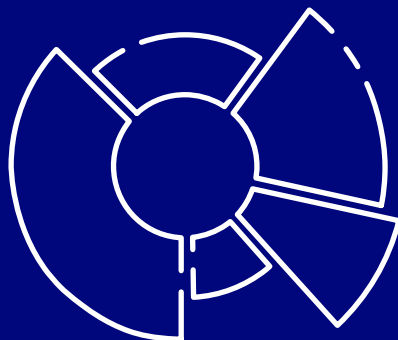


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# Bank of Ireland Investment Markets

## Engagement Policy

June 2023



**Bank of  
Ireland**

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# 1. Background

This policy is required by the European Union (Shareholders' Rights) Regulations 2020, which implements the EU Shareholders' Rights Directive II (SRD II) in Ireland. The requirements apply to asset managers that invest in companies whose shares (including listed UCITs) are traded on regulated markets within the European Economic Area (EEA).

Bank of Ireland Investment Markets is a division and trading name of The Governor and Company of the Bank of Ireland and provides portfolio management services regulated under the European Union (Markets in Financial Instruments) Regulations 2017 (the "MiFID Regulations"). Bank of Ireland Investment Markets has a small number of professional corporate investors to whom it provides portfolio management services. For those clients, Bank of Ireland Investment Markets is responsible for making investment decisions in relation to their portfolio under an agreed investment management agreement and subject to the specific investment management processes and procedures between Bank of Ireland Investment Markets and each client.

In providing these portfolio management services, Bank of Ireland Investment Markets is considered an asset manager for the purposes of SRD II.

This shareholder Engagement Policy (the Policy) explains the approach Bank of Ireland Investment Markets takes to shareholder engagement where it is investing in shares of investee companies and, more broadly, when allocating to externally managed funds (EMF), which are managed by external fund managers.



## 2. How Bank of Ireland Investment Markets integrates shareholder engagement in its investment strategy

Bank of Ireland Investment Markets implements a bottom-up research approach when buying shares in companies. This includes an in-depth analysis of the industry within which the company operates, the company's competitive positioning, and an assessment of the risks and opportunities prevailing in the market place. The investment team focuses on investee companies in core markets with:

- ▶ A strong management team;
- ▶ Financial strength;
- ▶ Competitive positioning;
- ▶ Strong corporate governance;
- ▶ Proven track record of growing shareholder value;
- ▶ Long-term business strategy and
- ▶ Management of risk (including environmental, social and governance (ESG) risk) within business operations.

Bank of Ireland Investment Markets also invests in exchange traded funds (ETFs) to gain exposure to certain asset classes and regions. All ETFs purchased will hold the physical assets and will be monitored to make sure the management (where applicable) act in the best interest of shareholders.

When investing in EMFs, Bank of Ireland Investment Markets implements a three-step investment approach. This involves an in-depth analysis of the global environment and markets, portfolio construction and fund selection. When considering fund selection, Bank of Ireland Investment Markets uses a combination of external advisors, strategic partners and its own proprietary approach, combining both quantitative and qualitative elements, to create a short list of managers for consideration. In selecting EMFs, Bank of Ireland Investment Markets conducts in-depth due diligence on shortlisted managers and strategies to identify EMFs that are the best fit for each client portfolio and to allow shareholders' best interests to be represented.



# 3. Monitoring investee companies and EMFs

When investing in investee companies, Bank of Ireland Investment Markets considers and monitors, among other things, the investment strategy and the nature of its exposure to the relevant investee company and the investee company's approach to matters such as:

- ▶ Its' business strategy and execution;
- ▶ Risk management;
- ▶ Financial/non-financial performance and risk;
- ▶ Capital structure;
- ▶ Social and environmental impact;
- ▶ Corporate governance and compliance and
- ▶ Culture and ethics.

Bank of Ireland Investment Markets may base such monitoring on a variety of sources and mechanisms including, without limitation:

- ▶ Reviewing financial and non-financial information, such as annual reports, financial statements and public announcements released on the relevant regulated market by the investee company and
- ▶ Considering third party research and analysis of the investee company, wider market developments and competitors of the investee company.

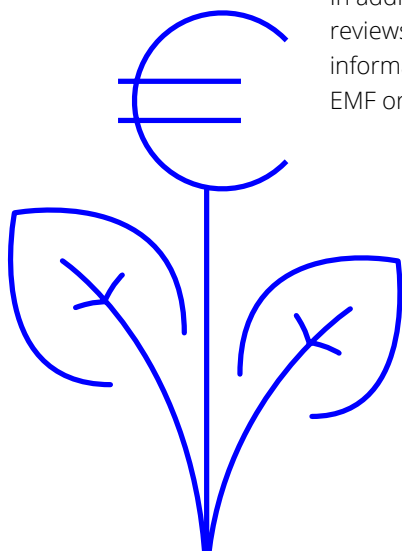
When investing in EMFs, Bank of Ireland Investment Markets, along with its external advisors and strategic partners, considers, among other things, the investment strategy of the EMF and the nature of its asset class and risk exposure. In addition, Bank of Ireland Investment Markets also considers the EMF's approach towards matters such as its:

- ▶ Investment strategy and execution;
- ▶ Risk management;
- ▶ Performance and positioning;
- ▶ Investment team changes;
- ▶ Client servicing;
- ▶ Social and environmental factors;
- ▶ Corporate governance and compliance and
- ▶ Culture and ethics.

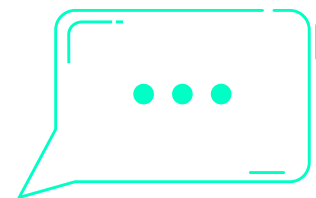
Bank of Ireland Investment Markets may base such monitoring on a variety of sources and mechanisms including, without limitation:

- ▶ Reviewing financial and non-financial information, such as monthly and quarterly performance, performance attribution, risk management, manager presentations, factsheets and quarterly performance calls (as available) and
- ▶ Considering additional proprietary research and analysis of the EMF and its fund manager conducted by Bank of Ireland Investment Markets' team and/or its external advisors, as appropriate.

In addition to ongoing monitoring, Bank of Ireland Investment Markets conducts formal annual reviews. This consists of a more detailed overview of the EMF and will gather more detailed information and focus on updates and changes within the EMF since the first investment in the EMF or since the latest formal review.



## 4. Conducting dialogues with investee companies and EMFs



Bank of Ireland Investment Markets may engage with the management team of an investee company and an EMF where it has concerns related to the management of the investee company or EMF on any of the matters detailed in this Policy.

The engagement may be to:

- ▶ Express concerns to the chairman or other board members of the investee company;
- ▶ Express concern with the investee company's advisors;
- ▶ Express concerns to the management of the EMF or other members of the EMF's investment team;
- ▶ Submit resolutions and speak at the shareholder meetings, or vote against, or abstain from voting on, resolutions at shareholder meetings;
- ▶ Reduce or dispose of the holdings Bank of Ireland Investment Markets has placed on behalf of its professional corporate clients in, or otherwise adjust its exposure to, the investee company or EMF and
- ▶ Undertake such other engagement as Bank of Ireland Investment Markets determines to be appropriate in the circumstances to engage on shareholders behalf and to represent their best interests.

## 5. Exercising voting rights and other rights attached to company shares and shares of EMFs

It is the policy of Bank of Ireland Investment Markets to vote all proxies for the exclusive benefit of clients. The maximisation of total shareholder return is the governing influence in considering corporate or fund voting decisions. Bank of Ireland Investment Markets will vote in favour of issues it determines, through investment analysis, are in the best interests of clients and shareholder return.

Bank of Ireland Investment Markets has engaged Institutional Shareholder Services Group (ISS) - a leading independent proxy voting advice service - to assist it and to maintain a robust level of oversight. ISS track the proxy notifications through clients' custodian accounts and provides documentation and voting recommendations to Bank of Ireland Investment Markets based on a pre-agreed set of policy guidelines. Bank of Ireland Investment Markets also uses the ISS 'Sustainability' voting guidelines to assist in its engagement in relation to sustainability factors. More information on the sustainable voting guidelines are included in the "Considerations of Principal Adverse Impacts (PAI)" section overleaf. Bank of Ireland Investment Markets retains control over its voting policy and has the final decision on all votes that it receives proxy notifications on.

## 6. Managing actual and potential conflicts of interest in relation to engagement

Bank of Ireland Investment Markets is aware that both business and personal conflicts can arise when evaluating current and potential investments in investee companies and EMFs. As a regulated entity, Bank of Ireland Investment Markets is required to identify, manage and disclose conflicts of interest that arise in the context of it providing services to its clients. Bank of Ireland has a Group Code of Conduct and associated Personal and Business Conflict of Interest Policy in place. The Code guides staff in what Bank of Investment Markets says and does in its relationships with its customers, suppliers, colleagues, shareholders, regulators and other stakeholders.

## 7. Cooperating with other shareholders and communicating with relevant stakeholders of investee companies and EMFs

Where required, Bank of Ireland Investment Markets prefers to express its own views individually to investee companies and EMFs. However, where appropriate and in the best interest of clients, Bank of Ireland Investment Markets may, at its discretion and having regard to the investment strategy, enter into dialogue and/or collaborate with shareholders and other stakeholders in investee companies and EMFs (e.g., employees, suppliers, customers, creditors, etc.). Any such collaboration will be carried out in accordance with applicable law and regulation and Bank of Ireland Investment Markets' conflicts of interest policy.

## 8. Consideration of Principal Adverse Impacts (PAIs)

In line with the Sustainable Finance Disclosure Regulations (SFDR), Bank of Ireland Investment Markets considers the principal adverse impacts of its investment decisions on sustainability factors.

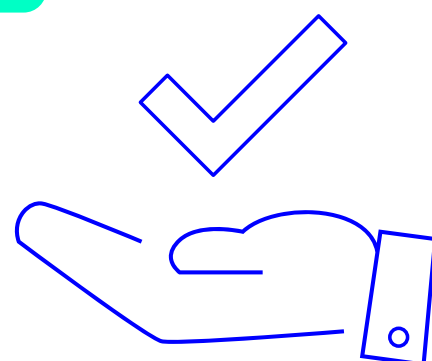
Bank of Ireland Investment Markets uses voting and engagement activities to address several principal adverse impact indicators (PAIs). These can include indicators with respect to climate and environmental-related indicators, such as greenhouse gas emissions, or indicators with respect to governance, such as board gender diversity. It is Bank of Ireland Investment Markets' policy to vote all proxies for the benefit of clients, and it has engaged ISS to assist it and to maintain a robust level of oversight. In addition, Bank of Ireland Investment Markets has incorporated the principal adverse impact indicators into its voting guidelines.

Bank of Ireland Investment Markets receives sustainability guidance and voting recommendations from ISS, which engages with companies when it is considered, by ISS, to be beneficial and to enhance the accuracy and quality of research and voting guidance ISS provide. It should be noted that Bank of Ireland Investment Markets' approach to voting is subject to the individually agreed investment guidelines, processes and procedures between it and each of the clients to whom it provides portfolio management services. When investing through EMFs, Bank of Ireland Investment Markets requests external fund managers to integrate shareholder engagement into their investment strategies. Every year, Bank of Ireland Investment Markets will conduct a review of whether there is a reduction of principal adverse impacts on sustainability factors as a result of its Engagement Policy. If there is insufficient progress being made, Bank of Ireland Investment Markets will consider adapting its Engagement Policy in terms of strategy and approach.

More information on how Bank of Ireland Investment Markets considers principal adverse impacts is available in the **Statement on principal adverse impacts of investment decisions on sustainability factors** available on the Bank of Ireland Sustainable Investing Hub:

Visit our [Sustainable Investing Hub](#) 

The Engagement Policy will be reviewed, at a minimum, on an annual basis.



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Bank of Ireland is a tied agent of New Ireland Assurance Company plc trading as Bank of Ireland Life for life assurance and pensions business. New Ireland Assurance Company plc trading as Bank of Ireland Life is regulated by the Central Bank of Ireland. Member of the Bank of Ireland Group.

