



Compliance with the European Shareholder Rights Directive II (SRD II)

Annual Client Disclosure December 2021

Helping people build
better futures

Annual Client Disclosure

The amended European Shareholder Rights Directive II (SRD II), which came into force in Ireland on 30 March 2020, aims to encourage long-term shareholder engagement. It also includes transparency obligations for European institutional investors – i.e. pension funds and insurers – as well as European asset managers (e.g. Irish Life Investment Managers), to the extent that investments in EU equity instruments are made.

Irish Life Investment Managers (ILIM) provides the following disclosures to help institutional investors evaluate how, as an asset manager for your portfolio (or unit-linked funds or collective investment funds), we act in your best interests.

How is ILIM's strategy and its implementation aligned with the agreements entered into by institutional investors? How does it contribute to the medium- to longer-term performance of the assets in which institutional investors are invested (directly or indirectly)?

Our responsibility is to deliver investment solutions that meet our clients' goals in terms of longer-term returns and risk, while promoting sustainability across the financial markets and global economy.

For investors in unit-linked or UCITS funds, ILIM makes available fund prospectuses, KIIDS, annual reports and/or fund factsheets through its website. For each segregated client, we enter into bespoke arrangements which are documented in the investment objectives and guidelines set out in the Investment Management Agreements. The periodic reporting we provide in the form of fund factsheets, investment reports, KIIDS or annual reports (as appropriate) describes and shows performance against these objectives.

Where mandated, ILIM adopts an active ownership approach across its equity holdings, with the objective of maximising the medium- to long-term value for our clients. We use our ownership rights to exercise voting rights and to constructively engage with investee companies. We encourage better standards and management processes covering financially material environmental, social and governance (ESG) risks.

ILIM is remunerated for providing investment management services based on the market value of a client's account at specified month/quarter ends. We do not charge performance-related investment management fees. We are, therefore, incentivised to maximise the value of assets under management, which supports the alignment of interests with our institutional clients.

In general, our arrangements with clients do not have a defined duration, and so we are incentivised to maintain our client relationships over the longer term. We do so by delivering investment solutions that meet our clients' return-and-risk needs and are aligned with their objectives, whether they be longer term or shorter term in nature.

What are the material medium- to long-term risks associated with investments and how is the medium- to long-term performance of investee companies evaluated, including non-financial performance?

Throughout the investment process, a wide range of risks are considered by ILIM. While the risks identified may not be exhaustive, fund marketing and offering documentation details relevant material risks.

We believe that consideration of ESG factors is an integral part of the risk-management process and that systematically considering ESG issues will lead to more informed investment decisions.

The approach taken will differ depending on the nature of the asset class, investment style and fund strategy, all of which will influence the manner and materiality of the integration of ESG factors into the investment decision-making process.

For further information on our approach to Responsible Investment, please refer to: <https://www.ilim.com/responsible-investing>

Indexed Equity Strategies

For these funds, the security selection of the fund is determined by the underlying index. ILIM aims, in so far as is possible, for full replication of the underlying constituents of the index in the fund in line with our approach to indexation. For these funds, the individual companies are selected based on the methodology of the index provider. Specific index details are available in the fund marketing and disclosures in addition to fund factsheets. ILIM provides clients with a range of sustainable indexed equity solutions and is committed to expanding the universe of sustainable indices available, to ensure we continue to meet the needs and preferences of our clients.

ILIM adopts an active ownership approach across its equity holdings, which aims to maximise the medium to long term value for our clients. We use our ownership rights to exercise voting rights and to constructively engage with investee companies, encouraging better standards and management processes covering financially material ESG risks.

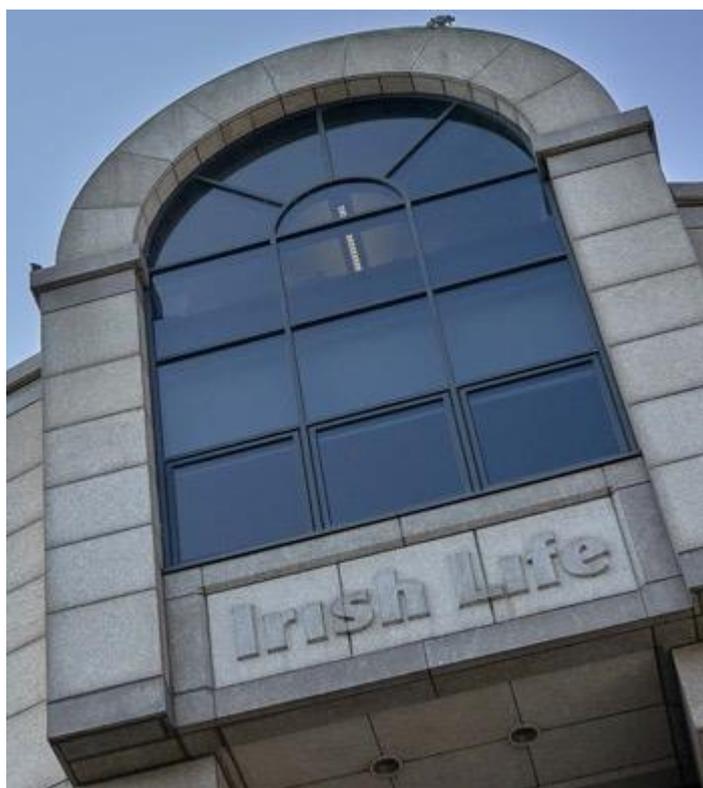
For more information about our Voting and Engagement policy, please refer to: <https://www.ilim.com/responsible-investing>

Active Equity Strategies

At ILIM, ESG integration is a core part of the investment process for our active equity strategies. We believe that consideration of ESG factors is an integral part of the risk-management process and that systematically considering ESG issues will lead to more informed investment decisions.

Our approach to responsible investing is holistic, encapsulating exclusions, integration and active ownership, all of which work together to enable us to deliver longer-term sustainable returns to our customers and clients.

Further details are available in the fund prospectuses, annual reports and/or fund factsheets on our website.



Portfolio composition, turnover and turnover costs

Information of Portfolio Turnover and Turnover costs are not currently disclosed. We are enhancing our fund disclosures and will be making this information available once developed.

Shareholder voting and engagement

We are committed to responsible investment and have a longstanding focus on active ownership, including shareholder engagement. Where mandated, we exercise voting rights and constructively engage with investee companies.

We believe that active ownership has a key role to play in supporting and encouraging changes in corporate behaviours, which can contribute to more sustainable returns serving the long-term interests of our clients. We strive to be responsible owners of the companies in which we invest and aim to drive positive change in these companies. This is done via informed shareholder voting on ESG matters, constructive engagement, and advocacy of the importance of ESG factors in industry and regulatory forums.

ILIM uses a proxy voting platform and proxy voting recommendations. ILIM has developed and adopted Global Proxy Voting Guidelines detailing the company's considerations and expectations in relation to ESG matters and related voting decisions. ILIM has appointed ISS – an expert in proxy voting – to provide advisory and proxy voting services. These services include voting recommendations, vote execution and reporting. This appointment is reviewed regularly.

It is important to note that ILIM reserves the right, at all times, to vote on any matter, even if this is contrary to the recommendations of ISS. ILIM generally votes in line with ISS' policy recommendations given that ISS' SRI and Climate Proxy Voting Guidelines present progressive voting positions on a range of ESG issues. There are areas where ILIM has bespoke considerations or expectations which are different from the standard recommendations of ISS' SRI and Climate Proxy Voting Guidelines, including those in relation to board accountability for climate change and board diversity.

ILIM has appointed Vigeo Eiris – an expert in ESG research and engagement activities – to provide advisory and engagement research services. This supports ILIM's internal resources to help identify ESG risks and support direct engagement activity with investee companies.

Given the materiality of holdings in underlying companies ILIM believes that, in some instances, acting collectively with other like-minded investors and industry bodies is the most appropriate means of having a meaningful impact. On a collaborative basis, ILIM is a signatory to the Principles for Responsible Investment (PRI), The Institutional Investors Group on Climate Change (IIGCC), the Climate Action 100+ (CA100+), de CDP Non-Disclosure Campaign (CDP NDC) and the Sustainalytics engagement services.

For more information about our Voting and Engagement policy, please see our website. ILIM reports annually on its Voting and Engagement activity through its Annual Responsible Investment Review, which is available here: <https://www.ilim.com/responsible-investing>

For more information on the votes cast, please refer to <https://www.ilim.com/responsible-investing>

ILIM manages securities lending programmes on behalf of asset owners and has procedures in place to ensure compliance with the securities lending policies of these asset owners.

Conflicts of interest

ILIM is required to take all appropriate steps to identify, manage and prevent potential or actual conflicts of interest that arise while providing its services. In all instances of actual or potential conflicts of interest, ILIM will abide by the principles of treating its clients fairly and dealing honestly and professionally with all its stakeholders.

ILIM maintains effective organisational and administrative arrangements to ensure that potential conflicts of interest that may arise are identified, assessed and managed in a timely manner.

No known conflicts of interest have arisen during the period.

This material is intended for the use of institutional and other professional investors.

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Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risk, legal, regulatory, credit, accounting and tax implications.

Past performance, forecasts and simulated performance may not be a reliable guide to future performance. Investments may fall as well as rise.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.