



# ALLIED IRISH BANKS P.L.C. – AIB PRIVATE BANKING WEALTH SOLUTIONS

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

## PRINCIPAL ADVERSE IMPACT STATEMENT

This statement is provided in accordance with Article 4 of the European Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”), which requires AIB Private Banking Wealth Solutions (“**Wealth Solutions**”) to publish a statement to clients on the consideration of principal adverse impacts of investment decisions on sustainability factors in our due diligence policies. In this document when we say ‘we’ or ‘our’, we are referring to Wealth Solutions.

Wealth Solutions is currently evaluating its approach to principal adverse impacts as a result of the Final Report on the draft Regulatory Technical Standards published in respect of SFDR, prior to the implementation date, expected to be from 1st January 2022. We will update this document from time to time.

## OVERVIEW

Wealth Solutions provides portfolio management and investment advice in relation to third party pooled funds (UCITS) only. As a result, Wealth Solutions’ approach to sustainability risks and sustainability factors is largely driven by the practices adopted by the third party funds (each, a “**Fund**”) and the managers managing such Funds (each, a “**Manager**”) which we choose following a robust selection process.

Wealth Solutions provide both mainstream portfolios and portfolios that take Environmental, Social and Governance (“ESG”) characteristics into consideration. Whilst the underlying Funds selected for both may themselves integrate ESG into their decision-making processes, Wealth Solutions have not undertaken an ESG assessment of the underlying Funds, the instruments to which such Funds take exposure or the Managers managing such Funds within the mainstream portfolios. Wealth Solutions continues to develop further processes and procedures internally to better enable it to undertake ESG assessments of new and existing Funds, all of which are expected to be in place by 31st December 2021.

### 1. How we identify and prioritise principal adverse impacts on sustainability factors

Sustainability factors are defined in SFDR as environmental, social, governance and employee matters, as well as respect for human rights, anti-corruption and anti-bribery matters. Wealth Solutions has adopted a high level, principles based approach to broadly identifying and monitoring principal adverse impacts of investment decisions and investment advice on sustainability factors.

Wealth Solutions considers an adverse impact on sustainability factors to be principal where it has a material, negative impact on efforts to accelerate transition to a low carbon economy and/or to advance inclusive growth. Wealth Solutions also considers an adverse impact to be principal where available data and client communications demonstrate that it is of material concern to a significant majority of Wealth Solutions’ clients.

Wealth Solutions approach for understanding and monitoring principal adverse impacts in its investment advice and portfolio management services draws on ESG content it receives from its selected third party Managers and other external sources, as well as clients’ ESG preferences, including in relation to principal adverse impacts. As noted at paragraph 3 below, due to the nature of its business offering, Wealth Solutions does not directly undertake traditional shareholder engagement activities but instead leverages the capabilities of its selected third party Managers.

Wealth Solutions continues to progress further internal processes and procedures to better enable it to consider principal adverse impacts in its investment decision-making and investment advice in an appropriate manner.



## **2. Descriptions of principal adverse sustainability impacts and actions taken / planned**

The principal adverse impacts that Wealth Solutions most commonly encounters include climate and other environment-related matters, board composition and diversity concerns, social risks, corporate strategy concerns and insufficient disclosure.

Where Wealth Solutions delegates the management of client portfolios to new third party Managers, then as part of Wealth Solutions initial due diligence and ongoing oversight and evaluation, Wealth Solutions will consider how these Managers evaluate and manage the principal adverse impacts of their investment activities on sustainability factors, their performance history on stewardship and their adherence to responsible business codes and internationally recognised standards. Further, Wealth Solutions will consider the portfolio construction implications, specifically sector and style biases that may result from the integration of ESG considerations, including where such implications could constitute a principal adverse impact for portfolios.

## **3. Summary of shareholder engagement approach**

While Wealth Solutions does not directly undertake traditional shareholder engagement activities due to the nature of its business offering, Wealth Solutions does fully support the principle of collaborative engagement.

## **4. Adherence to responsible business codes and internationally recognised standards**

As a wealth manager, Wealth Solutions is not a signatory to the UN Principles of Responsible Investment. However, Wealth Solutions respects and supports the principles of responsible business investing and seeks to integrate certain of the Principles and Guidelines into its investment decisions and advice.

As noted above, where Wealth Solutions delegates the management of some aspects of client portfolios to external third party Managers, Wealth Solutions has regard to these Managers' annual UN Principles for Responsible Investment Assessment Reports, record of adhering to responsible business codes and international standards in its Manager selection framework.

Wealth Solutions also leverages the wider firm's participation in a number of sustainability-related ESG bodies and groups including, but not limited to, the UNEP FI Principles for Responsible Banking, the Task Force on Climate-related Financial Disclosures (TCFD), the Center for Climate-Aligned Finance, WEF's Measuring Stakeholder Capitalism, UN Global Compact, Low Carbon Pledge (Business in the Community Ireland), Elevate Inclusion Pledge (Business in the Community Ireland) and Valuable 500. AIB p.l.c. is also assessed annually for ESG ratings by Sustainalytics, MSCI and S&P Global Corporate Sustainability Assessment (formerly SAM). This allows Wealth Solutions to expand its understanding of the sustainable finance landscape, inform clients and enhance the ongoing development of Wealth Solutions ESG offering.