

# Adobe Systems Software Ireland Limited Pension Scheme (the "Scheme")

## Remuneration & Expenses Policy

<i>Date of adoption by the Trustees</i>	<b>23 December 2021</b>
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<i>Current document version</i>	v1
<i>Responsibility</i>	Trustees
<i>Status</i>	Required under legislation

### 1 Purpose of Policy

1.1 The purpose of this policy (the "Policy") is to:

- (a) set out the general guidance that will apply to; and
- (b) provide due transparency for members and beneficiaries in relation to

the basis on which certain parties providing services to the Scheme in an official capacity or other personnel employed by the Trustees to carry out professional activities are or may be remunerated and/or entitled to claim expenses.

1.2 This Policy shall apply to:

- (a) The Trustees;
- (b) Key Function Holders (as defined in regulation);
- (c) Providers to whom a Key Function or other activity has been outsourced (in accordance with the Scheme's Outsourcing Policy); or
- (d) any person employed by the Trustees to carry out professional activities.

1.3 The objective of the Policy is to ensure that the Scheme's current practices in relation to the payment of remuneration and expenses out of the assets of the Scheme do not create conflicts of interest, and in particular do not encourage or promote excessive risk-taking by any persons responsible for the management of the Scheme or who provide outsourced services to the Scheme.

1.4 This Policy is not, nor is it intended to be, a legal document with legally binding terms and conditions. While the Trustees' objective is to adhere to its principles, they recognise that

circumstances may arise that may require them to apply some or all of its terms in such other manner as they see fit. Therefore, the Trustees may at any time, and subject to due regard to any legal, regulatory or other requirements or guidance that may arise from time to time, amend the Policy as they see fit or deviate from the Policy.

- 1.5 In agreeing this Policy the Trustees have taken account of the activities, risk profile, objectives, and the long-term interest, financial stability and performance of the Scheme as a whole, and have drafted the Policy to support the sound, prudent and effective management of the Scheme.
- 1.6 [In this Policy,
- (a) “outsourced activity” means any activity relating to the Scheme which would otherwise be the legal responsibility of the Trustees but for the outsourcing of that activity.
  - (b) “Outsourced Provider” means any Service Provider excluding for the purposes of this Policy any Service Provider to which Section 64AG(4)(e) of the Pensions Act 1990 (i.e. asset managers) which carries out an outsourced activity in relation to the Scheme.
  - (c) “Service Provider” means any party who or which provides a service to the Scheme.

## 2 **Exclusions**

- 2.1 The Policy does not cover any remuneration paid to Providers over whom the Trustees do not have any control (for example, any persons or firms to whom certain services may be sub-contracted in accordance with the terms of relevant outsourcing agreements with primary Providers).

## 3 **Legal context**

- 3.1 The Trustees’ policies and practices on remuneration and expenses are framed within the context of what is prescribed and permitted under the Scheme’s Trust Deed and Rules. See Appendix.
- 3.2 The Trustees agree that the general basis on which they will manage remuneration and expense arrangements in relation to the Scheme will be in accordance with the terms set out in the Trust Deed and Rules. If, in future, any change to this basis is required, the Trustees acknowledge that an amendment to the Trust Deed and Rules may be necessary and in that event, the agreement of the Company will be needed for that amendment.

#### **4 Determination of remuneration arrangements**

- 4.1 All decisions relating to the remuneration of any person covered by this Policy from the assets of the fund will be made collectively by the Trustees in consultation with the Company and determined in accordance with the Trustees' existing agreed decision-making processes as set out in the Board Manual. [These decisions will be subject to any relevant provisions in the Trust Deed and Rules (for example, with respect to the payment of remuneration from surplus (or "excess") assets)].
- 4.2 For the avoidance of doubt, all other decisions relating to the remuneration of any persons providing either outsourced services to the Scheme or otherwise engaged to carry out professional activities for and on behalf of the Scheme which is not from the assets of the fund but funded by the Company will be taken by the Company.

#### **5 Remuneration of Trustees**

##### *Remuneration of Professional Trustees*

- 5.1 It is not the current policy of the Trustees for remuneration of Professional Trustees to be paid from the assets of the fund. Remuneration of Professional Trustees is provided by the Company.
- 5.2 Oversight of engagement contracts applicable to Professional Trustees will be a matter solely for the Company.

##### *Remuneration of Employed Trustees*

- 5.3 A Trustee who is a current salaried employee, office or director of a participating Employer (referred to in this Policy as an "Employed Trustee") is not entitled to any remuneration of any nature (whether from the fund or otherwise) in connection with the provision of trustee services to the Scheme.
- 5.4 Any remuneration of an Employed Trustee (in relation to their role as a Trustee) will be a matter for the Company to decide by way of arrangements discussed and agreed between the person concerned and the Company.

### *Remuneration of Lay Trustees*

- 5.5 It is not the current policy of the Trustees to provide remuneration to any Trustee who is not an Employed Trustee or a Professional Trustee (referred to in this Policy as a “Lay Trustee”).
- 5.6 Notwithstanding paragraph 5.1, any remuneration of a Lay Trustee will be a matter for the Company to decide by way of arrangements discussed and agreed between the person concerned and the Company.

## **6 Remuneration of Outsourced Providers**

- 6.1 For the purposes of this section an “Outsourced Provider” is defined as any third party person or firm which provides a professional service to the Scheme (including the Company where the Company carries out a specific activity on behalf of the Trustees) and to whom a key function or other specific activity has been outsourced by the Trustees pursuant to a written agreement (in accordance with the Scheme’s Outsourcing Policy) and where a fee is charged for that service.
- 6.2 It is the current policy of the Trustees that service fees and other expenses charged by an Outsourced Provider will be met directly by the Company and not from the assets of the Scheme.
- 6.3 Notwithstanding the above, the Trustees and the Company have agreed that from time to time the Company may direct the Trustees to remunerate an Outsourced Provider from the “excess” referred to in sub-Rule 4(d) of the Trust Deed & Rules.
- 6.4 The investment strategy of the Scheme is implemented through Mercer’s investment and communications framework, Mercer Aspire. Through this arrangement, the Trustees have delegated day to day management of the Scheme’s assets to Mercer, which in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. Mercer and the underlying asset managers will be remunerated in accordance with the terms of the Aspire Engagement Letter and Statement of Suitability, which in general provide that fees for asset management and investment services are based on a percentage of the aggregate value of the assets from time to time
- 6.5 Asset managers will be remunerated in accordance with the terms of the Statement of Investment Policy Principles, which in general provides that managers’ fees are based on a percentage of the aggregate value of the assets from time to time.

## **7 Safeguards**

- 7.1 In addition to the measures set out above, the Trustees currently use the following safeguards to ensure that their remuneration practices do not generate excessive risk-taking or conflicts of interest:
- (a) No party who is remunerated from Scheme assets is entitled to, nor should be incentivised to receive, any reward or additional remuneration by virtue of the outperformance of the assets by reference to relevant benchmarks – except where this has otherwise been agreed with the Trustees.
  - (b) Decisions made by Trustees are governed by specified decision-making processes set out in the Trust Deed and Rules . It is therefore not possible for a single Trustee to make a decision in relation to the Scheme and/or the remuneration of any person.
  - (c) If and to the extent that any Trustee is involved with or connected in any way to an Outsourced Provider, the Trustees shall disclose this relationship and it shall be documented and managed in accordance with the Scheme’s Conflict of Interest Policy.
- 7.2 It is the policy of the Trustees that where any Outsourced Provider is engaged on a contract for services that allows for payment of the Outsourced Provider when that contract is terminated early, the contract must provide that the quantum of the payment will be reflective of the performance of the Outsourced Provider over the long-term.

## **8 Expenses**

### *Trustee Expenses*

- 8.1 The following section relates to the basis on which the Trustees may claim out-of-pocket expenses from the assets of the Scheme that they may incur in their role as Trustees, which may include (but are not limited to) travel, refreshment, lodging, or other disbursements relating to Scheme activities made by that person on behalf of the Scheme.
- 8.2 It is the current policy of the Trustees that no Trustee may claim any expenses directly from the fund. Trustees may claim any reasonable out-of-pocket expenses by application in accordance with the Company’s own policies on the claiming of expenses.
- 8.3 In all cases the trustees shall follow the provisions of the Clause 5 and Rule 4 of the Trust Deed & Rules in relation to the settlement of expenses.

### *Provider Expenses*

- 8.4 It is the general policy of the Trustees that no Provider may claim any expenses directly from the fund. A Provider can only claim expenses where additional services have been provided to the Scheme outside of the agreed scope of services. These expenses are subject to prior approval by the Trustees and Company.
- 8.5 Where any service provider expenses are approved, the Scheme Secretary may arrange reimbursement by the Company or the Scheme (where appropriate).

## **9 Sustainable Finance Disclosure Regulation matters**

- 9.1 Under Article 5 of the Sustainable Finance Disclosure Regulation (EU 2019/2088) (“SFDR”), the Trustees (as a financial market participant) are required to include in this Policy information on how this Policy is consistent with the integration of sustainability risks.
- 9.2 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. It is the policy of the trustees that Mercer adopt their own remuneration policies and procedures which are consistent with the integration of sustainability risks where sustainability risks are integrated into the investment decision-making process. The trustees will seek periodic confirmation from Mercer that these policies are being complied with and that they are not encouraging excessive risk-taking with respect to sustainability risks.

The underlying investment managers are subject to their own remuneration policies and procedures which may also be consistent with the integration of sustainability risks into their investment decision-making processes. As no other person involved in the management of the Scheme, including the Trustees or any Key Function Holder, is remunerated from the assets of the Scheme, the manner in which sustainability risks are integrated into the investment decision-making process has no bearing on the remuneration of those persons. All persons involved in the management of the Scheme are encouraged to take sustainability considerations into account as part of their roles and decision-making, where possible.

## **10 Disclosure of Remuneration Policy**

- 10.1 The Trustees shall take such actions as may be required by legislation, regulation or guidance from time to time to make certain aspects of the Scheme’s Remuneration Policy publicly available, subject to confidentiality and data protection obligations and procedures.

## **11 Policy Review**

- 11.1 This Policy will be reviewed every three years by the Trustees.
- 11.2 The Policy review will be coordinated by the Scheme Secretary.
- 11.3 Any changes which are recommended to the Policy by the Scheme Secretary must be approved by the Trustees before they become effective.

### **APPENDIX – Trust Deed and Rules provisions relating to Remuneration and Expenses**

#### *Remuneration*

Clause 12(d): “Any and every Trustee not being one of the Employers or an Employee of the Employers shall be entitled to charge and be paid such remuneration... for services hereunder as may be agreed upon between such Trustee and the Principal Employer.”

Clause 7(b)(ii): “In addition to all other powers vested in them by this Trust Deed or by statute the Trustees shall have power: .... (ii) to make such arrangements generally for the administration of the Scheme as they may think fit and in particular to employ such agents and staff including a secretary (who may be one of the Trustees) to transact any business of the Scheme including the receipt and payment of money and to pay such reasonable expenses as they think fit to any such person or persons which remuneration shall be deemed to be part of the expenses incurred by the Trustees in connection with the Scheme.”

#### *Expenses*

Clause 5(c): “The Principal Employer and the other Employers shall, in addition to their liability to contribute to the Fund in accordance with the Trust Deed and Rules, meet all the expenses incurred by the Trustees in connection with the Scheme in such proportion as shall be decided by the Principal Employer to be appropriate unless the Principal Employer decides that such expenses be met out of the Fund”

Rule 4(f): “The Employers shall pay to the Trustees at such intervals during the Scheme Year as may be requested by the Trustees any costs or expenses associated with the management and administration of the Scheme as are being borne by the Employers in accordance with Clause 5(c) of the Trust Deed.”

Rule 4(d): “...where for any reason

- (i) any part of the Retirement Account or of the proceeds of any insured death in service benefits in respect of a Member remains after the provision of benefits to or in respect of that Member under the Rules; or
- (ii) any excess assets remain in the Fund after benefits have been retained pursuant to Clause 31 such excess shall be retained in the Fund and may, where the Principal Employer and the Trustees so agree, be appropriated by the Trustees in whole or in part to discharge any of the obligations of the Employers under this Rule or be refunded to the Employers in such shares as the Trustees and the Principal Employer agree. Any amount appropriated by the Trustees under this sub-Rule in respect of a Member which is not refunded to the Employers shall be deemed to be a contribution made by the Employer in respect of that Member for the purposes of calculating his Retirement Benefit Account.”

Clause 5(a): “The Trustees may, subject to the agreement of the Principal Employer, .... Rely upon the advice or opinion (whether or not obtained by them of any lawyer, broker, actuary, accountant, investment adviser or other professional person and shall not be responsible for any loss occasioned thereby. The cost of obtaining that advice will form part of the expenses incurred by the Trustees in relation to the Scheme.”