

# **Adobe Systems Software Ireland Limited Pension Scheme (“the Scheme”)**

## **Statement of Investment Policy Principles**

### **Introduction**

The purpose of this Statement of Investment Policy Principles is to document the policies and guidelines that govern the management of the Scheme’s assets. It has been reviewed and adopted by the Trustees and outlines their objectives, how they measure risk, their processes for managing risk and their current investment policy.

The Statement takes into account the Pensions Authority Code of Practice for Trustees<sup>1</sup> and the IAPF Guidelines for Trustees<sup>2</sup>.

The Trustees fulfil the requirements of the Occupational Pension Schemes (Investment) Regulations 2006 (as amended) which stipulate that such a Statement is put in place.

This Statement will be reviewed at least every three years, and also following any change in investment policy which affects the content of the Statement.

### **Investment Objectives**

The investment objectives of the Trustees are:

- To provide a range of efficiently managed and appropriately priced investment options that meets the broad needs of the members of the Scheme;
- To provide appropriate information about those investment options so that members can make an informed choice.

Given these objectives, the Trustees have selected the Mercer Aspire framework for the Scheme. Mercer Aspire is provided by Mercer and Zurich Life Assurance plc. The Mercer Aspire framework was adopted in order to maximise efficiencies and provide access to well diversified funds managed by highly rated managers as well as high quality member communications. As part of this Mercer Global Investments Europe Limited (“MGIE”) manages the investment options against agreed investment guidelines. MGIE does not select individual stocks but, using Mercer’s global manager research capabilities is responsible for selecting, blending and monitoring specialist investment managers on the Trustee’s behalf in each area.

Notwithstanding the above, members must understand that the Trustees do not accept responsibility for the consequences of members investment decisions. Members have responsibility to read and understand the documentation available to them so that the choices made by them adequately reflect their objectives and their own attitude to risk.

### **Risk Measurement Methods**

Given the defined contribution nature of the Scheme, the Trustees will determine the range of investment options to be offered to members, taking into account the circumstances of broad categories of members within the Scheme. Individual investment options are chosen to address the key investment risks faced by members, as identified by the Trustees.

The main risks considered by the Trustees are categorised as investment risks and member decision-making risks. Details of both are provided below (although this is not an exhaustive list of all risks):

#### **Investment Risks**

- That longer term investment returns do not keep up with inflation (inflation risk);
- That sufficient investment return in excess of inflation is not achieved over the long term;
- That the value of a member’s account moves significantly out of line with movements in annuity prices so that the member cannot afford to buy the same level of retirement income as previously (annuity risk);

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<sup>1</sup> [Code of Practice for trustees - pensionsauthority](https://www.pensionsauthority.ie/en/Code-of-Practice-for-trustees-pensionsauthority)

<sup>2</sup> <http://www.iapf.ie/publications/trusteesupport/default.aspx?iid=656>

- That members' accounts drop sharply in value because of investment market volatility (volatility risk).

The range of investment options chosen by the Trustees has been selected to help members address the above risks (should members wish to do so). The table in the Current Investment Policy section below identifies the risk which each investment option aims to address. In monitoring the overall investment arrangements, the Trustees consider whether each investment option continues to address the risk it was chosen to address.

#### **Member Decision-making Risks**

- That the member is overwhelmed by the number or complexity of investment choices (complexity risk);
- That the member does not get enough clear information to make an informed choice (inadequate information risk).

To address the above risks, the name of each investment option has been specifically selected to clearly describe its objective. In addition and in order to reflect members' decision making preferences, three broad categories of member have been identified as follows:

- **Do It For Me members:** Members who are uncomfortable with investment decision making or who wish to make one investment decision with a long life.
- **Help Me Do It members:** Members who wish to make an investment decision and who will review their decision every few years, but who would like some assistance to do that.
- **Leave Me To It members:** Members who are very comfortable with investment decision making and who are likely to review their investment selection on a regular basis.

The investment options selected by the Trustees have been selected to cater for members in each of these three categories. The table in the Current Investment Policy section is divided between these three member decision making zones.

#### **Risk Management Processes**

The Trustees will ensure that within the investment options that are available to each member:

- The risks outlined in the previous section can (if the member so chooses) be kept to a level that is appropriate for that individual member;
- Investments are, for the most part, limited to marketable securities that are traded on recognised/regulated markets;
- Investment in derivative instruments is made only in so far as it either contributes to a reduction of investment risks or facilitates efficient portfolio management. Any such derivative investment must avoid excessive risk exposure to a single counterparty and to other derivative operations; and
- The investment options are properly diversified in such a way as to avoid accumulations of risk. Investments in assets issued by the same issuer or by issuers belonging to the same group should not expose the member to excessive risk concentration.

Furthermore, the Trustees recognise the importance of providing appropriate information to members on the range of investment options offered to them, so that each member is in a position to make an informed decision on their choice of investment option(s). For members who do not wish to make an investment choice, the Trustees have carefully considered the appropriate default, as described below, under the Default Options section.

#### **ESG, Stewardship, and Climate Change**

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have delegated day to day management of the assets to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. These

investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with Mercer's Sustainable Investment Policy and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Mercer has committed to clearly communicate their stewardship expectations to appointed managers, actively monitor manager stewardship (voting and engagement) activities, engage to improve manager practices over time and provide transparency on the sustainable investment policy's implementation with investors.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's investment processes and those of the underlying managers in the monitoring process. Mercer is expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon footprinting for equities.

### **European Union Shareholders' Rights Regulation 2020**

With respect to the European Union Shareholders' Rights Regulation 2020, the Trustees do not have a standalone engagement policy as the Scheme invests in pooled funds and therefore has no direct engagement with the underlying entities held. The Trustees have engaged with Mercer Global Investments Europe Limited (MGIE) and they have provided a copy of their Engagement Policy and confirmed that they are in compliance with the Regulation. An annual report is published by MGIE outlining how the Engagement Policy is implemented, and includes a general description of voting behaviour, a summary of significant votes taken and information on the use of the services of proxy advisors. Where external managers are employed, they have also provided a copy of their engagement policy and confirmed that they are in compliance with the regulation. The Scheme provides a range of investment options, including equity funds and multi-asset portfolios which include equity investment. The investment horizon of equity investment is medium to long term in nature, and the Trustees expect the managers to use their engagement activity to drive improved performance over those periods. The Trustees also expect investment manager appointments to be long-term in nature, and assess performance over longer-term periods.

### **Sustainable Finance Disclosure Regulations**

The Trustee acknowledges that under Article 4 of the Disclosure Regulations there is a requirement to publish and maintain on a website whether principal adverse impacts of investment decisions on sustainability factors are considered. The Trustee is aware Level II regulations came into force in January 2023 but awaits further guidance from the Pensions Authority as to the practical application for occupational pension schemes.

This policy may be made publicly available in the future but is currently included within the SIPP as this is available to members each year through the Trustee Annual Report.

### **Current Investment Policy**

As outlined above, the Trustees selected the Mercer Aspire framework for the Scheme. The investment options selected by the Trustees are outlined below. The performance objectives of the selected investment options are also provided below.

Under the Aspire framework, MGIE manages the investment options against agreed investment guidelines. MGIE does not select individual stocks but, using Mercer's global manager research capabilities is responsible for selecting, blending, monitoring and replacing specialist investment managers on the Trustees' behalf in each area.

### **Do It For Me members**

Lifestyle strategies have been selected for Scheme members. A lifestyle strategy is designed to address the most important investment risks for members over time. Specifically, a lifestyle strategy aims to manage the risk of achieving insufficient growth over earlier time periods, while automatically reducing investment risk as a member approaches normal retirement. This is achieved by investing in long-term growth orientated assets (Aspire Moderate Growth Portfolio) when far from retirement and automatically moving to more conservative assets (such as cash) in the approach to retirement, as the member reaches Normal Retirement Age.

Scheme members can choose to invest in one of the three lifestyle strategies shown below. If a member chooses one of these lifestyle strategies, then 100% of their Retirement Account must be invested in their chosen strategy. The growth portfolio for all three strategies shown below is the Aspire Moderate Growth

Portfolio. For each of these lifestyle strategies, a member's Retirement Account is gradually moved to lower risk portfolios over the last c. eight years before normal retirement.

1. **Aspire Retirement Strategy (Annuity)** – designed for members intending to take a mix of cash and annuity at retirement and which targets 50% core long-dated Eurozone government bonds and 50% cash by normal retirement date.

2. **Aspire Retirement Strategy (ARF)** – designed for members intending to continue investing using an ARF post retirement and which targets 75% cautious growth assets and 25% cash by normal retirement date.

3. **Aspire Retirement Strategy (Cash)** – designed for members intending to take their retirement account as a cash lump sum at retirement and which targets 100% cash by normal retirement date.

### Default Option - Aspire Retirement Strategy (ARF)

The Trustees have identified the Aspire Retirement Strategy (ARF) as the default option to apply for new members joining the Scheme who do not explicitly select an investment option for the investment of their contributions.

### Help Me Do It members

Asset Class	Portfolio name	Type of Management <sup>1</sup>	Benchmark/Long Term Target <sup>2</sup>	Objective
Portfolios aiming to provide long term growth				
Diversified Growth	Aspire High Growth Portfolio	Active & passive	Cash plus 4.5 - 5.5% p.a.	Meet long term return target with target volatility of less than 25%
Diversified Growth	Aspire Moderate Growth Portfolio	Active & passive	Cash plus 3.5 - 4.5% p.a.	Meet long term return target with target volatility of less than 15%
Diversified Growth	Aspire Cautious Growth Portfolio	Active & passive	Cash plus 2 – 3% p.a.	Meet long term return target with target volatility of less than 10%
Diversified Growth	Aspire Low Growth Portfolio	Active & passive	Cash plus 1 - 2% p.a.	Meet long term return target with target volatility of less than 5%
Portfolio aiming to address volatility risk				
Diversified Assets	Aspire Stability Portfolio	Active & passive	Cash plus 0 - 1% p.a.	Meet long term return target with target volatility of less than 2%
Cash	Aspire Cash Portfolio	Active	FTSE 1 Month Euro Deposit <sup>3</sup>	Meet benchmark with target volatility of less than 0.5%

1. For all investment options within the Aspire Framework, a range of highly rated specialist manager(s) is selected by MGIE.

2. All benchmarks / long term targets are measured gross of fees, unless otherwise stated.

3. Benchmark was 50% 1 Month Euro LIBID / 50% 1 Month Euro LIBOR until 1 March 2020.

### Leave Me To It members

In addition to the portfolios under the Help Me Do It category above, the following funds are available to members in this category.

Asset Class	Portfolio name	Type of Management <sup>1</sup>	Benchmark/Long Term Target <sup>2</sup>	Objective
Asset Class	Portfolio name	Type of Management <sup>1</sup>	Benchmark/Long Term Target <sup>2</sup>	Objective
Fund aiming to address annuity risk				
Bonds	Annuity Matching Fund	Passive	20% Bloomberg Barclays Euro Aggregate Corporate Index / 80% Nominal Long Bond Benchmark	Track Benchmark
Funds aiming to provide long term growth				
Equity	Passive Global Equity Hedged	Passive	MSCI World ex Selected Securities Hedged (NDR) Index	Perform in line with benchmark
Equity	Passive Sustainable Equity	Passive	60% Solactive Sustainable Global Developed Equity EU Paris-Aligned Index Unhedged / 40% Solactive Sustainable Global Developed Equity EU Paris-Aligned Index Hedged	Perform in line with benchmark
Equity	Passive Emerging Markets Equity	Passive	MSCI Emerging Markets ex Selected Securities (NDR) Index	Perform in line with the benchmark
Bonds	Euro Bond	Passive	BofAML Euro Broad Market Index	Perform in line with benchmark

1. For all investment options within the Aspire Framework, a range of highly rated specialist manager(s) is selected by MGIE.
2. All benchmarks / long term targets are measured gross of fees, unless otherwise stated.

## Communication

Information is available to members in a number of ways:

- Member booklet
- Fund factsheets
- Mercer JustASK Helpline +353 1 411 8505 ( <https://www.justaskmercer.com> )
- Presentations to members on investments
- Online account access on [www.merceroneview.ie](http://www.merceroneview.ie)
- Online pension calculator
- Retirement planning seminar
- Pre-retirement newsletters
- One-to-one guidance at point of retirement

Regular opportunities to switch between investment options are also offered.

**Effective Date of this Statement: February 2025**