# Bank of Ireland Staff Retirement Savings Plan UK (RetireWell)

# Implementation Statement

**Plan Year ended 31 March 2023**

## 1 Introduction and purpose of this Statement

This document is the Annual Implementation Statement ("Statement") prepared by the Trustees covering the period of 1 April 2022 to 31 March 2023 ("Plan Year"). The purpose of this Statement is to:

- detail any reviews of the SIP the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review.
- set out the extent to which, in the opinion of the Trustees, the Plan's Statement of Investment Principles (SIP) has been followed during the Plan Year.
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this Statement has been made available on the following website https://epa.towerswatson.com/accounts/boi/public/boi-group-pensions-chairs-statement/ and included in the Trustees annual Report & Accounts for the year to 31 March 2023.

## 2 Review of and changes to the SIP made during the Plan Year

The SIP was updated in September 2021 following an investment strategy review carried out by the Trustees. As part of the investment strategy review the Trustees reviewed and confirmed their investment beliefs. A working group together with the Plan's investment advisers carried out the review which included a detailed member profiling exercise. As a result of the review and the member profiling exercise, the working group recommended that the default lifestyle strategy is changed from Target Pension (designed for members who intend to buy an annuity) to Target Investment (designed for members who intend to access and income drawdown product). The default Target Investment lifestyle strategy would not apply to members within 10 years of retirement at 15 October 2021 or members of the Bank of Ireland defined benefit scheme (Supplementary Members). Supplementary Members would remain invested in Target Cash. The Trustee Board approved the recommendation and the change was implemented in October 2021.

## 3 Adherence to the SIP

The Trustees confirm the principles set out in the SIP have been followed during the 2022 / 2023 Plan Year. These principles relate to the investment strategy and associated risk management of the Plan as well as principles around Environmental, Social and Governance (ESG) and shareholder engagement that were implemented over the course of the year following updated regulatory guidance on these issues.

During the Plan Year, the Trustees provided what they believe is an appropriate range of funds which meets the likely needs of most members. These included a default lifestyle investment strategy, two alternative lifestyle strategies and four investment fund options. The fund range allows members to manage inflation risk through EquityWell and GrowthWell, annuity conversion risk through AnnuityWell and opportunity risk through the three lifestyle strategies. During the Plan Year, the Trustees considered the option of introducing an ESG focused fund into the fund range. The ESG fund option review is currently ongoing. The Trustees provide sufficient information on the Plan's website to enable members to make appropriate investment choices.

The Trustees follow a policy of not considering non-financial factors in investment decisions, including ethical views, and applied this policy during the Plan Year. The Trustees followed their policy of ESG risk management, by ensuring that the Plan assets remained very well diversified through investing in the LGIM World Equity Index Fund and the LGIM Diversified Growth Fund. Also, the Trustee monitored how asset managers employed by the Plan incorporated consideration of the potential financial risks associated with ESG factors into their investment decisions through reports and presentations by the asset managers including LGIM's quarterly ESG Impact Report.

The assets of the Plan are invested exclusively in pooled funds and the Trustees have to date delegated all voting and engagement activities to the underlying equity managers. The Trustees are currently reviewing this policy and will update the SIP accordingly. The Trustees have not used the services of a proxy voter. The Trustees have reviewed reports from the investment managers on their use of proxy voters / advisers, their engagement policies and their voting activity. The Trustees have reviewed the votes that the investment managers considered significant and the Trustees believe that none of these votes had a significant impact on the assets of the Plan. Among the votes that the investment managers considered significant, there is evidence that LGIM, BNY Mellon and Fulcrum are incorporating climate change related factors into their voting. A summary of votes considered significant by the investment managers is contained in the Appendix.

On a quarterly basis the Trustees have reviewed the performance of the investment managers and the funds against appropriate benchmarks and were satisfied with their performance. The investment managers were also assessed based on research reports prepared by the Plan's investment advisers. These research reports apply a structured approach to assess investment products objectively. Products are assessed against the success factors that the investment adviser believes successful asset managers consistently possess and assigned a score of Preferred, High, Medium or Low.

The investment platform manager was provided with the most recent version of the SIP to ensure they are aware of the Trustees' expectations regarding how the Plan's assets should be managed.

During the Plan Year the Trustees have reviewed the costs incurred in managing the Plan's assets including the costs associated with portfolio turnover. The transactions costs are consistent with previous years and what we would expect to see for similar fund types. The Trustees, with assistance from the Plan Advisers, have compared the costs of managing the Plan's assets including transaction costs with other schemes and concluded that the investment strategy delivers fair value for members.

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Signed: Gary Colclough

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Name: Gary Colclough

Date: 10/18/2023

Authorised for and on behalf of the Trustees of the Plan

# Appendix – Significant Votes

The following table outlines three votes considered as significant by LGIM within the funds managed on behalf of the Plan over the Plan Year.

| Significant vote cast | Coverage in Plan |
|---|---|
| **Company: Amazon.com, Inc.**<br>**Meeting date: May 2022**<br>**Summary of the resolution(s)**: Elect Director Daniel P. Huttenlocher<br>**Approximate size of the fund's holding as at the date of the vote**: 0.89% (GrowthWell), 2.07% (EquityWell)<br>**Company management recommendation:** For<br>**How the manager voted**: Against<br>**Rationale**: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.<br>**Outcome of the vote**: 93.3% voted for the resolution | GrowthWell and EquityWell |
| **Company: Royal Dutch Shell Plc**<br>**Meeting date: May 2022**<br>**Summary of the resolution**: Approve the Shell Energy Transition Progress Update<br>**Approximate size of the fund's holding as at the date of the vote**: 0.25% (GrowthWell), 0.35% (EquityWell)<br>**Company management recommendation**: For<br>**How the manager voted**: Against<br>**Rationale**: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.<br>**Outcome of the vote**: 79.9% voted for the resolution | GrowthWell and EquityWell |
| **Company: McDonald's Corporation**<br>**Meeting date: May 2022**<br>**Summary of the resolution**: Report on Racial Equity Audit<br>**Approximate size of the fund's holding as at the date of the vote**: 0.13% (GrowthWell), 0.31% (EquityWell)<br>**Company management recommendation:** Against<br>**How the manager voted**: For<br>**Rationale**: As last year, we voted in favour of the proposal as we believe the proposed report will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) continues to be a key focus of the LGIM Investment Stewardship team's engagement strategy. We believe that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, people and global GDP. This is unfortunately further substantiated through the recent study published in the Lancet at the beginning of 2022 by the Global Research on AntiMicrobial resistance (GRAM) project: Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis. While we note the company's past efforts to reduce the use of antibiotics in its supply chain for chicken, beef and pork, we believe AMR is a financially material issue for the company and other stakeholders, and that concerted action is needed sooner rather than later. By supporting this | GrowthWell and EquityWell |

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| proposal, we want to signal to the company's board of directors the importance of this topic and the need for action.<br><br>**Outcome of the vote**: 13.2% voted for the resolution | |

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

The following table outlines two votes considered as significant by Fulcrum within the funds managed on behalf of the Plan over the Plan Year.

| **Significant vote cast** | **Coverage in Plan** |
|---|---|
| **Company: Glencore plc**<br><br>**Meeting date: April 2022**<br><br>**Summary of the resolution:** Approval of Climate Progress Report<br><br>**Approximate size of the fund's holding as at the date of the vote**: <1%<br><br>**Company management recommendation:** For<br><br>**How the manager voted**: Against<br><br>**Rationale**: We agree with Glass Lewis (proxy adviser) that there are several significant concerns regarding the Company's current reporting on climate-related issues. Most notably, regarding the level of oversight afforded to this matter at the board level. Glass lewis believes that there could be significant improvements with regard to the Company's disclosure of the governance of its Say on Climate vote and that the Company's failure to provide any kind of meaningful information concerning the governance of this vote warrants concern. Given overall concern, we voted AGAINST the proposal in line with Glass Lewis' recommendation.<br><br>**Outcome of the vote**: For the resolution | GrowthWell |
| **Company: Alphabet Inc.**<br><br>**Meeting date: May 2022**<br><br>**Summary of the resolution**: Shareholder Proposal Regarding Report on Board Diversity<br><br>**Approximate size of the fund's holding as at the date of the vote**: <1%<br><br>**Company management recommendation:** Against<br><br>**How the manager voted**: Against<br><br>**Rationale**: Glass Lewis (proxy adviser) are unconvinced that adoption of this proposal would necessarily lead to a more diverse or inclusive board. The Company has adopted a number of policies and has provided leading-class disclosure concerning its diversity considerations and the diversity of its board, as indicated by its "Exemplary" diversity policy and disclosure assessment. Further, the Company leads or has roughly commensurate levels of diversity on its board relative to its peers. We agree with their recommendation and have voted AGAINST the proposal.<br><br>**Outcome of the vote**: Against the resolution | GrowthWell |

Fulcrum use Glass Lewis as their proxy adviser. Fulcrum's default choice is to vote as per the Climate Change Policy by their proxy adviser. Fulcrum do their own research and if they consider it right to do so, vote against their proxy adviser's advice if this is in advantage of the topic of climate change mitigation. In particular, they look for votes related to encouraging science-based target setting with regard to decarbonisation goals as this is a core part of their engagement focus.

The following table outlines an example of two votes considered as significant by BNY Mellon within the funds managed on behalf of the Plan over the Plan Year.

| **Significant vote cast** | **Coverage in Plan** |
|---|---|
| **Company: Greencoat UK Wind Plc**<br>**Meeting date: April 2022**<br>**Summary of the resolution:** Re-elect Director Shonaid Jemmett-Page<br>**Approximate size of the fund's holding as at the date of the vote**: 1.68%<br>**Company management recommendation: F**or<br>**How the manager voted**: Against<br>**Rationale**: We voted against the re-election of the chairperson of the board. We raised concerns over the past share issuance undertaken by the trust. We believe the share placing was not conducted in a manner that was in the best interests of shareholders and the share placing would be at a discount to NAV had it been recalculated on the back of increasing power prices.<br>**Outcome of the vote**: 15% voted against the resolution | GrowthWell |
| **Company: Informa Plc**<br>**Meeting date: June 2022**<br>**Summary of the resolution:** Approve Remuneration Report<br>**Approximate size of the fund's holding as at the date of the vote**: 0.60%<br>**Company management recommendation:** For<br>**How the manager voted**: Against<br>**Rationale**: We voted against the remuneration report. CEO pay increased amidst poor TSR performance and payouts do not reflect shareholder experience. A significant portion of the STIP is driven by qualitative measures and the final payout would therefore be at committee's discretion. This coupled with an increase in the STIP bonus opportunity from 175% to 200% just exacerbates our concerns. In addition, the LTIP bonus opportunity is very high, and the company does not disclose its set of peers for shareholders to determine whether these are in fact comparable or outsized. The company has a history of making in-flight adjustments and in doing so, the new metrics ensured a full payout which otherwise would not have been possible. We expected the company to apply negative discretion to reflect performance.<br>**Outcome of the vote**: 71.3% voted against the resolution | GrowthWell |

BNY Mellon (Newton) utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that they recognise a potential material conflict of interest (as described below) that the recommendation of their external voting service provider will be applied.

Newton's external voting provider is subject to the requirements set by Newton's Vendor Management Oversight Group. As such, regular due diligence meetings are held and minutes maintained with this provider, which includes reviewing its operational performance, service quality, robustness of research and its internal controls, including management of its potential material conflicts of interest. In addition, and along with its other clients, Newton participates in consultations that seek specific feedback on proxy voting matters. This helps ensure alignment of interest between Newton's expectations and the voting recommendations provided by the external provider.