

## ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (“IS”)

### AIB Group UK Defined Contribution Scheme (the “Scheme”)

#### Scheme Year End – 31 December 2022

The purpose of the Implementation Statement is for us, the Trustee of the AIB Group UK Defined Contribution Scheme, to explain what we have done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

#### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, all of the Scheme’s investment managers were able to disclose adequate evidence of voting activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

The Trustee recognises that we have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. The Trustee will therefore continue to use our influence to drive positive behaviour and change among the managers that we have employed to invest the assets of the Scheme, and with other third parties that the Trustee relies on such as our investment advisers. The Trustee will monitor, assess progress in this regard and ultimately hold them to account, ensuring the assets of the Scheme are appropriately invested.

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## Changes to the SIP during the year

The Trustee have a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics. The SIP was reviewed following the formal investment undertaken in April 2021 with the current SIP being signed by the Trustee on 23 November 2022.

The Trustee sought input on these changes from our investment adviser and the Sponsoring Employer.

Over the year, the Trustee reviewed the underlying constituents of the Total Equity Fund and agreed changes to one of the existing managers. The Trustee also reviewed the environmental, social and governance ('ESG') offerings for members, and decided to introduce an ESG-aligned fund into the self-select range. Both of these changes were implemented post year end, subsequently the Trustee updated the SIP to reflect these changes in June 2023.

The Scheme's latest SIP can be found here: <https://aibni.co.uk/personal-docs/help-and-guidance/important-information/pension/aib-uk-dc-scheme-sip.pdf>

## How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

<b>Investment Policy</b>	<p>The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also believes that members should be able to make their own investment decisions based on their individual circumstances, objectives and attitudes to risk.</p> <p>Our review of the available investment options for members within the Scheme over the year concludes that this policy has continued to be adhered to.</p>
<b>The Decision-Making Process</b>	<p>In order to ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity. In particular the Trustee has established a decision-making structure, with clearly defined roles for each body.</p> <p>The Trustee seeks advice on all investment issues and makes investment decisions on the basis of the advice provided.</p> <p>Our review of the decision-making structure in place concluded that there is an efficient process in place by the Trustee and other bodies involved in the day-to-day management of the Scheme. In particular, the Trustee has obtained advice throughout the year in order to make effective and appropriate decisions; for example, in the review of the Total Equity Fund and the selection of a suitable ESG-aligned investment option.</p>

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**Risk Management**

Performance is monitored via a traffic light system within the quarterly investment monitoring reports ('QMR') provided by Aon. The calculation method for the traffic light system is based on the benchmark and outperformance target (if applicable) for each fund. The colours refer to performance both above and below the benchmark. The objective for passive funds in the analysis is to track benchmark performance within a tolerance of +/-0.3% over each reporting period. Any amber or red rating is given due time for discussion at Trustee meetings together with any action required. The Trustee, with support from its advisers, reviews the fund ratings given by Aon's Manager Research Team. Any rating changes are highlighted as soon as practically possible with required actions discussed appropriately. Amber performance flags did occur over the year, were considered, with no immediate actions required.

The Trustee has also received reports from Aon looking into the investment performance members invested in the default arrangement have experienced on a historic basis, and also on a forward looking basis, based on future expectations of the strategy. The Trustee has used this report to evaluate the risk of members not reaching an adequate income in retirement.

Because of the analysis included within the quarterly investment monitoring reports and the risk register reviews all carried out in 2022, the Trustee is comfortable that the risks have been managed and mitigated appropriately given their objectives for members of the Scheme.

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**Investment Strategy**

- Lifestyle arrangements
- Self-select funds
- Review of the arrangement

The Trustee has provided members with a comprehensive range of investment choices over the year. Members can choose between two different approaches to invest their pension account; the 'Lifestyle' approach, or the self-select approach, where the member chooses to invest in one or more individual funds from the available range.

The Trustee offers members three different lifestyle strategies:

- The AIB default arrangement is designed to provide flexibility for members. This is appropriate for members who are planning to take cash, drawdown income in retirement, buy an annuity or mix the options in some way, ultimately, providing flexibility.
- The Annuity Lifestyle Fund, designed for members who would like to use their savings to purchase an annuity, where members exchange their pension savings for a stream of regular income payments from a pension provider.
- The Cash Lifestyle Fund, designed those members who want to take most or all their savings as tax-free cash, with members' entire savings invested in a cash fund by retirement date.

The Trustee has also provided members with a wide range of investment options covering the main asset classes. Members can choose from 10 self-select funds including global and UK equity funds, fixed income funds and a cash fund.

Post year end, the Trustee has made available an ESG-aligned equity fund as a self-select option for members. This fund aims to provide exposure to developed and emerging equity markets while reflecting environmental, social and corporate governance considerations.

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The Trustee regularly monitored the strategies and funds available to members to ensure they were meeting their objectives and that their inclusion in the fund range continued to be in members' best interests.

The Trustee has appointed Aon to provide investment advice. The Trustee seeks advice on all investment issues and makes investment decisions on the basis of the advice provided. In order to ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity.

To make sure that the DC investment options remain appropriate for the needs of their members, the Trustee carries out a detailed review of the Scheme's default arrangement design and membership analysis at least every three years. This review was last carried out in April 2021.

Separately from the triennial strategy review, the Trustee reviewed the underlying components of the Total Equity Fund, due to prolonged performance concerns. Subsequent changes were agreed to replace Epoch Global Equity Fund with Morgan Stanley Global Brands Fund. These changes were successfully implemented in March 2023, after the Scheme year end.

In conclusion, the Trustee has provided a suitable default arrangement and self-select fund range, and these continue to be reviewed appropriately.

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**Day-to-Day  
Management of the  
assets**

All of the fund options available to members are managed by underlying fund managers chosen by the Trustee with the advice of the investment adviser. The Trustee believes that each fund contains a suitably diversified portfolio of investments given each fund's particular objectives.

On review of the day-to-day management of Scheme assets, no concerns have been raised and we believe the Trustee has met this policy.

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**Additional Voluntary  
Contributions**

The Trustee makes available all the fund options available to members of the DC Scheme for the investment of Additional Voluntary Contributions ('AVCs'). There are no other assets available apart from these.

In conclusion, the Trustee has made available an appropriate range of options for members' AVC investments.

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**Trustee policies on  
cost and  
transparency**

The Trustee collects information on member borne charges on an annual basis, where available, and set these out in the Value for Members section of the Scheme's Annual Chair's Statement. This is made available to members via the AIB website.

The Trustee considers the impact of transaction costs on members when making any changes to investment strategy. When changes were made to the Total Equity Fund after the Scheme year end, the Trustee received confirmation that there were no associated transaction costs, as the underlying funds did not have any spreads on the day of trading.

In reviewing the costs and charges associated with the scheme, the Trustee has made available a range of funds, including making use of lower-cost passive funds where appropriate. Furthermore, the Trustee monitored transaction costs over the year and is satisfied that they were appropriate given the nature of the investments.

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**Trustee policies on arrangements with asset managers**

Before appointment of a new asset manager, the Trustee will consider the extent to which the new investment aligns with the Trustee's policies. Throughout the selection of a new manager within the TEF and the ESG fund, the Trustee completed a thorough review of the manager and fund.

As part of this Statement, with support from their advisers, the Trustee has reviewed the investment managers' policies, specifically on voting and engagement.

The Trustee has had no indication of concern with the investment managers over the Scheme year and therefore believe they remain suitable investment managers for the Scheme.

In conclusion, the Trustee is satisfied that the investment managers are carrying out work competently, have sufficient regard to investments and have been exercising their investment responsibilities in line with expectations.

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**Environmental, Social and Governance ('ESG') considerations**

- Environmental, Social and Governance considerations
- Stewardship – Voting and Engagement
- **Members' Views and Non-Financial Factors**

Following consideration of the Sponsoring Employer's position on sustainability and its ambition to transition towards net zero, the Trustee has set a number of ESG related ambitions.

The Trustee sets out in the SIP that it will maximise leverage to drive positive change within the Scheme's investment managers and the companies they invest in. As part of this statement, the Trustee has reviewed the voting and engagement of its managers and has concluded these managers' activities align with our stewardship priorities.

The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets. Over 2022, the Trustee received training from its advisers on Responsible Investment, including what is required by Trustees, and what is the direction of travel in ESG investing.

The Trustee will include ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring, which was reviewed over 2022.

The Trustee sets out in its stewardship policy within the SIP, that it recognises the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which it invests. It acknowledges that ultimately this protects the financial interests of the Scheme.

As such, the Trustee expects its investment managers to carry out the Trustee's rights and duties as shareholders, including voting and engaging with underlying companies to promote good corporate governance, accountability and positive change where necessary.

Aon's manager research team discuss the engagement policies of fund managers as part of their fund rating review. Voting statistics are also included later in this statement.

As part of the investment strategy carried out in 2021, the Trustee and their advisers discussed the appropriateness of ethical and specialist equity funds within the lifestyles and self-select range.

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	<p>The Trustee concluded that there was no requirement for changing or adding-to the existing fund range at this point; however, this issue was kept under review as part of wider governance responsibilities and in 2022 the Trustee decided to introduce an ESG-aligned fund into the self-select range.</p> <p>On review of managers stewardship policies and voting statistics as part of the production of this Statement, the Trustee believes that this policy has been adhered to.</p>
<b>Realisation of investments</b>	<p>The Trustee is comfortable that all investment managers were able to invest/divest payments in a timely manner over 2022.</p> <p>No restrictions were placed upon the Fund's investments over the year.</p>
<b>Mandates for advisers and platform provider</b>	<p>The investment adviser and platform provide have agreed the services to be provided with the Trustee.</p> <p>No material concerns were raised over the services provided to the Trustee over 2022.</p>
<b>Reporting and performance monitoring</b>	<p>Over the year, the Trustee has received Quarterly Monitoring Reports ("QMR") from Aon, outlining the valuation of all investments held, the performance of these investments and member outcomes.</p> <p>These investment reports include long and short-term performance reporting on all the investment funds relative to their respective benchmarks or targets, and performance commentary which highlights key factors affecting the performance of the funds over the quarter.</p> <p>Manager performance is evaluated based on Aon's "Planwatch" methodology. This assigns red, amber or green ratings to fund performance over the short and long terms. Any fund found to be consistently in breach of Planwatch triggers over the long term will be reviewed by the Trustee and may be replaced.</p> <p>Over the year, the Trustee has also reviewed additional reports for all active managers within the Scheme, provided by Aon's Investment Manager Research team. These reports cover key operational and ESG ratings. Any changes to ratings are communicated with the Trustee.</p> <p>The Trustee is satisfied that the investment managers are carrying out work competently, have sufficient regard to investments and have been exercising their investment responsibilities in line with expectations.</p>
<b>Expected Returns</b>	<p>The Trustee expects the long-term return on the investment options that consist predominantly of equities to exceed price inflation. The long-term returns on the bond and cash options are expected to be lower than the predominantly equity options.</p> <p>The Trustee has reviewed the performance of the default arrangement on a historic and forward-looking basis over the year. Based on this regular monitoring, the Trustee believes that the long term expectations for the asset classes the Scheme invests in continues to be appropriate.</p>

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The Trustee remains comfortable that the default strategy and other investment options will perform in line with their objectives over the long term.

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**Default Investment**

The AIB default arrangement provides flexibility for members at retirement. This is appropriate for members who are planning to take cash, drawdown income in retirement, buy an annuity or mix the options in some way, ultimately, providing flexibility. The lifestyle provides members with the potential for high levels of growth during the accumulation phase of their retirement savings, provided by exposure to equity funds and then gradually diversifies investments in the years approaching retirement, reducing volatility. At retirement, members' retirement funds are invested in a broad mix of asset classes, with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.

Based on advice and ongoing monitoring, the Trustee believes the current default strategy continues to be appropriate for the majority of members.

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## AIB Group UK Defined Contribution Scheme

### Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Baillie Gifford – Long Term Global Growth Fund	439	100.0%	3.4%	0.2%
BlackRock – DC Diversified Growth Fund	11,842	92.0%	5.0%	1.0%
Epoch – Global Equity Fund	1,778	96.5%	4.8%	0.0%
Harris – Global Equity Fund	854	100.0%	2.1%	0.0%
LGIM – World Equity Index Funds (GBP Hedged & Unhedged)*	38,295	99.8%	20.4%	0.7%
LGIM – UK Equity Index Fund	10,854	99.9%	5.5%	0.0%
Nordea – Stable Returns Strategy	2,363	98.8%	9.0%	1.7%

Source: Managers \*Voting statistics for LGIM – World Equity Index Funds and LGIM – World Equity Index Funds GBP Hedged are same.

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

	Description of use of proxy voting advisers
Baillie Gifford & Co. ("Baillie Gifford")	Whilst the Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services ("ISS") and Glass Lewis), they do not delegate or outsource any stewardship activities or follow or rely upon their recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with our in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisers in the Chinese and Indian markets to provide us with more nuanced market specific information.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

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	<p>from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.</p> <p>While they subscribe to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into the vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information used include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of active investors, public information and ESG research.</p>
Epoch Investment Partners, Inc. ("Epoch")	ISS
Harris Associates ("Harris")	Uses Harris policy that ISS implements on our behalf.
Legal and General Investment Management Limited ("LGIM")	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 the proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions.
Nordea Asset Management ("Nordea")	<p>In general, every vote Nordea cast is considered individually on the background of its bespoke voting policy, which has been developed in-house based on our own principles.</p> <p>Our proxy voting is supported by two external vendors (ISS and Nordic Investor Services ("NIS")) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p> <p>The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with Nordea's, giving a broad palette of input which is very valuable in the evolution of Nordea's own Corporate Governance Principles. The same setup has continued after the merger of ISS and NIS.</p>

Source: Managers

**Significant voting examples**

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in appendix 4.

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### Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Baillie Gifford – Long Term Global Growth Fund	52	1,255	Environment - Climate change  Social - Conduct, culture and ethics (e.g., tax, anti-bribery, lobbying); Human and labour rights (e.g., supply chain rights, community relations); Human capital management (e.g., inclusion & diversity, employee terms, safety)  Governance – Remuneration  Strategy, Financial and Reporting - Strategy/purpose
BlackRock – DC Diversified Growth Fund	693	Not provided	Environment - Climate Risk Management  Social -Human Capital Management  Governance - Board Composition and Effectiveness; Corporate Strategy; Remuneration.
Epoch – Global Equity Fund	8	27	Environment - Climate change
Harris – Global Equity Fund	Not provided	Not provided	Not provided
LGIM – World Equity Index Funds (GBP Hedged & Unhedged) *	679	Not provided	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity)  Social - Human capital management (e.g., inclusion & diversity, employee terms, safety)  Governance - Board effectiveness – Diversity; Remuneration  Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)
LGIM – Corporate Bond All Stocks Index Fund	193	Not provided	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity)  Social - Human capital management (e.g., inclusion & diversity, employee terms, safety)  Governance - Board effectiveness – Diversity; Remuneration  Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)
LGIM – Index-Linked All Stocks Index Fund	34	Not provided	Environment - Climate change  Governance - Board effectiveness - Diversity; Remuneration; Shareholder rights  Strategy, Financial and Reporting - Capital allocation
LGIM – UK Equity Index Fund	247	Not provided	Environment - Climate change  Social - Human capital management (e.g., inclusion & diversity, employee terms, safety); Inequality

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			Governance - Board effectiveness - Diversity; Remuneration
Nordea – Stable Returns Strategy	109	994	Strategy, Financial and Reporting - Strategy/purpose Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity); Pollution, Waste  Social - Human and labour rights (e.g., supply chain rights, community relations)  Strategy, Financial and Reporting - Reporting (e.g., audit, accounting, sustainability reporting)

Source: Managers

*\*Engagement information for LGIM – World Equity Index Funds and LGIM – World Equity Index Funds GBP Hedged are not significantly different; we have considered the higher of the two.*

## Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Harris did not provide most of the engagement information requested, especially fund-level information.
- LGIM and BlackRock did provide fund-level engagement information but not in the industry standard template. Additionally, the managers did not provide any firm-level engagement information.

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on the Scheme's investment in gilts and cash because of the limited materiality of stewardship to these asset classes.