

BANK OF IRELAND GROUP UK PENSION FUND

CHAIR'S ANNUAL GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2023

Bank of Ireland Group UK Pension Fund: Money Purchase (DC) and Additional Voluntary Contributions (AVC) benefits

Chair's Annual Governance Statement for Fund Year ended 31 March 2023

1. Introduction and members' summary

The **Bank of Ireland Group UK Pension Fund (the "Fund")** is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments, but bears the investment risk).

The Fund is comprised of four sections:

- **Bristol & West ("B&W") Lifeplan Section** – a DC arrangement with a guaranteed minimum pension underpin;
- **B&W Options Section** – a section offering pure DC benefits;
- **B&W Staff Pension Fund Section**: an arrangement used for members making Additional Voluntary Contributions ("AVCs") to supplement their DB entitlement in the Fund; and
- **LifeBalance Personal Investment Account Section (the "LB PIA Section")**: a voluntary top-up account to a cash balance benefit offered by the Fund.

The Lifeplan and Options Sections are closed to new members and contributions. The Staff Pension Fund (AVC) Section and LB PIA Section are open to new members and contributions.

Governance requirements apply to DC pension arrangements to help members achieve a good outcome from their pension savings. We, the Trustee of the Fund, are required to produce a yearly statement (signed by the Chair of the Trustee) covering:

- the design and oversight of the default investment option (i.e. where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (i.e. administration of the Fund, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Fund is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the investment options remain suitable for the membership following the changes (as detailed in Section 2) that we wrote to members about in 2022.

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- The administrators have processed core financial transactions promptly and accurately to an acceptable level during the Fund Year, and we remain comfortable with the administrators' performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Fund and represent value for the benefits members obtain. However, we are negotiating fees on some funds with the providers where these appear to be above the fees paid by other similar schemes for similar funds.
- The Trustee undertakes training and receives advice as appropriate so that we have sufficient knowledge and understanding to carry out our duties in the best interests of members.

2. Default arrangements

The performance and strategy of the investment arrangements were last reviewed on 10 November 2021 (the date of our investment adviser's paper with the conclusions from conducting membership analysis and reviewing this and the investments), with follow-up discussions and further analysis taking place and concluding during the Fund Year, in May 2022.

As part of this strategy review, we considered the B&W DC Sections' membership profile and the variety of ways that members may draw their benefits in retirement.

The changes decided on, following the conclusion of the investment review in May 2022, were implemented in November 2022. A key change was to remove the three previous annuity lifestyle strategies and add a revised annuity targeting lifestyle strategy (called the "Annuity Targeting Strategy"). Two additional lifestyle strategies were added to reflect the two other broad options that members have for their assets at retirement, that being to take a cash lump sum or to re-invest outside of the Fund and gradually sell investments down over time for an income (known as "drawdown"). The two additional lifestyles are called the "Lump Sum Targeting Strategy" and the "Flexible Income Targeting Strategy" respectively.

As part of the implementation of the changes, members invested in the previous lifestyles or in self-select funds that were being removed were automatically mapped to one of two lifestyles: the Annuity Targeting Strategy and the Lump Sum Targeting Strategy. Therefore, these two strategies are considered to be defaults for governance purposes.

All three strategies were designed with the objective of targeting higher returns when members are far from retirement, by investing 100% in equities via the recently created B&W DC Sections Global Equity Fund (this provides global equity exposure on a low cost passive basis).

As members move beyond 15 years to retirement, investment risk is gradually reduced by diversifying into other asset classes. For the Annuity Targeting Strategy, the equity fund is gradually switched into the B&W Sections Mixed Bond Fund; this provides diversified exposure to different types of bonds and provides a broad match to changes in annuity prices. For the Lump Sum Targeting Strategy and Flexible Income Targeting Strategy, the equity fund allocation is gradually reduced in favour of a broadly diversified multi-asset fund (the Legal & General ("L&G") Multi-Asset Fund ("MAF")).

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At retirement, the allocations reflect the ultimate targets for the lifestyles, which for the Annuity Targeting Strategy is 75% B&W DC Sections Mixed Bond Fund (to broadly match annuity prices) and 25% Aegon BlackRock Cash Fund (reflecting the fact that members can take up to 25% of their assets as tax free cash at retirement). For the Lump Sum Strategy the final allocation is 75% Aegon BlackRock Cash Fund and 25% L&G MAF. For the Flexible Income Targeting Strategy the final allocation is 75% L&G MAF (providing broad exposure to investment markets) and 25% Aegon BlackRock Cash Fund.

The LB PIA Section was reviewed along with the B&W DC Sections. The only change we decided on for the LB PIA Section was to make available two additional funds. There is no default or lifestyle option available for LB PIA Section members; members must express a choice when joining the LB PIA Section.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrators of the Fund, which is Aegon for the B&W DC Sections and Willis Towers Watson ("WTW") for the LB PIA Section.

Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Fund, transfers of assets between different investments within the Fund, and payments to Fund members.

We have received assurance from both Aegon and WTW that there are adequate internal controls to support prompt and accurate processing of core financial transactions. We have a Service Level Agreement ("SLA") in place with the administrators, which cover the accuracy and timeliness of core financial transactions.

Aegon aims to complete 95% of tasks within its SLAs. From 1 April 2022 to 31 March 2023, Aegon's quarterly performance against SLAs for core financial transactions was 94% (Q2 2022), 97% (Q3 2022), 98% (Q4 2022), and 98% (Q1 2023). Aegon prioritised core financial transactions during periods of workload pressure and Aegon's performance in relation to these tasks was higher than the overall SLA results. Aegon's overall administration performance (i.e.. wider than just core financial transactions) was lower at 77% (Q2 2022), 87% (Q3 2022), 90% (Q4 2022), and 95% (Q1 2023), but we take comfort that the trend shows improvement and the Q1 2023 performance was in line with the 95% target.

WTW aims to complete 95% of tasks within its SLAs. Quarterly performance against service level agreements ("SLAs") over the year to 31 March 2023 was 98% (Q2 2022), 97% (Q3 2022), 95% (Q4 2022) and 95% (Q1 2023), remaining stable at a very good level over the period.

The key processes adopted by the administrators to help them meet their SLAs are as follows:

- Aegon operates a workflow system that dates and time stamps work received and confirms the service level due date for these. Aegon has and continues to achieve 98% and above on these. This is monitored by peer review and other internal controls.
- WTW has a task logging system in place that is reviewed regularly for upcoming workloads and tasks are allocated on a daily basis to an appropriately trained administrator, noting the SLA target date.

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To help us monitor whether service levels are being met, we receive quarterly reports about each administrator's performance and compliance with the SLA. Any issues identified as part of our review processes are raised with the administrators immediately, and steps taken to resolve the issues.

We are satisfied that over the period covered by this Statement:

- the administrators were operating appropriate procedures, checks, and controls;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Fund Year.

4. Member-borne charges and transaction costs

We are required to set out the ongoing charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure. For the B&W DC Sections' lifestyles, administration charges have been included as these are incurred by members. For the self-select funds available to LB PIA Section members, administration charges have been excluded as these are not met by the members.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Fund's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. Transaction costs are borne by members.

The charges and transaction costs have been supplied by Aegon and L&G who are the Fund's investment managers for the B&W DC Sections and the LB PIA Section respectively. When preparing this section of the Statement we have taken account of the relevant statutory guidance.

Following the strategy review in November 2021, the three existing annuity lifestyles were replaced with a revised Annuity Targeting Strategy and new Flexible Income Targeting and Lump Sum Targeting strategies. These changes were implemented during the Fund Year.

We are required to provide information on all investment arrangements that were available to members during the Fund Year. As a result, TERs and transaction costs are set out in the following tables for the previous lifestyle arrangements and the new lifestyle arrangements.

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B&W DC Sections – previous lifestyle arrangements

B&W DC Sections' members previously had the option to invest in three annuity targeting lifestyle strategies. Each of the lifestyles had a different profile, with lifestyle switching occurring over a 5, 10, or 25 year period. The lifestyle options available to members depended on the section of the Fund they were in (Lifeplan, Options, Staff Pension Fund). The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

5 Year Lifestyle Strategy (used in the Options Section only) charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.44	0.05
15 years to retirement	0.44	0.05
10 years to retirement	0.44	0.05
5 years to retirement	0.44	0.05
At retirement	0.38	0.06

10 Year Lifestyle Strategy (used in the Lifeplan, Options Section and Staff Pension Fund) charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.44	0.05
15 years to retirement	0.44	0.05
10 years to retirement	0.44	0.05
5 years to retirement	0.43	0.06
At retirement	0.38	0.06

25 Year Lifestyle Strategy (used in the Lifeplan and Staff Pension Fund Sections only) charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
25 or more years to retirement	0.43	0.05
20 years to retirement	0.43	0.05
15 years to retirement	0.43	0.06
10 years to retirement	0.42	0.06
5 years to retirement	0.41	0.06
At retirement	0.38	0.06

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B&W DC Sections – new lifestyle arrangements

B&W DC Sections' members now have the option to invest in three lifestyles, targeting annuity purchase, drawdown, and cash withdrawal. AVCs are held within the B&W Staff Pension Fund. The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

Annuity Targeting Strategy charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.41	0.01
15 years to retirement	0.41	0.01
10 years to retirement	0.41	0.03
5 years to retirement	0.40	0.04
At retirement	0.38	0.06

Flexible Income Targeting Strategy charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.41	0.01
15 years to retirement	0.41	0.01
10 years to retirement	0.43	0.01
5 years to retirement	0.45	0.01
At retirement	0.45	0.00

Lump Sum Targeting Strategy charges and transaction costs (% pa)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.41	0.01
15 years to retirement	0.41	0.01
10 years to retirement	0.43	0.01
5 years to retirement	0.45	0.01
At retirement	0.37	0.01

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The level of charges for each self-select fund (used within the B&W DC Sections and the LB PIA Section) and the transaction costs over the period covered by this Statement are set out in the following tables.

Self-select fund charges and transaction costs (% pa)

Fund name	TER	Transaction costs
B&W Sections Mixed Bond Fund	0.39	0.07
B&W Sections Global Equity Fund	0.41	0.01
Aegon BLK UK Equity Index Fund	0.35	0.02
Aegon LGIM Global Equity 50:50 Index Fund	0.44	0.05
Aegon BLK Cash Fund	0.33	0.01
Aegon LGIM Multi Asset Fund	0.49	0.00
Aegon BLK Emerging Markets Equity Index Fund	0.58	0.00
Aegon LGIM Low Carbon Transition Global Equity Index Fund	0.44	0.02
Aegon BLK All Stocks UK Index-Linked Gilt Index Fund ¹	0.35	-
Aegon BlackRock Cautious Diversified Growth Fund ¹	0.61	-
Aegon BlackRock Diversified Growth Plus Fund ¹	0.82	-
Aegon Property Fund ¹	0.98	-

¹ These funds were removed from the investment range in November 2022. TERs used for these funds reflect the fees that members paid whilst the funds were available as self-select options. Aegon has not been able to provide transaction costs data for the period in which members were invested and so these figures are not shown.

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Years to target retirement date	TER	Transaction costs
L&G Multi-Asset Fund	0.26	0.04
L&G Global Equity Fixed Weights 60:40 Index Fund	0.16	0.04
L&G All Stock Gilts Index Fund	0.10	0.15
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	0.15	-0.03
L&G All Stocks Index-Linked Gilts Index Fund	0.10	0.18
L&G Sterling Liquidity Fund	0.14	-0.04
L&G Low Carbon Transition Global Equity Index Fund	0.07	0.04
LifeBalance PIA Global Equity Fund	0.22	0.06

Illustration of charges and transaction costs – B&W DC Sections

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past year, subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the B&W DC Sections lifestyle arrangements that are defaults for governance purposes (the Annuity Targeting Strategy and the Lump Sum Targeting Strategy). We have not shown projections for the legacy lifestyles since they were removed in November 2022. Illustrations have also been included for two funds from the Fund's self-select fund range. The two self-select funds shown in the illustration are:
 - The fund with the highest annual member borne costs (TER plus Fund Year transaction costs) – this is the Aegon BLK Emerging Markets Equity Index Fund (we have not projected self-select funds that have been removed as they are no longer available options for members); and
 - the fund with the lowest annual member borne costs – this is the Aegon BlackRock Cash Fund.

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Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%.
- The starting pot size used is £10,400. This is the approximate average (median) pot size for members within the B&W DC Sections.
- The Lifeplan and Options Sections are closed to new members and contributions. Whilst the Staff Section is open to contributions, this is an AVC section and so there are no regular monthly contributions for most members. Therefore, we have assumed zero contributions in the projections.
- The projection is for 30 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- The projected annual returns used are as follows:
 - Annuity Targeting Strategy: 3.0% above inflation for the initial years, gradually reducing to a return of 2.1% below inflation at the ending point of the lifestyle.
 - Lump Sum Targeting Strategy: 3.0% above inflation for the initial years, gradually reducing to a return of 1.6% below inflation at the ending point of the lifestyle.
 - Aegon BLK Emerging Markets Equity Index Fund: 3.0% above inflation.
 - Aegon BlackRock Cash Fund: 2.4% below inflation.
- The assumed long-term investment returns as quoted above have been sourced from Aegon, and are consistent with the return assumptions used in the latest Statutory Money Purchase Illustration ("SMPI") statements issued by Aegon. For the LB PIA Section we have also used return assumptions consistent with SMPs, but for the LB PIA Section these return assumptions are set by WTW and are materially different to those assumed by Aegon.

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B&W Sections – Projected pension pot in today's money

Years invested	Annuity Targeting Strategy		Lump Sum Targeting Strategy		Aegon BLK Emerging Markets Equity Index Fund		Aegon BlackRock Cash Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£10,700	£10,700	£10,700	£10,700	£10,700	£10,700	£10,200	£10,100
3	£11,400	£11,200	£11,400	£11,200	£11,400	£11,200	£9,700	£9,600
5	£12,100	£11,800	£12,100	£11,800	£12,100	£11,700	£9,200	£9,100
10	£14,000	£13,400	£14,000	£13,400	£14,000	£13,200	£8,200	£7,900
15	£16,200	£15,200	£16,200	£15,200	£16,200	£14,900	£7,200	£6,900
20	£18,100	£16,700	£18,500	£17,000	£18,800	£16,800	£6,400	£6,000
25	£19,000	£17,200	£20,600	£18,600	£21,800	£18,900	£5,700	£5,200
30	£18,100	£15,900	£20,500	£18,100	£25,200	£21,300	£5,000	£4,500

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Illustration of charges and transaction costs – LB PIA Section

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past year, subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for three funds from the LB PIA Section's fund range. The three self-select funds shown in the illustration are:
 - the most popular fund choice, which is the L&G Global Equity Fixed Weights 60:40 Index Fund;
 - the fund with the highest annual member borne costs (TER plus Fund Year transaction costs) – this is the L&G Multi-Asset Fund; and
 - the fund with lowest annual member borne costs – this is the L&G Sterling Liquidity Fund.

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%.
- The starting pot size used is £15,200. This is the approximate average (median) pot size for members within the LB PIA Section.
- Whilst the LB PIA Section is open to contributions, the contributions are not made on a regular basis, such as with a defined contribution scheme, and so for prudence in the projections we have assumed zero contributions.
- The projection is for 35 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- The projected annual returns used are as follows:
 - L&G Global Equity Fixed Weights 60:40 Index Fund: 3.9% above inflation.
 - L&G Multi-Asset Fund: 2.9% above inflation.
 - L&G Sterling Liquidity Fund: 0.4% above inflation.

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LB Section - Projected pension pot in today's money

Years invested	L&G Global Equity Fixed Weights 60:40 Index Fund		L&G Multi-Asset Fund		L&G Sterling Liquidity Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£15,800	£15,800	£15,600	£15,600	£15,300	£15,200
3	£17,000	£16,900	£16,600	£16,400	£15,400	£15,300
5	£18,400	£18,200	£17,500	£17,300	£15,500	£15,400
10	£22,300	£21,800	£20,200	£19,600	£15,800	£15,600
15	£27,000	£26,200	£23,300	£22,300	£16,100	£15,800
20	£32,700	£31,400	£26,900	£25,400	£16,500	£16,000
25	£39,600	£37,700	£31,100	£28,900	£16,800	£16,200
30	£47,900	£45,100	£35,800	£32,800	£17,100	£16,400
35	£58,000	£54,100	£41,300	£37,300	£17,500	£16,600

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Fund Year.

We have shown the net returns for the previous lifestyle arrangements and the new lifestyle arrangements, as well as self-select funds that were in place during the Fund Year.

For arrangements where returns vary with age, such as for the lifestyle strategies, returns are shown over the Fund Year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

B&W DC Sections – previous lifestyle arrangements

5 Year Lifestyle Strategy (used in the Options Section only) net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	2.1
45	2.1
55	2.1

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10 Year Lifestyle Strategy (used in the Lifeplan, Options Section and Staff Pension Fund) net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	2.1
45	2.1
55	-0.9

25 Year Lifestyle Strategy (used in the Lifeplan and Staff Pension Fund Sections only) net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	-2.4
45	-5.0
55	-10.5

B&W DC Sections – new lifestyle arrangements

Annuity Targeting Strategy net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	-2.0
45	-2.0
55	-9.7

Flexible Income Targeting Strategy net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	-2.0
45	-2.0
55	-2.9

Lump Sum Targeting Strategy net returns to scheme year end

Age of member at the start of the period	1 year (%)
25	-2.0
45	-2.0
55	-2.9

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Fund name	1 year (%)	5 years (% pa)
B&W Sections Mixed Bond Fund	-27.6	-5.0
B&W Sections Global Equity Fund	-2.0	9.6
Aegon BLK UK Equity Index Fund	2.0	4.5
Aegon LGIM Global Equity 50:50 Index Fund	2.1	6.9
Aegon BLK Cash Fund	1.9	0.5
Aegon LGIM Multi Asset Fund	-4.9	3.6
Aegon BLK Emerging Markets Equity Index Fund	-6.8	1.2
Aegon LGIM Low Carbon Transition Global Equity Index Fund	-2.2	n/a ¹
Aegon BLK All Stocks UK Index-Linked Gilt Index Fund	-28.4	-4.0
Aegon BlackRock Cautious Diversified Growth Fund	-0.6	1.5
Aegon BlackRock Diversified Growth Plus Fund	-3.1	3.6
Aegon Property Fund	-16.3	1.3

¹This does not have a five year track record.

LB PIA Section - self-select fund net returns over periods to scheme year end

Fund name	1 year (%)	5 years (% pa)
L&G Multi-Asset Fund	-4.7	3.8
L&G Global Equity Fixed Weights 60:40 Index Fund	2.5	6.7
L&G All Stock Gilts Index Fund	-16.4	-3.2
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	-10.0	-1.3
L&G All Stocks Index-Linked Gilts Index Fund	-26.8	-3.3
L&G Sterling Liquidity Fund	2.2	0.7
L&G Low Carbon Transition Global Equity Index Fund	-2.2	n/a ¹
LifeBalance PIA Global Equity Fund	-1.1	10.6

¹The LGIM Low Carbon Transition Global Equity Fund was inceptioned in April 2021, therefore 5 year returns are not available.

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6. Value for members assessment

We are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value', which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The date of the last review was 19 May 2023, and it covered the Fund Year addressed in this Statement.

We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that, compared to similar pension arrangements, the member-borne charges are mixed for the B&W DC Sections and for the LB PIA Section, in terms of how competitive the charges are when compared to other similar schemes that offer similar funds. As a result of this review, we have asked our investment consultants to negotiate on fees charged by Aegon and L&G for the funds that appear to be less competitive. The outcome of these discussions will be covered in our chair's statement for the next Fund Year.

The value for members assessment included a review of the performance of the Fund's investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose in the B&W DC Sections and LB PIA Section during the period covered by this statement and over the 3 and 5 years to 31 March 2023 have been consistent with their stated investment objectives. The lifestyle strategies that members can select were only implemented towards the end of 2022 and so there is not enough track record to make a reasonable assessment of their performance yet.

In conducting the assessment, we also consider the other benefits members receive from the Fund, which include:

- the range of investment options and strategies; and
- the efficiency of administration processes and the extent to which the administrators met or exceeded their service level standards.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

Moreover, we believe the lifestyle options offered in the B&W DC Sections are appropriate for the needs of members in the Fund. The self-select options available to members of the B&W DC Sections and the LB PIA Section are also appropriate. The fund range covers the main asset classes and was improved during the Fund Year following the implementation of the strategy review, by reducing duplication across asset classes and adding previously unavailable options (including an ESG option).

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YEAR ENDED 31 MARCH 2023

Overall, we believe that members of the Fund across the B&W DC Sections and the LB PIA Section are receiving value for money for the charges they pay and the costs that they incur. However, we aim to improve the value members receive in future by seeking a fee reduction from Aegon and L&G with regards to the investment arrangements provided in the B&W DC Sections and LB PIA Section respectively.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Fund effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension, and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

We regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in legislative and governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings, where appropriate, and regular training is incorporated during and after planned meetings. Training on topical items is provided as and when required, for example in advance of major projects.

During the period covered by this Statement, the Trustee Directors received training on the following topics:

- the risks to the Fund of cyber security breaches;
- regulatory issues, specifically new statutory guidance that pension schemes should select ESG stewardship priorities to focus on in their engagement with investment managers regarding managers' voting activity; and
- investment issues, including ESG issues and the DC strategy review implementation process.

We are familiar with and have access to copies of the Fund's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). Documents relating to the DC Sections and the Fund are made available to all Trustee Directors.

In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme, and the SIP is formally reviewed annually and as part of making any change to the Fund's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law) and the Chair of the Trustee Board is an accredited professional pension trustee.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Fund Year. Trustee Directors receive general updates from the Trustee's advisers about matters relevant to the DC Sections.

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YEAR ENDED 31 MARCH 2023

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Fund has in place a structured induction process for new trustees. A questionnaire is used to conduct an annual evaluation of our knowledge and to help to identify training needs, which was last completed outside of the Fund Year (May 2023). The assessment identified training needs in the following areas:

- the potential impact of climate change on the scheme's investments;
- how members access information about their benefits, including familiarity with the online resources and tools as well as member booklets and general information;
- the risk of pension scams, including Trustee administrative duties to combat scams; and
- cyber risk procedures and controls.

We also conduct a regular evaluation of the performance and effectiveness of the Trustee Board as a whole. The most recent Trustee effectiveness review was conducted during the Fund Year (May / June 2022).

Considering our knowledge and experience, and the specialist advice received from the appointed professional advisors (e.g. investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustees of the Fund properly and effectively.

Jill Mackenzie

Signed by the Trustee Chair
On behalf of the Bank of Ireland Group UK Pension Fund

Date 31 October 2023