

CHAIR'S ANNUAL GOVERNANCE STATEMENT

Chair's Annual Governance Statement regarding the AIB Group UK Defined Contribution Scheme

This Statement has been prepared by the Trustee of the AIB Group UK Defined Contribution Scheme (the "Scheme") in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Regulations") and supporting guidance issued by The Pensions Regulator.

This Statement covers the year ending 31 December 2022 (the "Scheme Year").

As required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018, the Trustee will publish this Statement on a publicly accessible website. The addresses for the websites are as follows: <https://aibgb.co.uk/help-and-guidance/important-information> and [Important Information - AIB \(NI\) \(aibni.co.uk\)](https://aibni.co.uk)

The Scheme is used as a qualifying workplace pension scheme for auto-enrolment purposes.

The Scheme's Default Arrangement

The Trustee has made available a range of investment options for members, including Lifestyle and Individual fund options.

Members who join the Scheme and who do not choose an investment option are invested in the Drawdown Lifestyle fund (the "default arrangement").

When deciding on the Scheme's investment strategy, the Trustee recognises that most members do not make active investment decisions and instead invest in the default arrangement. After taking advice, the Trustee decided to make the default arrangement a lifestyle strategy. The aims and objectives of the default arrangement are as follows:

- Significant long-term growth whilst members are far from their target retirement date.
- Gradually reducing the risk taken in the investment strategy as members become close to their Normal Retirement Date (NRD) or their Target Retirement Date (TRD) which means that members' assets are automatically moved between different investment funds as they approach their target retirement date; and
- Having an asset allocation at the target retirement date that is consistent with how most members are expected to take their retirement savings.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP (dated 23 November 2022) covering the default arrangement is appended to this Statement at Appendix 1. The SIP was updated in November 2022 to reflect the Scheme's Environmental, Social and Governance ('ESG') considerations. The revised SIP reflects the requirements set out in legislation and the Trustee obtained and considered the advice of Aon who are approved to give investment advice.

Alternative Investment Options

Alongside the default arrangement, the Trustee has also made available two other lifestyles, targeting annuity purchase (the "Annuity Lifestyle fund") and cash withdrawal (the "Cash Lifestyle fund") and a variety of individual fund options.

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Review of the default arrangement

The default arrangement is reviewed every three years and was reviewed by the Trustee during the course of 2021. As part of this review, the strategy of the default arrangement was reviewed to check that it continues to be suitable and appropriate given the needs and demographic of the membership as well as the Trustee's own investment beliefs.

The Trustee took a number of factors into account when carrying out this review including:

- Analysis of the Scheme membership and any relevant industry data about member behaviour.
- Consideration of whether the underlying funds that make up the default lifestyle strategy remain appropriate.
- Whether the income replacement ratios at retirement, as previously assessed, are still achievable.

The Trustee also asked Aon, their investment consultant, to focus on three principal areas as follows:

- Objective setting and membership analysis.
- Review of the current lifestyle arrangements.
- Review of the self-select fund range.

The Trustee concluded at the Board meeting on 9 March 2022 that the asset allocation approach of the existing default arrangement remained appropriate but agreed that the fund had the potential to deliver better member outcomes by restructuring the component fund within the default strategy. Due to the prevailing economic uncertainty it was agreed that the proposed underlying funds' performance would be monitored for the next six months before a final decision on implementing the changes. Further market volatility caused by the Gilt Crisis in September 2022, resulted in monitoring of the current and proposed investment strategy continuing into 2023.

The Trustee agreed in February and March 2023 to investigate the following:

- Consider whether to reduce the allocation of the Diversified Growth Fund in the strategy and split the de-risking phase of the strategy to:
 - 25% of assets in Multi Asset Credit (MAC)
 - 25% of assets in Absolute Return Bonds (ARBs)
 - 50 % of assets kept in the Diversified Growth Fund.
 - A comparison of the holdings in the three Funds to ensure the asset allocation range for bonds is not breached.
- Progress the next steps of implementing the growth phase of the strategy including shortlist of Factor Funds for review.
- Review the position on de-risking to Gilts.

The review and implementation of any changes to the investment strategy is expected to be completed by Q3 2023.

The Trustee implemented a change to one of the underlying managers (Epoch to Morgan Stanley) of the Total Equity Fund which took place in March 2023. The Scheme also introduced a specialist ESG fund to the Self-Select range, the LGIM Future World Global Equity Index Fund. It was chosen for its wide range of ESG elements and reduction of carbon emissions.

In addition to the triennial strategy review, the Trustee, together with its professional advisers, monitors the investment options accessed through the Scheme, including the default arrangement, on a quarterly basis. This monitoring looks at both the performance of the funds to ensure that they remain consistent with the stated aims and objectives, as well as any developments or changes at the fund managers.

The Trustee is satisfied that, based on these reviews, the default arrangement performed in line with its stated aims and objectives during the Scheme Year.

The Trustee receives a detailed Quarterly report from their investment advisers Aon that provides analysis and commentary on all the fund choices offered to members. The default strategy consists of a range of investments in Passively Managed Funds and a Diversified Growth fund. Over the year to

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31 December 2022, some of the funds met expectations. However, the Gilt Crisis that occurred in September 2022 had a negative impact on market performance in the UK. The Scheme's funds have been recovering from the disruptions in markets throughout Q4 2022 and Q1 2023.

The Scheme's Core Financial Transactions

The Regulations require the Trustee to ensure that core financial transactions are processed promptly and accurately. Core financial transactions comprise:

- Investment of contributions to the Scheme.
- Transfers of members' assets into and out of the Scheme.
- Transfers of members' assets between different investments within the Scheme.
- Payments out of the Scheme in respect of members at retirement or on leaving

Service level agreement

The Trustee has outsourced the administration functions of the Scheme to Allied Irish Banks plc, who have appointed Aon, to administer the arrangement in accordance with the Scheme's Administration Guide. Service level agreements (SLAs) have been agreed as part of the contract between the Trustee, the Bank and Aon. The SLAs set out the agreed maximum timescales and accuracy standards for all services provided by Aon in respect of the Scheme. Aon undertakes to ensure that a minimum 95% of all calculations and payments performed by Aon, and 100% of all switches, investment and Life styling services provided by Aon, are completed within the defined SLAs.

Aon provides the Trustee with quarterly administration reports that document its performance against the SLAs. The Trustee considers these reports in detail as a regular item at its quarterly Trustee Board meetings.

Over the Scheme Year, Aon's performance against the agreed SLAs for the core financial transactions are set out in the table below:

Quarter 2022	Performance level
Q1	100%
Q2	100%
Q3	100%
Q4	99%

Aon internal controls

Aon has confirmed to the Trustee that it allocates the contributions paid by the Scheme's sponsoring employer, AIB Group (UK) plc (the "Bank") and the members, in respect of each member, to the respective investment funds, in accordance with robust internal processes and controls, to minimise the likelihood of errors and delays.

Aon has also confirmed to the Trustee that all contributions were paid on time and invested within the agreed SLA.

Aon has the following processes in place to ensure that the Scheme's core financial transactions are carried out promptly and accurately:

Aon receives (i) HR update reports (ii) Vendor reports (which outlines the total contribution broken down by business area) and (iii) Contribution breakdown reports from the Bank between the 27th and 28th of each month (2-3 working days after payday). The reports are used to confirm the following information:

- (i) The HR update report outlines the month's new entrants, leavers, and member data record updates.

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- (ii) The Vendor report confirms the contribution amounts from the different areas of the business.
- (iii) The Contribution report gives a breakdown of each active member's employee, employer, and additional voluntary contribution.

Aon carries out the following reconciliations and processes:

- 1) The administration system is updated with the HR report data so new entrants are uploaded and able to receive contributions.
- 2) The Trustee bank account is checked to ensure the correct contributions have been received into the account. This is also checked against the Contribution report & Vendor report to ensure all monies have been received.
- 3) A file is prepared and sent to the investment manager for investment.
- 4) Once the money has been invested in each member's pension account, Aon checks this against the member records to ensure the correct amount has been invested for each member.
- 5) A Life styling report is run and checked to ensure members are at the correct stage of their lifestyle journey.

Aon provides a Contributions Management summary in their Quarterly Stewardship reports with a breakdown of the amount received, date received, and date invested.

Administration is captured as part of the Scheme's risk register and any specific risks are clearly documented. This includes details of the controls established by the Trustee and records details of any required actions. The Risk register is reviewed regularly and updated annually with the next annual review due at the Q1 2024 Board meeting.

Monitoring of accuracy is undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership testing. Deloitte provided an unqualified audit report for the year ending December 2022 and no significant audit risks were identified.

Aon carried out tests on the Scheme's Common and Conditional data (which measures the reliability of scheme-specific data) during 2021 and 2022. The Scheme's Common Data score was confirmed to be 98.23% as at 11 August 2022 and 98% for the Conditional Data score as at 12 August 2021. The Trustee Board has scheduled the next Common and Conditional Data review for Q2/Q3 2024 in preparation for Pensions Dashboard.

Trustee audit

Since the Covid-19 pandemic, Aon's staff has worked remotely and therefore, the site visits undertaken by the Trustee and the Bank no longer take place. The Trustee Directors have been reassured by Aon that they have conducted over 200 audits remotely since the pandemic, plus the annual SOC1 audit. The Trustee Directors will continue to monitor this position and the Bank now issues additional questionnaires for further assurance.

The Bank, who are responsible for the administration services, hold monthly meetings with Aon and report any issues or concerns to the Trustees Directors. Three representatives from Aon attend the Trustee quarterly governance committee meetings and provide information to the committee on all aspects of their administration services.

Conclusion

There were no issues reported to or identified by the Trustee in connection to either the promptness or accuracy of core financial transactions processed during the period covered by this Statement.

No significant matters arose during the year that required further attention. Should any significant administrative concerns arise, the Trustee would work together with the Bank and representatives of Aon to ensure that the administration process is amended to minimise the likelihood of specific errors reoccurring.

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The Trustee is therefore satisfied that there have been no material administration errors in relation to processing core financial transactions and that all core financial transactions have been processed promptly and accurately and that there are no issues to report in this respect.

Member-borne charges and transaction costs

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided four illustrations of their cumulative effect on the value of typical members' savings over time.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members and are based on a number of assumptions about the future which are set out in the Appendix.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their Annual Benefit Statements.

In line with the aims of the regulations to use a 5-year averaging of costs for reporting, we have used the data for 2018, 2019, 2020, 2021 and 2022 Scheme years provided by LGIM (the Scheme's platform provider). Costs are therefore averaged across five years, with more detail provided in the next section, *Calculation of transaction costs*.

For completeness, and by reference to the amended regulations, we have included in Appendix 2 the annual management charges and transaction costs for each fund within default arrangement, and also for alternative fund options that members are able to select.

Calculation of transaction costs

The prescribed method of calculating transaction costs states that the value is arrived at by comparing the price at which the transaction was executed with the price when the order entered the market. When selling into a rising market or buying into a falling market, the calculation produces a credit that may result in negative overall transaction costs (when net off from explicit costs of the trade).

Negative transaction costs represent a gain for members and should therefore not be assumed to occur when assessing costs.

The fund level transaction costs are included in Appendix 2. Several of the Scheme's funds have produced negative transactions costs at points during the last five Scheme years. For the purposes of our calculations, we have assumed a minimum of zero on any particular fund in any Scheme year i.e., before averaging.

The requirement to provide details of transaction costs calculated in a standard way is a relatively recent one. It is therefore difficult to carry out a quantitative market comparison to provide comfort around the reasonableness of the costs disclosed by DC fund managers. That said, we view the transaction costs presented in the LGIM data as being broadly reasonable.

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Representative members

The Trustee is required to illustrate the cumulative effect of the costs and charges paid by a member on their retirement values (as a “pounds and pence figure”). The DWP guidance allows the Trustee to exercise some discretion with regards to the illustrative examples provided to show the effect of costs and charges over time.

Since 6 January 2021, fund charges have been met by members and these are included as a member borne cost alongside transaction costs in our illustrations.

We have used three example members for the DC arrangement:

- Example member 1: the youngest active member (age 20) with a retirement age of 65 and a starting fund value of £1,404
- Example member 2: a typical (average) active member (aged 44) with a retirement age of 65 and a fund value of £93,827
- Example member 3: a typical (average) deferred member (age 44) with a retirement age of 65 and a fund value of £46,993

We have taken consideration of the current age-related contribution matching structure (as set out in appendix 3) in our projections.

- Example member 1: Pays the lowest level of contributions until age 40, at which point they will pay the highest matching level up to retirement at age 65, based on a starting salary of £20,748
- Example member 2: Pays the highest level of matching contributions until retirement at age 65, based on a starting salary of £47,696
- Example member 3: no further contributions are paid.

Although not every member pays the highest possible matching level, the illustrations can be used as a reference point with regards to the costs and charges incurred on a member's total fund value.

Notes to the illustrations

Each illustration, 1, 2 and 3 is shown for a different type of member invested in varying investment options.

- The tables and charts below illustrate the projected fund values of the example members with and without member borne charges.
- For comparison purposes, we also show the projected retirement savings if the typical member were invested in the fund within the range offered by the Scheme which attracts the lowest charges – Index-Linked Fund, and the fund which attracts the highest charges – Diversified Growth Fund.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

An interpretation of the results would be as follows:

For the youngest member, who is 45 years from the assumed retirement age of 65, the potential impact on their retirement fund as a result of charges is an overall net reduction of £14,230, if they were invested in the default arrangement, the flexible lifestyle option.

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Example member 1: The illustration below show the estimated impact of charges on accumulated fund values for the youngest active member.

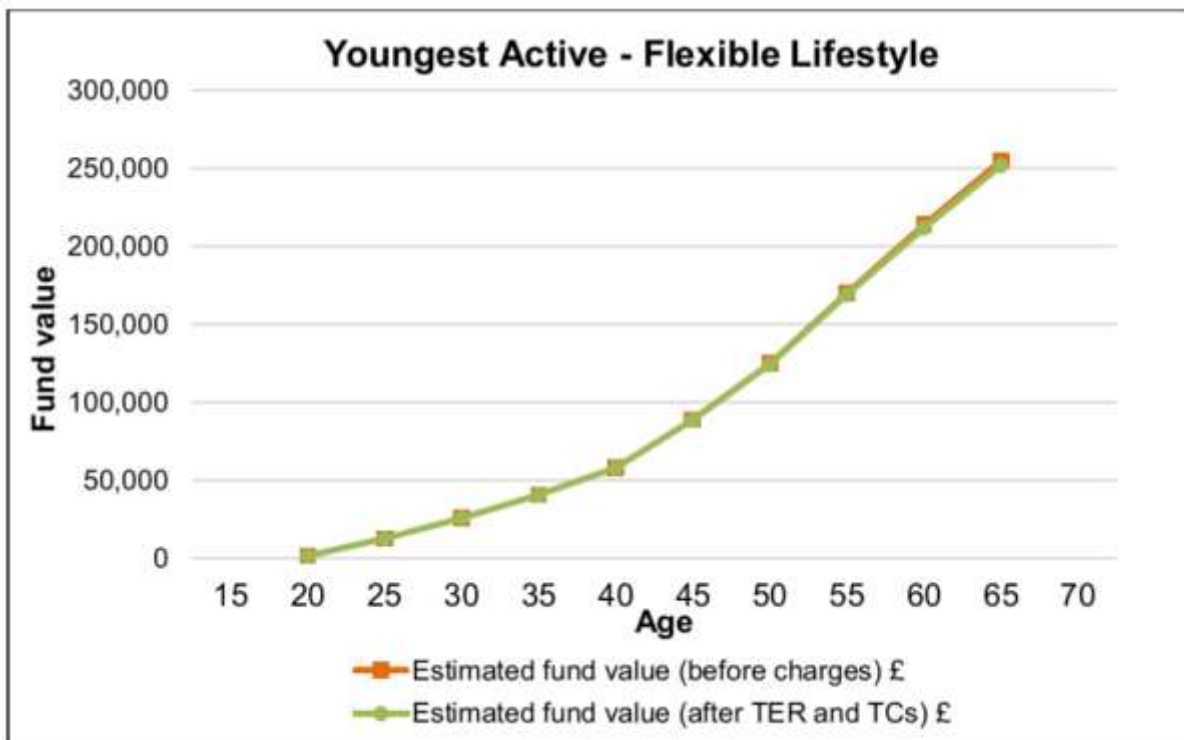
Index-Linked Fund			
Age	Estimated fund value before charges £	Estimated fund value (after charges) £	Effects of charges £
20	1,404	1,404	0
25	11,110	11,050	60
30	20,010	19,830	180
35	28,170	27,820	350
40	35,670	35,080	590
45	52,360	51,470	890
50	67,680	66,370	1,310
55	87,620	85,800	1,820
60	105,920	103,470	2,450
65	122,710	119,540	3,170

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
20	1,404	1,404	0
25	12,470	12,140	330
30	24,960	23,700	1,260
35	39,040	36,130	2,910
40	54,930	49,520	5,410
45	83,750	74,550	9,200
50	116,250	101,490	14,760
55	159,450	136,850	22,600
60	208,170	174,910	33,260
65	263,140	215,870	47,270

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
20	1,404	1,404	0
25	12,640	15,570	70
30	25,630	25,350	280
35	40,630	39,960	670
40	57,950	56,670	1,280
45	88,990	86,760	2,230
50	124,840	121,170	3,670
55	170,080	163,990	6,090
60	213,740	203,900	9,840
65	254,890	240,660	14,230

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The graph below shows the estimated impact of total charges on accumulated fund values for the youngest active member when invested in the Flexible Lifestyle (default arrangement).



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Example member 2: The illustrations below show the estimated impact of charges on accumulated fund values for the typical active member:

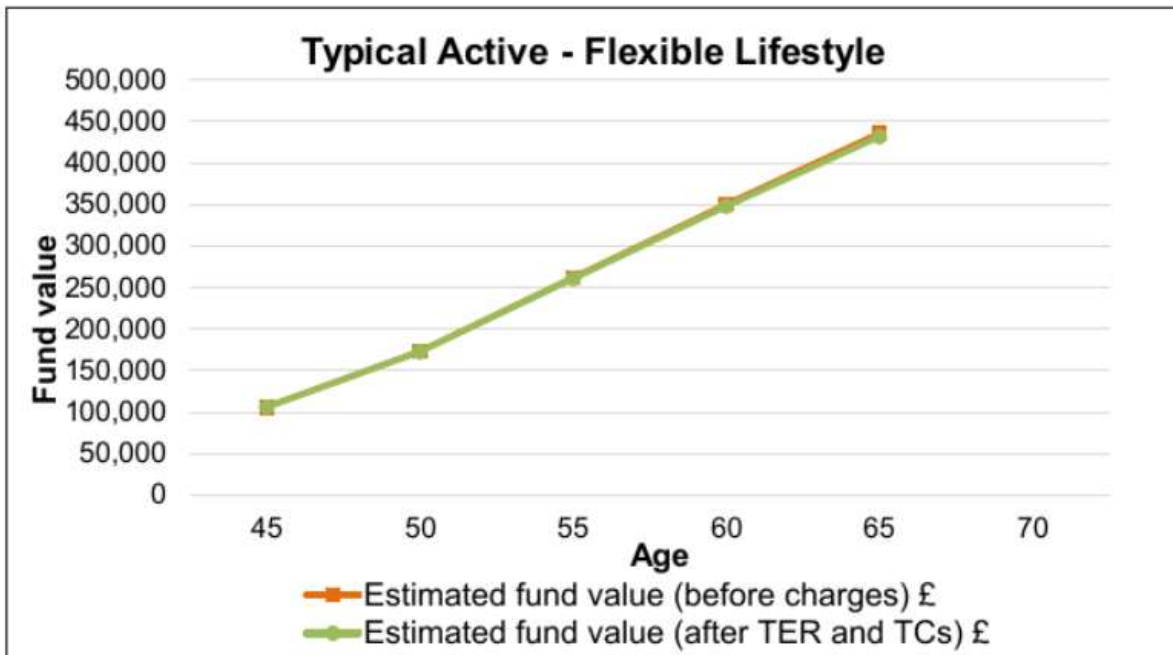
Index-Linked Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	101,570	101,400	170
50	138,330	137,190	1,140
55	185,590	183,240	2,350
60	228,960	225,120	3,840
65	268,760	263,230	5,530

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	105,650	104,710	940
50	169,250	161,560	7,690
55	256,000	237,400	18,600
60	353,870	319,010	34,860
65	464,260	406,840	57,420

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	106,130	105,930	200
50	173,280	171,590	1,690
55	261,850	257,040	4,810
60	350,180	339,750	10,430
65	435,720	418,230	17,490

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The graph below shows the estimated impact of total charges on accumulated fund values for the typical active member when invested in the Flexible Lifestyle (default arrangement).



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Example member 3: The table below shows the estimated impact of all charges on accumulated fund values for the typical deferred member:

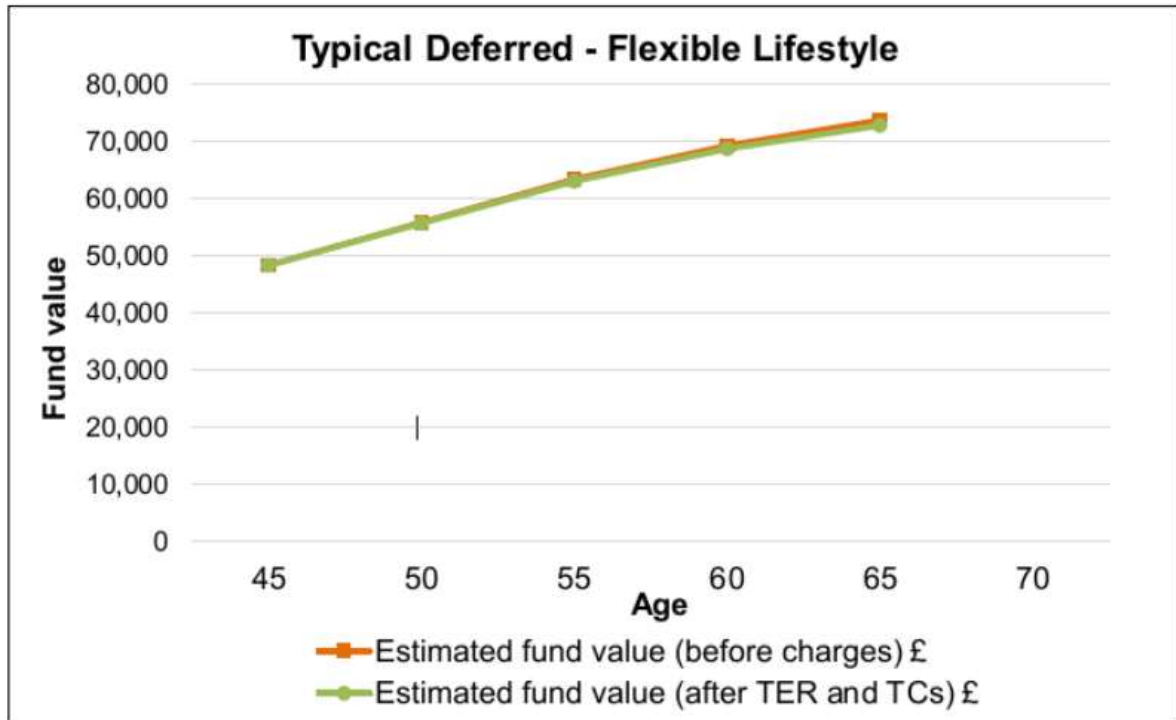
Index-Linked Fund			
Age	Estimated fund value before charges £	Estimated fund value (after charges) £	Effect of all charges £
45	46,190	46,110	80
50	42,380	41,950	430
55	38,880	38,160	720
60	35,680	34,710	970
65	32,730	31,580	1,150

Diversified Growth Fund			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of all charges £
45	48,140	47,690	450
50	54,300	51,320	2,980
55	61,260	55,220	6,040
60	69,100	59,430	9,670
65	77,950	63,950	14,000

Flexible Lifestyle (Default arrangement)			
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
45	48,370	48,270	100
50	55,870	55,220	650
55	63,450	61,920	1,530
60	69,370	66,580	2,790
65	73,820	69,700	4,120

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The graph below shows the estimated impact of total charges on accumulated fund values for the typical deferred member when invested in the Flexible Lifestyle (default arrangement).



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The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which members were invested in during the year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance and can be found in the table below.

It is important to note that past performance is not a guarantee of future performance.

Performance to 31 December 2022	Annualised net returns (% p.a.)		
	1 year	3 years	5 years
Fund name			
Default Fund Component			
AIB Passive Global Equity Fund	-11.9	6.8	7.3
AIB Diversified Growth Fund	-7.4	1.6	2.9
AIB Corporate Bond Fund	-17.8	-5.0	-1.6
AIB Index - Linked Bond Fund	-34.4	-8.7	-4.3
AIB Cash Fund	1.3	0.5	0.6
Non-Default Funds			
AIB Total Equity Fund	-14.9	7.5	7.8
AIB Passive UK Equity Fund	0.8	2.4	3.1
AIB Passively Managed Fund	-11.3	4.9	5.9
AIB Bond Fund	-29.4	-9.3	-3.9

Source: LGIM.

Value for Members

The Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members represent good value.

There is no legal definition of "good value" which means that determining this is subjective. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of benefits received has also been considered in its assessment.

However, the Trustee is committed to ensuring that members receive good value from the Scheme.

In terms of the benefits of membership, the Trustee has identified what they believe their members value most namely:

- The design on the default arrangement and Life styling options and range of investment options.
- Efficiency of the administrative processes.
- Quality of communications including regular Newsletters and Benefit Statements.
- Oversight and governance of the Trustee.

These benefits have been reviewed during the Scheme Year in view of any changes which have taken place since then and the following key points are noted:

- The sponsor (AIB Group (UK) Plc) continues to provide significant financial support to the scheme including covering the cost of all communications with members and the underlying administration costs, as well as the insurance premium for the death in service cover.
- The Trustee continued to follow a focused communication strategy during the Scheme year which included the issue of two Newsletters in April and December 2022.
- The member website 'Pension Line' was upgraded during 2022 to 'My AIB Pension' and went live on 27 October 2022. The upgraded site gave more functionality to members which enabled them

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to submit online Expression of Wish forms and projections of their pension pots by changing their Target Retirement Age and contribution rates.

- The production and implementation of the Scheme's application 'Pension Hub' was underway in 2022. A soft launch has taken place in April 2023 with a pilot group that has provided feedback on the product. A working group is working through amendments to Pension Hub, and it is expected to go live in July 2023. The application will enable members to access their pension and communications from the Trustee through their mobile phones. The app will also feature push notifications that would enable the Trustee to remind members to, for example, finalise selecting contributions, review and update their personal details and issue formal communications, such as the Annual Benefit Statement.
- Throughout 2022, the Trustee issued three stages of strike letters to enable the move to electronic communications for members which was completed in March 2023. Members were asked to provide a personal email address and confirm whether they wished to continue receiving paper communications. The reduction of paper communications will improve the Scheme's carbon footprint. Responses from the deferred membership of the Scheme is being reviewed to assess whether to continue with paper copies of communications.
- LifeSight was selected in 2021 to provide members with more flexibility in how they access their benefits. The service also includes guidance services, more fund choices and drawdown facilities, for members. LifeSight went live at the end of February 2022. The Scheme is implementing a new guidance service for members which is to be provided by Financial Services Hub and will be available in 2023.
- The Trustee opened two contribution 'windows' in July 2022 and December 2022 during which time Salary Sacrifice members could change their contribution levels. Members were encouraged to increase their contributions and to take advantage of the Bank's matching contributions. Payroll results for July 2022 and December 2022, showed that 19 and 114 members respectively, had increased their contributions during these windows. 78% of members are making contributions to the Scheme.
- The Trustee ran a Roadshow for members in December 2022 which resulted in 320 members attending the sessions. It had proven to be effective and generated plenty of questions from members. To be inclusive for branch members, who were unable to attend in December 2022, a follow up online session was run on 22 February 2023.
- Members do incur investment transaction charges, and the following section provides information about those charges and their impact on members' retirement funds. (See Appendix 2 - Charges).

The Trustee believes for the reasons set out above, that members of the Scheme are receiving good value for the charges and costs they incur.

Trustee Board composition

The Trustee Board currently consists of five Employee Nominated Directors and three Member Nominated Directors, one of which is a deferred member. The Trustee Board also has a Trustee Novitiate. The Bank will complete a selection process to appoint a new Employee Nominated Trustee Director. A quorum for a meeting of the Trustee is two thirds of the total number of Trustees and any decision of the Trustee shall require the assent of a majority of Trustee Directors.

The full Trustee Board meets at least four times each year and as part of its agenda reviews all aspects of the Scheme's operation including investment, member communications, administration, governance, and risk management. The Trustee Board also considers regulatory and legal updates applicable to the Scheme.

In addition, the Trustee has established three sub-committees (Investment, General Purposes and Communications). Each sub-committee has Trustee Director representation and has specific Terms of Reference, allowing them to focus on key aspects of the Scheme, manage and review their delegated risks on the Risk Register. All the sub-committees are supported by the appropriate Trustee advisers and meet at least four times each year. The Trustee's Governance structure is supported by a professional Trustee secretariat (Zedra Inside Pensions), who ensure that the Trustee remains focused on delivering long-term value to its members.

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Knowledge and expertise

The current Trustee Knowledge and Understanding (TKU) process is set out below.

On appointment, all Trustee Directors attend a training course provided by the Pensions and Lifetime Savings Association which provides them with the information they require to carry out their role. The two-part course covers the following topics:

- Trustee's duties, responsibilities, and powers.
- How Trustee's protect themselves against legal challenge.
- Types of advisers and advice.
- How workplace pensions are financed and how they value their assets and liabilities.
- Investment strategies.
- Accountability and communication.
- Good pension scheme governance.
- Decision making and discretions.
- Decisions about investments.
- Managing delegates and advisers.
- Trustee communications
- Internal Dispute Resolution Procedures (IDRPs) and the Pensions Ombudsman.
- Conflicts of interest.
- Maintaining a good relationship with the employer.
- Governance

All Trustee Directors are also required to complete The Pensions Regulator's trustee toolkit within six months of being appointed, so that they can demonstrate that they have acquired the necessary knowledge.

All the current Trustee Directors have completed this training, together with the additional module on Pension Scams which was introduced in 2020.

One of the Trustee Directors maintains an accreditation as a Professional Trustee from the Pensions Management Institute.

There is also an ongoing education programme for existing Trustee Directors. The Trustee Directors receive additional training at each meeting, usually relevant to issues on the agenda. Details of the training sessions which took place at the Board meetings during the year are shown as follows:

- 9 March 2022 – Stewardship/voting responsibilities training
- 29 September 2022 – Pensions Dashboard training

The Trustee Directors are also made aware of and encouraged to attend external training courses throughout the year and during 2022 were encouraged to attend on-line events.

The Trustee also has processes in place to identify any knowledge gaps in the Trustee Board. Firstly, the Trustee keeps a training log and attendance log which are reviewed at each Board meeting and used to identify any knowledge gaps. The Trustee also carries out a biennial Trustee effectiveness review. The last one was carried out in January 2023 and was in the form of a questionnaire in which Trustee Directors were asked to evaluate the effectiveness of the Board, its committees, and their own understanding of their role. The Trustee Directors indicate their agreement, across eight sections, with a series of statements with a scale of 1 – 5 (where 1 is strongly agree and 5 is strongly disagree). The Trustee Directors are also invited to record additional comments in each section.

- Results were presented at the Board meeting which was held on 15 March 2023 and a number of actions were agreed which included the following:

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- The Pension Manager would explore whether the Board could use the Bank's group license for Diligent Boards for future meeting papers.
- The General Purposes Sub Committee would track and prompt training to the Board.
- The Board would hold a strategy day, in May 2023, to consider DC Consolidation.
- A training day would be added to the Scheme's Business Plan as an annual item. A training day is to be scheduled in Autumn 2023 if the DC Consolidation project does not go ahead.

The next Trustee effectiveness review is due to take place in December 2024.

Access to professional advice

The Trustee has appointed recognised and suitably qualified legal advisers, investment consultants and DC consultants who provide advice on the operation of the Scheme in accordance with the Scheme's Trust Deed and Rules and in compliance with the legislation. The appointment of the Trustee's advisers is reviewed on a three-year rolling basis.

The Trustee consults with its professional advisers as and when required for example on relevant changes to pensions legislation.

The Trustee Directors are conversant with the Trust Deed and Rules as well as other Scheme documentation, both through their overall experience in managing the Scheme as well as its review of such documentation over the Scheme Year.

Assessment

The Trustee considers that the combined knowledge of the Trustee Board, skills and understanding with the advice which is available to the Trustee from its professional advisers enables the Trustee to exercise properly its functions as Trustee of the Scheme in the following ways:

- The Trustee's advisers are present at the committee and Board meetings as appropriate, to provide advice when needed.
- The Trustee's TKU process helps to ensure good decision making in line with the Scheme Rules.
- The Trustee's TKU process helps to ensure that an effective day to day administration of the Scheme is maintained.
- The Trustee's TKU process helps to ensure that the Trustee offers an appropriate investment choice to members and that this is always maintained.
- The Trustee's TKU process helps to ensure that the Trustee Directors keep up to date with new pensions legislation and take appropriate action to incorporate changes into their procedures where appropriate.

Further information is available on request. If you do have any questions, please contact Aon, the Scheme administrator in the usual way.

Tom Hall
Chair of Trustee Board
AIB Group UK Defined Contribution Scheme