

## Introduction

### 1.1 Purpose of Policy Statement

The European Union (Occupational Pension Schemes) Regulations 2021<sup>1</sup> requires the Trustees to establish and apply a sound remuneration policy for all those involved with the Scheme i.e. Trustees, Key Function Holders and others whose professional activities have a material impact on the risk profile of the scheme. This Policy Statement has been prepared and approved by the Trustees of the KPMG 2005 Defined Contribution Pension Scheme (the “Scheme”) to set out principles with regard to remuneration practices to ensure that:

- the Scheme is able to retain the services of skilled individuals;
- the remuneration framework is established, implemented and maintained in line with the activities, risk profile, objectives, and the long-term interest, financial stability and performance of the Scheme as a whole, and supports the sound, prudent and effective management of the Scheme;
- the Scheme’s remuneration framework includes measures aimed at avoiding conflicts of interest;
- remuneration practices are in line with the long-term interests of members and beneficiaries of the Scheme;
- the remuneration framework is consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles and rules of the Scheme;
- there is a clear, transparent and effective governance structure around remuneration and its oversight; and
- remuneration practices are straight-forward to communicate and administer.

### 1.2 Procedures for review and approval of the remuneration policy

This Remuneration Policy shall be subject to prior approval by the Trustees and shall be reviewed at least every three years and adapted in view of any significant relevant change. The Trustees delegate the update process, which includes maintaining evidence of reviews, to the Risk Committee for subsequent review and approval by the Trustees.

### 1.3 Application of Policy Statement

This Policy Statement shall take effect on the date of its approval, but it shall apply retrospectively to remuneration that is awarded or paid after that date in respect of contracts concluded before that date.

All activities relating to the scheme are carried out by the Sponsoring Employer or Third-Party Service providers. This Remuneration Policy shall apply to Trustees and all Key Function Holders and third-party service providers (including the Sponsoring Employer as an outsource service provider). This will thus ensure application of the Policy to all those who effectively advise and support the Trustees in the operation and management of the scheme.

### 1.4 Safeguards to ensure that remuneration practices do not generate excessive risk taking or conflicts of interest

This Policy Statement ensures that the risk-taking incentives provided by the Scheme’s remuneration practices

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<sup>1</sup> <https://www.gov.ie/pdf/?file=https://assets.gov.ie/133541/82343a73-1e31-40f6-966b-d0e597a479b7.pdf#page=null>

are consistent with its risk appetite and do not encourage unauthorised or unwanted risk-taking that exceeds the level of tolerated risk of the Scheme.

The scheme is exposed to a number of potential conflicts of interest, examples of which are provided in the conflicts of interest policy. Known and potential conflicts of interest of the trustees and key function holders are noted in the conflicts of interest register which is updated annually. This Policy Statement ensures that the Scheme's remuneration practices are consistent with its conflicts of interest policy and do not generate further unmanageable or excessive conflicts of interest.

There are provisions in place to ensure that remuneration for all those involved in the scheme including the trustees, key function holders external and internal outsourced service providers is not based on financial performance metrics. Care is taken to ensure remuneration for investment managers is not solely based on financial performance metrics.

Payments related to early termination of a contract in each case are designed to reflect activity performed to date of termination and are designed so as not to reward failure. Typically, if services contracts are terminated or suspended, the provider / trustee / Key Function Holder shall be entitled to payment for outlays incurred to that time and to payment of fees for work done, plus VAT (if any) thereon.

The key remuneration principle is that the Sponsoring Employer pays all of the costs of the Scheme; and no outsourced service providers including investment managers, Key Function Holders, staff or partners of the Sponsoring Employer or advisors are paid for risk taking incentives. Remuneration for trustees, outsourced service providers (internal and external to the Firm) and Key Function Holders reflects rates which are consistent with those paid by other comparable schemes for similar services and are competitive reflecting periodic re-tendering of key services as is deemed appropriate by the trustees.

### **1.5 Scheme reporting arrangements**

The trustees shall ensure that clear communication processes and procedures are established for obtaining, providing, and reporting information from providers that is necessary for the operation of the scheme. These processes will include characterisation of the frequency, form, and content of reporting arrangements whereby the trustees receive updates and financial statements are generated. These processes will be kept under ongoing review and adapted, as needed, to meet the scheme's objectives and to assist with managing identified risks.

## Roles and Responsibilities

### 2.1 The Trustees

The Trustee Board is responsible for monitoring compliance with the Remuneration Policy and that the policy is consistent with, and promotes, sound and effective risk management. However given the remuneration practice the day to day management is delegated to the Sponsoring Employer.

### 2.2 The Sponsoring Employer

The Sponsoring Employer is responsible for all of the fees paid to all external outsourced service providers (external to the Sponsoring Employer).

The sponsoring Employer is responsible for all of the fees paid to outsourced service providers and Key Function Holder activities provided by the Sponsoring Employer (where the internal business units are remunerated and not the individual).

## Procedures for determining Remuneration

### 3.1 Non-KPMG Trustees

Trustees who do not work for KPMG shall receive fees for their services plus the reimbursement of reasonable expenses. They shall not receive performance-based bonuses or any other form of variable remuneration.

### 3.2 KPMG Trustees

No separate trustee fee shall be paid to any trustee who works for or is a partner in KPMG but they shall be entitled to reasonable expenses.

### 3.3 Outsourced service providers including Key Function Holders

Service providers (including key advisors i.e. investment and legal) shall receive fees for their services as agreed in the relevant services contract. They shall not receive performance-based fees or any other form of variable remuneration. All regular remuneration elements shall be budgeted for. Fees are agreed with the Sponsoring Employer.

### 3.4 Outsourced service providers including Key Function Holders employed by the Sponsoring Employer

Service providers shall receive fees for their services as agreed in the relevant services contract – this is achieved via internal allocations. The relevant business unit is credited with the fees and the individuals are not directly remunerated. They shall not receive performance-based fees or any other form of variable remuneration. All regular remuneration elements shall be budgeted for. Fees are agreed with the Sponsoring Employer.

## Appendix 1

### Schedule of trustees & remuneration detail

Role	Who	Remuneration detail
Trustee	KPMG 2005 Defined Contribution Pension Scheme Trustee DAC; current directors being: -Martin Dobey -Colm Gorman (Partner) -Brian Morrissey (Partner) -Mark Mulqueen (Employee) - John Ahern (Employee) - Frankie Devlin (Employee)	In accordance with the Deed, no remuneration for the trustees who are employees of or partners in KPMG.  Provision in the Trust Deed to make payments to trustees who are not employees of KPMG. Payment negotiated and paid by the Sponsoring Employer.

### Schedule of Key Function Holders & remuneration detail

Role	Who	Remuneration detail
Risk management function	Laura Power, Willis Towers Watson	As set out in contract. Sponsoring Employer pays fees to Willis Towers Watson
Internal audit function	Patrick Farrell / TBC	Service provided the Sponsoring Employer. No direct remuneration. Value of the work is allocated by Sponsoring Employer to relevant business unit providing the service. Valuation based on either a fixed fee/ time and materials depending on the nature of the activity. Allocation in each case subject to pre agreed budget and scope.

### Schedule of critical outsource service providers & remuneration detail

Role	Who	Remuneration
Scheme actuary	Paul O'Brien, Willis Towers Watson	As set out in contract. Sponsoring Employer pays fees to Willis Towers Watson
Administrator (other than pensioner payroll)	Aon	As set out in contract. Sponsoring Employer pays fees to Aon Hewitt. Appointed after a competitive tender process and fees reflect competitive market rates for these services.
Administration of pensioner payroll – gross amounts	Willis Towers Watson	As set out in contract. Sponsoring Employer pays fees to Willis Towers Watson
Administration of pensioner payroll – net amount to beneficiary	KPMG	No remuneration, part of finance activities of Sponsoring Employer.
Investment managers	SSGA Blackrock PIMCO Man Schroders	Investment management expenses in terms of the annual management charges. These are effectively picked up by the scheme through a deduction from the investment return credited to the assets.  No performance related element to the investment manager fees.  Stock lending is permitted with revenues shared in line with the investment management agreements.
Banker	Ulster Bank Limited College Green	Normal business terms
Custodian	Caceis	As set out in contract. Sponsoring Employer pays fees to the custodian.

<b>Advisers</b>	Investment adviser: Aon	Based on pre agreed budgets subject to approval of sponsoring employer. Individual engagements each subject to own negotiated terms and conditions.
	Legal adviser: A & L Goodbody	No performance related element to the remuneration which the trustees see as an important feature particularly for the investment advisor's remuneration structure.
<b>Scheme audit</b>	Mazars	Based on pre agreed budget (fixed fee) subject to approval of sponsoring employer.
<b>Scheme secretary</b>	Maureen Shelley AON	Included in the AON administration fee above.

**Appendix 2 – Relevant extracts on remuneration and fees from the Trust Deed and Rules****Fees associated with the production of accounts****Clause 10**

*The Trustees shall cause such accounts, entries, registers and records to be kept as are necessary for the proper working of the Scheme. The said accounts shall be reviewed annually by a person or firm with proper professional qualifications appointed by the Trustees. Such person or firm shall have access to all books, papers, vouchers, accounts and documents connected with the Scheme and shall certify in writing the result of each review. The fees and remuneration of such person or firm shall be deemed to be part of the expenses incurred by the Trustees in or about the execution and carrying out of the trusts and provisions of this Deed.*

**Fees associated with actuarial services****Clause 27**

*The Trustees shall from time to time appoint the Actuary for the purpose of the Scheme and shall have power to remove the Actuary so appointed should they think fit and any such appointment shall be made on such terms as to remuneration duties and other matters as may be approved by the Principal Employer.*

**Fees associated with administration of the trust****Rule 11.2**

*Subject to Clause 22, the Trustees shall have and may exercise the following special powers in addition to all ordinary powers vested in them by this Deed and by statute:*

*11.2.3 power to make such arrangement generally for the administration of the Scheme as they think fit and in particular to employ such agents and staff including a secretary (who may be one of the Trustees) to transact or to concur in transacting any business of the Scheme including the receipt and payment of money and to pay proper remuneration (to be approved by the Principal Employer) to any such person or persons which remuneration shall be deemed to be part of the expense incurred by the Trustees in or about the execution and carrying out of the trusts and provisions of this Deed.*

**Remuneration of trustees****Rule 14.4**

*Any and every Trustee, including where the Trustee is a corporate trustee, any directors or officers of the corporate trustee, not being one of the Employers or an Employee of the Employers shall be entitled to charge and be paid such remuneration (including any commission and/or remuneration returned or allowed by stockbrokers, life officers or other agents) for services hereunder as may be agreed upon between such Trustee and the Principal Employer.*

*14.7.3 The Trustees shall from time to time appoint a secretary and such officers of the Scheme as they think fit and may remove any such secretary or other officer and may fix their remuneration. A Trustee may act as secretary or other officer of the Scheme and retain any remuneration payable to him in the latter capacity.*

## Appendix 3 – Pension Authority Code of Practice and Policy Reference

### Pension Authority Code of Practice November 2021 – Remuneration Policy

The Pension Authority’s Code of Practice issued November 2021 states the need for a written remuneration policy for trustees (where relevant), KFJs, any outsourced service providers and any other personnel employed by the trustees to carry out professional activities. Regardless of who pays the remuneration, the objective of the policy is to ensure that conflicts of interest and excessive risk-taking are avoided. The remuneration policy must cover the below. A reference to the relevant paragraph in this policy is included.

PA Code of practice requirements	Relevant paragraph of this policy
1. The policy’s objectives	1.1
2. The roles and responsibilities of all parties involved in determining remuneration	3.1 -3.3
3. Procedures for determining remuneration for trustees and KFJs	3.1 -3.3
4. procedures for determining remuneration for outsourced providers, and any other personnel employed by the trustees to carry out professional activities	3.3 - 3.4
5. Safeguards to ensure that remuneration practices do not generate excessive risk-taking or conflicts of interest	1.4
6. Provisions to ensure that remuneration is not solely based on financial performance metrics	1.4
7. A provision that payments related to early termination of a contract must reflect performance achieved over the long-term and be designed in such a way that they do not reward failure	1.4
8. Characterisation of the frequency, form, and content of reporting arrangements whereby the trustees receive updates and financial statements generated	1.5
9. Procedures whereby remuneration policy is to be reviewed, approved, and updated by the trustees.	1.2
10. Trustees must ensure that the remuneration policy is reviewed and updated at least once every three years	1.2