Bank of Ireland Staff Retirement Savings Plan UK (“RetireWell”)

Statement of Investment Principles

1 Introduction

Date created:	**May 2024**
Review by:	**May 2027**

Purpose

This Statement of Investment Principles (“SIP”) sets out the guiding principles that the Trustees of the Bank of Ireland Staff Retirement Savings Plan UK (the “Plan”) have determined should apply to the investment of the resources of the Plan, as well as to ensure the safe keeping of the assets. The SIP sets out the main investment objectives and strategies being pursued by the Trustees.

The SIP has been prepared in line with the requirements under Section 36 of the Pensions Act 1995 (as updated by the Pensions Act 2004).

Goals

The goals of this SIP are to ensure:

i. A policy is developed so assets are invested in line with a clear strategy and set of investment objectives;

ii. The Plan’s resources are managed and invested to prudent standards and with appropriate oversight;

iii. That a clear risk management framework is in place;

iv. Environmental, Social and Governance (“ESG”) related factors are incorporated within the investment governance framework.

Legal Standing

This SIP has been prepared in accordance with legal requirements as of the date of this statement and will be amended to reflect any changes to legislation or the way the Plan’s assets are invested. It is a high-level document prepared for the purposes of the Plan’s governance. It is not a legal document and is not intended to have legal effect or to be legally binding to the Trustees, nor to override the Trust Deed and Rules of the Plan.

The Trustees may amend the policy from time to time as it sees fit and review it no later than every three years.

The Trustees retain the flexibility to vary its approach as it sees fit; for example, to accommodate a particular set of circumstances or a changing of views.

Bank of Ireland Staff Retirement Savings Plan UK (“RetireWell”)

Scope

This SIP applies to the investment powers of the Trustees and the investment management of the resources of the Plan, and forms part of the Plan’s governance framework.

Background

The Plan operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries. The Plan is a defined contribution pension arrangement set up under trust. The assets of the Plan are vested in and held by the Trustees in line with the Trust Deed & Rules.

2 Investment Objectives of the Plan

The primary investment objectives of the Trustees can be summarised as follows:

- To provide a range of lifestyle investment strategies for members that is likely to meet their investment needs as they go through their investment lifecycle;
- To provide an appropriate range of investment fund choices for members to meet their likely retirement savings requirements, having regard to the varying nature and duration of members’ liabilities generally under the Plan;
- To provide appropriate information on these funds such that members are assisted in understanding and making their fund choices;
- To provide for the proper investment of the Plan assets in accordance with relevant legislation and the rules of the Plan.

3 Investment Options

Having regard to the investment objectives of the Plan outlined above, the Trustees have selected a range of funds to make available to members. Members can choose how their assets are invested across this available range of fund options.

Alternatively a member can choose to have their assets invested in a lifestyle investment strategy, specifically in the Target Investment lifestyle strategy, the Target Cash lifestyle strategy or the Target Pension lifestyle strategy.

The default investment strategy is the Target Investment lifestyle strategy for all new Bank of Ireland employees. The default investment strategy is the Target Pension lifestyle strategy for members who were within 10 years of retirement and who were in this lifestyle strategy on 15/10/2021. The default investment strategy is the Target Cash lifestyle strategy for those who are members of the defined benefit pension scheme.

Further information in relation to the funds and lifestyle investment strategies available to members can be found in Appendix A.

4 Liquidity and realisation of investments

The Trustees policy is to delegate the asset allocation mix to the appointed investment managers (including the allocation to illiquid investments where the manager believes this will improve the longer-term overall risk/return characteristics of the fund). The Trustees will monitor this and consider the ongoing appropriateness of such funds in conjunction with their investment advisers. The Trustees require these funds to be sufficiently liquid to allow them to be realised readily and typically daily dealt.

The default lifestyle investment strategy indirectly invests a small allocation in illiquid assets via one of the underlying diversified growth funds which make up the current GrowthWell fund. This underlying diversified growth fund currently makes up 40% of the GrowthWell fund. The allocation to illiquid investments within this underlying fund is modest and is at the discretion of the investment manager. It may include private market credit, global private equity, infrastructure and property.

Members in the default lifestyle investment strategy will be 100% invested in the GrowthWell fund until ten years prior to their selected retirement date, at which point their holdings are gradually switched to the CashWell fund to achieve a 75% GrowthWell / 25% CashWell allocation at retirement. The Trustees consider this to be appropriate in terms of the risk and return profile for the GrowthWell fund and the default lifestyle strategy.

An investment strategy review is underway and investing further in illiquid assets will be considered in that review from the perspective of changes to the expected risk / return. Investing in illiquid assets further would also need to be considered from a governance, cost and practicality perspective.

5 Expected Risk and Return

The investment options invest in the following assets and have the following risk and expected return characteristics:

i. Equities – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.

ii. Real assets – expected to produce returns in line with the infrastructure sector in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

iii. Diversified assets – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

iv. Bonds – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of bonds are expected to move broadly in line with the price of annuities, providing some protection to the 'purchasing power' of a member's account near retirement (for those members electing to purchase an annuity).

v. Cash – low risk to capital and asset values are easily realisable with limited investment returns associated with the low-risk nature of the assets.

6 Risk Measurement and Management

The Trustees recognise the importance of risk measurement as a key part of the process of understanding and mitigating key risks to the achievement of the Plan's objectives. The Trustees measure, monitor and seek to manage the investment risks in the following key areas:

vi. Capital growth risk - The risk of members achieving insufficient capital growth over time, leading to an overall return which is lower than inflation.

vii. 'Retirement mismatch' risk - The risk of a significant change in the value of a member's assets as they get close to retirement that does not broadly 'match' how they plan to use their assets at retirement. The main options at retirement being to take tax-free cash, the purchase of an annuity and / or drawdown.

viii. Member selection risk – The risk that a member invests in inappropriate funds as a result of uninformed decisions or a lack of understanding.

ix. Investment manager risk – The risk of underperformance of the Plan's managers relative to their benchmarks or long-term return objectives.

x. ESG risk – The risk that ESG factors adversely affect the sustainability of the investment options and/or the risk-adjusted returns available to members.

The risks above are managed by offering members access to a range of investment fund choices and lifestyle investment strategies, and by providing a broad range of communication 'tools' to members. The lifestyle investment strategies offer long-term growth and then switch members' assets into funds suitable to how members are most likely to take their benefits at retirement.

7 Arrangements with Investment Managers

When investing in a pooled investment vehicle, the Trustees will ensure the investment objectives and guidelines of the vehicle are consistent with their own objectives. The appointment of an investment manager will be governed by the documentation and legal structure of the relevant pooled fund.

The Trustees appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees ensure that performance is assessed on a regular basis against measurable objectives for each fund. The focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance.

Investment managers are compensated by paying a percentage fee based on the size of the assets invested, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

The Trustees review the fees they pay managers, with the support of their Investment Advisor, against those paid by other pension funds for similar mandates and / or the fees that would be charged by other investment managers. Where active mandates are employed, the fees agreed with the managers will reflect the expected level of active return relative to benchmark.

The Trustees review the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

8 Sustainable Investment

The Trustees recognise the financial importance of considering environmental, social and governance related factors in managing risk and determining investment policy for the Plan. Such considerations will be incorporated within the investment governance framework to the extent that any actions arising therefrom are consistent with the primary objective of the Plan, namely, to provide members with a default investment strategy and an appropriate range of investment fund options.

The Trustees recognise the risk that companies or governments in which the Plan invests fail to appropriately manage environmental, social and governance risks leading to a permanent loss of value in the Plan's underlying investments.

The Trustees may (and have) delegated any activities associated with the integration of ESG principles into the portfolio construction process. Specifically, the Trustees have delegated the implementation of sustainable investment to the investment managers, who engage with companies on ESG topics. The Trustees monitor the investment managers' sustainable investment practices, including the approach to ESG integration within the investment process .

The Trustees are committed to ensuring that the Plan is an active, long-term asset owner and are also conscious of, but will not be bound by, the wishes of other stakeholders, such as the Sponsoring Employer, in this regard. Non-financial matters are not currently taken into account.

The Trustees have not developed an engagement policy for the Plan as it invests in pooled fund investments and therefore has no direct voting rights.

9 Policy Review

It is the intention of the Trustees to review this document at least every three years or sooner following any change in investment policy which is inconsistent with this SIP.

Signed on behalf of the Trustees by (name and signature) **Date**

Gary Colclough 5/30/2024

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Appendix A – Investment Options

The funds available to members are outlined below:

Asset class / fund	Investment objective	Benchmark (if different)
GrowthWell 1. LGIM World Equities - GBP Hedged 2. LGIM World Equity Index Fund 3. LGIM Diversified Fund 4. Fulcrum Absolute Return Fund 5. BNY Mellon Real Return Fund	Long-term return target of GBP inflation + 3.5% p.a., with less than two-thirds the volatility of equities	Composite benchmark i.e. weighted average of the benchmark returns for the underlying funds
EquityWell 1. LGIM World Equities - GBP Hedged 2. LGIM World Equity Index Fund	To track the performance of 30% FTSE World Index (net WHT) / 70% FTSE World Index (net WHT) – GBP Hedged (with the exception of advanced emerging markets)	N/A
ClimateWell 1. LGIM ESG Paris Aligned World Equity Index Fund	To deliver low carbon exposure with a view to achieving the long-term global warming objectives of the Paris Agreement	To track the performance of the Solactive L&G Developed Markets Paris Aligned ESG SDG Index (net WHT), 70% GBP Hedged
AnnuityWell 1. LGIM Future World Annuity Aware Fund	To broadly track the cost of purchasing a pension (annuity) with a life assurance company	Composite benchmark consisting of 60% FTSE 5A Eurozone Government – Over 10 Year Index / 40% Bloomberg Global Aggregate EUR Corp Over 5 Year ex BBB Index
CashWell 1. LGIM Sterling Liquidity Fund	To provide capital protection and deliver a positive return, insofar as positive market returns are achievable, while minimising risk to capital	SONIA

All of the above funds are managed by Legal and General Investment Management (“LGIM”), with some of the underlying assets managed by external managers.

The lifestyle investment strategies are outlined below:

Target Investment lifestyle strategy

The Target Investment lifestyle strategy invests 100% in the GrowthWell fund until ten years prior to retirement. Then a portion of a member's RetireWell account is automatically and gradually adjusted to include an allocation to the CashWell fund. By retirement, a member's RetireWell account is invested 75% GrowthWell / 25% CashWell.

Target Cash lifestyle strategy

The Target Cash lifestyle strategy invests 100% in the GrowthWell fund until ten years prior to retirement. Then a member's RetireWell account is automatically and gradually adjusted to the CashWell fund. By retirement, a member's RetireWell account is invested 100% in CashWell.

Target Pension lifestyle strategy

The Target Pension lifestyle strategy invests 100% in the GrowthWell fund until ten years prior to retirement. Then a member's RetireWell account is automatically and gradually adjusted to a combination of the AnnuityWell fund and the CashWell fund. By retirement, a member's RetireWell account is invested 75% AnnuityWell / 25% CashWell.