social (S) and governance (G) aspects into how we operate our business. Working in partnership with our Members, we will deliver on our “Climate First” Sustainability strategy, measuring and reporting on our progress transparently and consistently.

##### Why

The challenges facing us from climate change are stark. At global level through the Paris Agreement, regionally through the European Green Deal and the Fit for 55 package, and domestically in our Climate Action and Low Carbon Development Act 2021, ambitious targets have been set. Ireland is on a legally binding path to net-zero carbon emissions by 2050, and a 51% reduction in emissions by 2030.

#### How can this be achieved

- ▶ Embed a Climate First Sustainability Strategy through our four strategic pillar areas – Financial, Member and Customer, Internal Process, and People and Culture
- ▶ Provide leadership and tone from the top, including Board and Management commitment
- ▶ Identify and implement opportunities to drive sustainable process efficiency across the organisation
- ▶ Provide ESG training to the Board, Leadership Team and all employees
- ▶ Ensure that ESG considerations are applied within our supply chain and our chosen business partners, enforced through IPB's procurement policy
- ▶ Enhance accountability and transparency in our sustainability reporting
- ▶ Establish a Board Sustainability Committee
- ▶ Appoint a Leadership Team/Board sponsor for sustainability.





## Commitment 2

### Our commitment to be a responsible and sustainable insurer

2

#### What it is and why it's important

##### What

As a mutual insurer, our purpose is to safeguard and protect the interests of our Members. The Company understands that it has a responsibility to ensure the long-term sustainability of our strategic business and operational activities. Climate change poses significant risks to all aspects of society. As an insurer and risk expert, our exposure to Environmental, Social and Governance (ESG) risk is mostly through the risks we insure for our Members.

##### Why

The long-term sustainability of the mutual is essential to ensure that our Members' interests are securely protected. Developing "Green" insurance products will not only resonate with IPB's Member base but will also play a part in incentivising "green" and sustainable behaviours.

#### How can this be achieved

- ▶ Sign up to the UN Principles for Sustainable Insurance (IPB became signatories in H1 2022)
- ▶ Align our Sustainability Strategy to the UN Sustainability Development Goals
- ▶ Develop insurance product innovations that align with IPB Members and IPB's goals on matters of environment sustainability and governance
- ▶ Continue to embed sustainability and associated risks captured within the overall risk framework
- ▶ Ensure that ESG considerations are applied within our supply chain and our chosen business partners.







## Commitment 3

### Our commitment to people and culture

3

#### What it is and why it's important

##### What

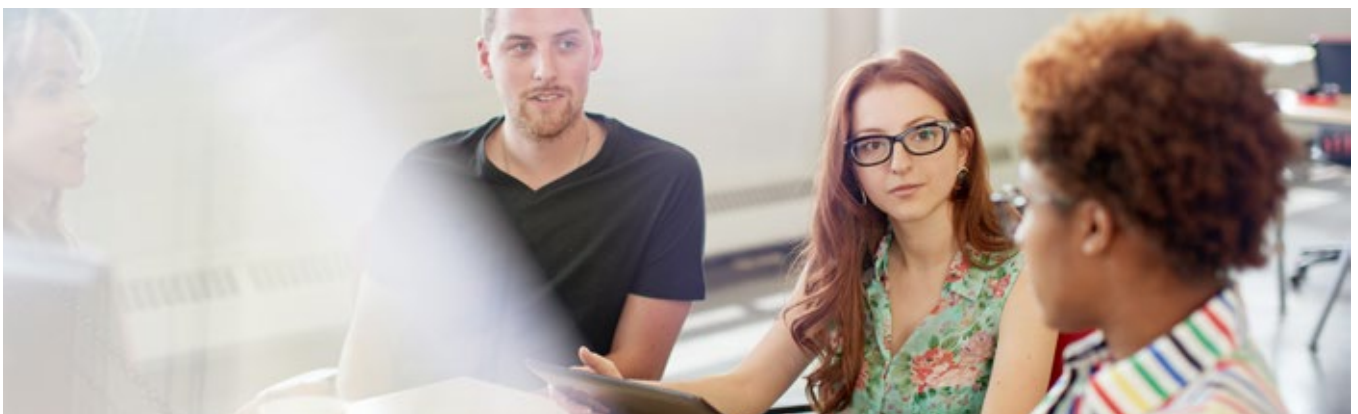
IPB is focused on workplace development to attract and retain talent. We foster a culture built on mutual values to realise our ambition to be a great place to work. Getting the culture right is fundamental to the successful operation of any financial services organisation. A strong culture mitigates exposures to excessive risk, aids decision-making, promotes the equitable treatment of customers and supports better overall performance.

##### Why

This ambition is founded on a belief that these mutual values will attract and retain the best people available to meet the changing needs of our Members.

#### How can this be achieved

- ▶ Develop and work with the Diversity & Inclusion working group with a key focus on mentoring and coaching, under-represented groups, diversity of thought, and increasing female representation at senior Management team level
- ▶ Build the skills, capabilities and expertise of our people to support our future development through sustainable investment in human resources
- ▶ Ensure that an enhanced succession planning and talent management approach is in place
- ▶ Ensure a proactive approach to employee communications through various channels
- ▶ Embed our Speak Up framework
- ▶ Continue our commitment to Great Place to Work, enhancing employee engagement and the employee experience including an increased focus on employee recognition
- ▶ In the wake of the COVID-19 pandemic, continue to focus on employee wellbeing and flexible work, incorporating what we learn into longer-term planning
- ▶ Provide ESG training at all levels of the organisation including Board, management and employees
- ▶ Enhance and develop our codes of conduct and human rights policy.





## Commitment 4

### Our commitment to responsible investment

# 4

#### What it is and why it's important

##### What

We will develop structured and documented investment guidelines including ESG metrics and implement independent monitoring of the investments process in order to ensure our commitment to responsible investing.

##### Why

By committing to responsible investment we will engage with companies committed to, and demonstrating, sustainable business practices and strategies which will contribute to developing a more sustainable global financial system.

#### How can this be achieved

- ▶ Update our risk appetite statement and investment strategy to ensure that IPB is taking day-to-day actions that underpin its commitment to responsible investment
- ▶ Develop targets for the percentage of green bonds and equities with higher ESG ratings within our portfolio
- ▶ Complete an internal review to independently verify the sustainability of our investment processes and controls.







## Commitment 5

### Our commitment to provide responsible operations

# 5

#### What it is and why it's important

##### What

We are committed to achieving Net Zero by 2030 commitment (Scope 1 & 2 GHG emissions) in our own operations using science-based targets. We will also work with our Members to support them in meeting their Climate Action Plan Targets.

We will work to determine how we would reliably measure Scope 3 GHG emissions with the objective of setting a target of net zero for Scope 3 at a future date when it is realistic to do so.

##### Why

Our Members, as public bodies, have a pivotal role to play in the decarbonisation transition. As their mutual insurer, we will support our Members and the communities during the transition.

#### How can this be achieved

- ▶ Record greenhouse gas (GHG) emissions and set targets
- ▶ Appoint a third-party company to independently verify our GHG emission data
- ▶ Report on GHG emissions and targets in the Annual Stakeholder Report
- ▶ Improve the sustainability of products across entire product offering
- ▶ Carry out a baseline assessment of GHG emissions by the end of 2022.





## Commitment 6

### Our commitment to Members

# 6

#### What it is and why it's important

##### What

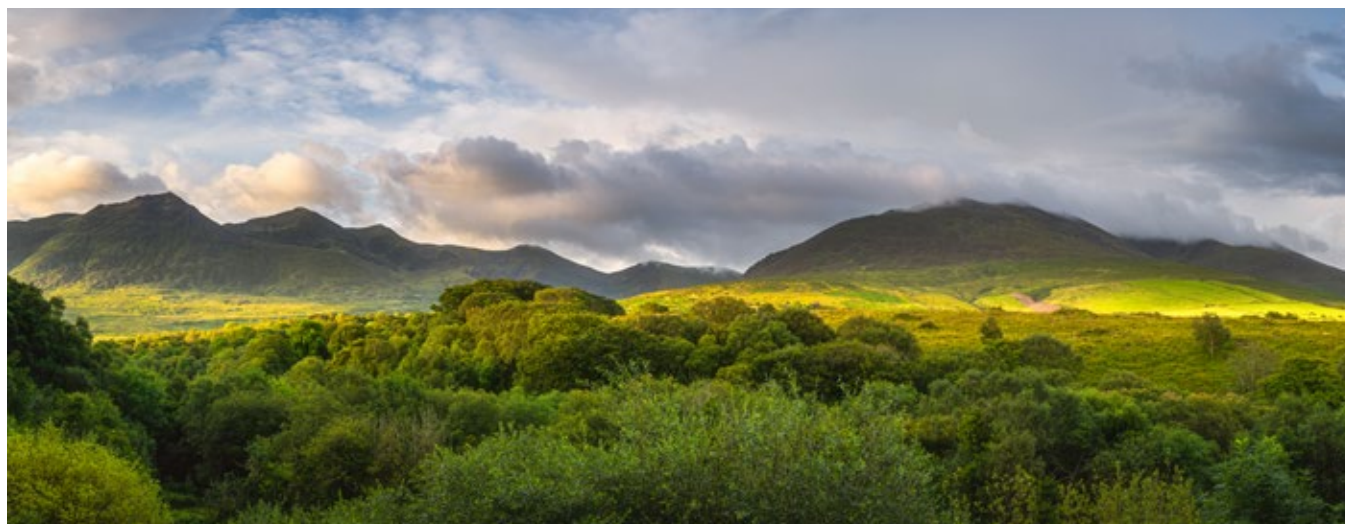
In conjunction with our Members, we will establish a new Member Environmental Prevention and Protection Forum to further progress improvement in environmental prevention (risk management) and protection (insurance) measures for our Members. Through our strategy we will build innovative products for our Members, as well as reducing costs which will in turn make policies more affordable for Members.

##### Why

Climate action has become a higher priority in recent years and the Local Authority sector is expected to lead by example in the rollout of climate action plans at a local level. As their mutual insurer, we should incentivise, encourage and support our Members through this transition. We will also rely on their guidance and advice to ensure products are appropriate to their needs.

#### How can this be achieved

- ▶ Deliver on the terms of reference for our Members Sustainability Forum to guide its operation in achieving its goals
- ▶ Develop insurance product innovations which align with IPB Members and IPB's company goals on matters of environmental sustainability and governance
- ▶ We will continue to advise and support our Members on Sustainability and Climate related risk via the Client Enterprise Risk Management Services Team
- ▶ We will continue to publish insight and analysis on the risks our Members are facing to support better understanding, mitigation and coverage selection
- ▶ We will continue to measure and improve our Member satisfaction rates and review how we can improve our Members' experiences through product oversight and governance and through promoting best practice.







**There is growing pressure and urgency across all sectors of society to respond and find solutions to the sustainability challenges faced by the world, and the insurance sector is increasingly putting a price on climate-related risk. We are working closely with our Members through dedicated forums to address climate risk and progress our collective commitment to sustainability.**

**Michael Garvey**  
CEO, IPB Insurance





## IPB Insurance

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IPB Insurance CLG, trading as IPB Insurance,  
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For business in the UK, IPB Insurance is authorised  
by the Central Bank of Ireland and subject to limited  
regulation by the Financial Conduct Authority.