



# Remuneration Policy

AIB Group Defined Contribution Scheme

# Executive Summary

## In brief

This Policy governs the remuneration of the Trustee directors, Key Function Holders (KFH), critical service providers and any other people or organisations of significant importance to the Scheme.

The Policy has been designed to ensure that the Scheme's remuneration practices do not create conflicts of interest and do not promote excessive risk taking.

## Terminology

Explanations for key terms and abbreviations used throughout this Policy are set out in the Glossary on the following page.



# Glossary

## Board

Means the Board of the Trustee. May appear as 'Board' or 'Trustee Board'. Individual Board members are referred to as directors

## Key Function Holder or KFH

Means the Risk Management and Internal Auditor Key Function Holders for the Scheme, as defined in in the IORP II Directive

## Policy

Means this Remuneration Policy

## SFDR

Means EU Regulation 2019/2088, 'Sustainable Finance Disclosure Regulation'

## Trustee

Means AIB DC Pensions (Ireland) Limited

## IORP II Directive

Means Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016

## Pensions Act

Means the Pensions Act 1990, as amended

## Scheme

Means the AIB Group Defined Contribution Scheme

## Sponsor

Means Allied Irish Banks plc.

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# 1. Purpose, Scope, Disclosure & Review

## 1.1 Purpose

This Policy has been adopted by the Trustee for the purposes of Section 64AG of the Pensions Act as the Scheme's Remuneration Policy. The Trustee has also taken account of EU Regulation 2019/2088 (SFDR) and EU Directive 2016/2341 (IORP II) in establishing and implementing this Policy.

This Policy is established by the Trustee and is intended to be implemented and maintained in accordance with Section 64AG of the Pensions Act and in particular in line with the activities, risk profile, objectives, and the long-term interest, financial stability and performance of the Scheme as a whole, and is intended to support the sound, prudent and effective management of the Scheme.

### Objective

The objective of this Policy is to ensure that remuneration practices under the Scheme of those persons to whom this Policy applies do not generate conflicts of interest or excessive risk-taking in respect of the Scheme

## 1.2 Scope

This Policy applies to the following persons:

- The Trustee directors
- Persons who carry out key functions in respect of the Scheme
- Other categories of staff employed by the Trustee whose professional activities have a material impact on the risk profile of the Scheme
- Service providers to whom the Trustee has outsourced activities within the scope of Section 64AM(1)<sup>1</sup> of the Pensions Act other than those service providers that fall outside the scope of Section 64AG(4)(e) of the Pensions Act<sup>2</sup>

<sup>1</sup> Those that fall within the scope of Section 64AM(1) are outsourced activities relating to key functions and the management of the scheme

<sup>2</sup> Those that fall outside Section 64AG(4)(e) are currently UCITS; certain life assurance, non-life assurance and reinsurance providers; AIFMs; credit institutions; investment and related firms.

## Review

The Policy will be reviewed:

- before the third anniversary of the date the Policy is adopted and at intervals of no longer than three years thereafter; and
- whenever there is a significant change in the Scheme which the Trustee considers requires this Policy to be reviewed (whether on foot of a recommendation from the Internal Audit or Risk Management KFHs or otherwise).

The review will be conducted by the Trustee or its properly appointed delegates and will include, in particular, consideration of any departures from the Policy by the Trustee in exceptional circumstances in the period between reviews. The Internal Audit and Risk Management functions will be closely involved with the Trustee in reviewing the Policy. The results of each Policy review will be recorded, and any changes agreed to the Policy will be implemented as soon as practicable.

## 1.3 Disclosure and Transparency

The Trustee will comply with the disclosure requirements set out in Section 64AG(2) of the Pensions Act and the SFDR in so far as they relate to this Policy.

The Trustee will share this Policy with the Sponsor and request that the Sponsor applies the Policy in respect of any person that this Policy applies to for whom it determines, or partially determines, remuneration which is subject to this Policy.

## 2. General Principles

Remuneration of those persons that this Policy applies to is intended to be determined based on a consideration of the following criteria:

- The level and structure of remuneration should be consistent with the objectives of the Scheme.
- Remuneration determined in accordance with this Policy should be consistent with the powers, tasks, expertise and responsibilities of the persons to whom it relates and the long-term interests of the members and beneficiaries under the Scheme.
- The time commitment associated with the role being performed or service being provided.
- The size and internal organisation of the Scheme.
- The size, nature, scale and complexity of the activities of the Scheme.
- Remuneration should be in line with what others are receiving in the market for similar roles or services in similar circumstances.
- The principle of value for money balancing cost against quality of service.
- Remuneration may be set by reference to performance criteria and/or commission-based but should not be structured in a way as to encourage risk-taking which is inconsistent with the risk profiles and rules of the Scheme in a way which encourages conflicts of interest in respect of the Scheme.
- The level and structure of remuneration will not prevent, or act as a disincentive for, a Trustee director or other person who is subject to this Policy taking a position which is in the best interests of the Scheme beneficiaries.
- Remuneration will generally be monetary and can include vouched out-of-pocket expenses. Non-monetary remuneration (e.g. laptop, mobile phone) may be provided, but only where considered necessary to assist the relevant person in the performance of their role.
- Where the Sponsor is responsible for remuneration, directly or indirectly, the Sponsor's views may also be taken into account.
- Payments related to early termination of a contract of any person to whom this Policy applies must reflect performance achieved over the long-term and be designed in such a way that they do not reward failure.
- Contracts with persons to whom this Policy applies shall specify the frequency, form, and content of reporting arrangements, including the receipt by the Trustee of updates and financial statements generated sufficient to enable the Trustee to assess performance of the contract and the remuneration payable in accordance with the terms of the contract.

## 3. Application

The remuneration of all persons to whom this Policy applies will be determined having regard to this Policy and documented in a clear and transparent manner in a formal legal agreement with that person.



### **Trustee directors**

The remuneration of independent Trustee directors is defined in letters of engagement / contracts between the Trustee directors and the Sponsor. Remuneration is on a fixed fee basis only. Independent Trustee directors are remunerated by the Sponsor.

Trustee directors who are also employees of the Sponsor do not receive separate / additional remuneration for their trustee role. Nothing in this Policy will impact on the amount, structure, nature or type of remuneration that such Trustee directors receive as employees of the Sponsor except to the extent that it would create a conflict of interest which would be likely to prevent that Trustee director from acting independently in the best interests of the Scheme's beneficiaries.

All Trustee directors are reimbursed for properly incurred and vouched out-of-pocket expenses.



### **Key Function Holders (KFH)**

#### ***Risk Management KFH***

The Risk Management KFH, when appointed, will not be an employee of the Sponsor. The remuneration of the Risk Management KFH will be set out in the agreement with the Trustee appointing that person.

#### ***Internal Audit KFH***

The Internal Audit KFH, when appointed, will not be an employee of the Sponsor. The remuneration of the Internal Audit KFH will be set out in the agreement with the Trustee appointing that person.





## **Other Service Providers**

### ***Services provided by the Sponsor***

The Sponsor is the appointed Registered Administrator for the Scheme. The Sponsor does not receive remuneration from the Scheme for these services. The provision of these services is documented in an agreement between the Sponsor and the Trustee.

### ***Services provided by third parties***

The remuneration of service providers and other third parties to whom this Policy applies is set out in the agreement with the Trustee appointing that person / company.

The Scheme's Trustee Secretary will be responsible for determining whether this Policy is being applied in each case and on a consistent basis.

In all cases, remuneration of any person to whom this Policy applies will also be subject to the requirements, if any, of the Scheme's governing documentation and any overriding legislation or binding regulatory guidance.

While it is intended that the general principles of this Policy will be followed by the Trustee in most circumstances, the Trustee retains flexibility to adapt the principles to the needs of specific situations in exceptional circumstances and where it considers that doing so represents the best interests of the Scheme's beneficiaries.

## 4. Proportionality and Suitability

Given its internal organisation and having regard to the nature, scale and complexity of the Scheme's activities, it is considered that the measures described in this Policy are appropriate for the Scheme.

### 4.1 Internal organisation

The Scheme is managed by the Trustee directors, who may be employees or former employees of the Sponsor, professional pension scheme trustees or other persons qualified to act as pension scheme trustees. The Trustee directors hold regular Trustee meetings as well as special meetings where necessary or desirable and take decisions in accordance with the Trustee's constitutional documentation. From time to time the Trustee directors may, in accordance with the Trustee's constitutional documentation], establish committees or sub-committees or appoint delegates to take or give effect to Trustee decisions or consider certain matters.

The Trustee is supported by the Sponsor through the provision of Registered Administrator and administration services. As administrator and registered administrator, the Sponsor takes responsibility for the day-to-day administration of the Scheme and discharges the obligations imposed on the Registered Administrator under applicable legislation.

Other persons appointed by the Trustee in respect of the Scheme who provide services that may have a material impact on the risk profile of the Scheme include the Risk Management and Internal Audit KFHs, external auditor and the Scheme's investment advisers, investment manager, secretarial function and legal advisers.

### 4.2 Size, type and activity

The Scheme is a large defined contribution plan. The scale and nature of the Scheme means that its activities are generally complex. This Policy has been prepared accordingly.

## 5. Sustainability

Under Article 5(1) of the SFDR, the Scheme is required to include in its remuneration policy information on how the Policy is consistent with the integration of sustainability risks.

A 'sustainability risk' is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of Scheme investments.

### 5.1 Integration

This Policy applies to the persons listed in section 1, including those persons who make Scheme investment decisions or who advise on the Scheme's investment strategy and decisions. In some cases, those persons or others who provide services to the Scheme may be required under legislation to include in their own remuneration policy information on how their policy is consistent with the integration of sustainability risks. The Trustee relies on the statements made by such persons in their own remuneration policies in considering whether this Policy is consistent with remuneration provided to those persons. For other persons that this Policy applies to, remuneration is not dependent upon the performance of Scheme investments and this Policy does not encourage excessive risk-taking, including in respect of sustainability risks.

The Trustee considers that, given the nature, scale, size and complexity of the Scheme, as well as the Scheme's system of governance and Conflicts of Interest Policy, the Policy is consistent with the integration of sustainability risks.



## 6. Conflicts of Interest

The Trustee has adopted a Conflicts of Interest Policy which describes the manner in which conflicts of interest in relation to the Scheme are managed and the steps that the Trustee directors take and require to be taken to avoid conflicts of interest arising which might prevent them from acting in the best interests of Scheme's beneficiaries.

### 6.1 Measures aimed at avoiding conflicts of interest

The following specific measures are applied to avoid conflicts of interest arising in the manner that the Trustee directors or others subject to this Policy are remunerated.



#### Remuneration basis

Remuneration is fixed or, where performance-based and/or commission-based, should not be structured in a way as to encourage risk-taking which is inconsistent with the risk profiles and rules of the Scheme or in a way which encourages conflicts of interest in respect of the Scheme.



#### Best interests of beneficiaries

Remuneration will not prevent, or act as a disincentive for, a Trustee director or other person who is subject to this Policy taking a position which is in the best interests of the Scheme's beneficiaries



#### Agreements

The remuneration of all persons to whom this Policy applies will be determined having regard to this Policy and documented in a clear and transparent manner in a formal legal agreement with that person



#### Application

The Scheme's Trustee Secretary will be responsible for determining whether this Policy is being applied in each case and on a consistent basis

# Version Control

<b>Policy Owner:</b>	Trustee Secretary
<b>Review Frequency:</b>	This document is reviewed on a triennial basis or whenever there is a significant change in the Scheme which the Trustee considers requires this Policy to be reviewed
<b>Revisions:</b>	Revisions to this Policy are subject to the approval of the Trustee in all cases and must be tracked in the table below

Version No.	Revision Date	Revised By	Revision Description	Approval Date
1.0	24/11/2021	Trustee Secretary	Noted KFHS not appointed but will not be employees of Sponsor and that Trustee Secretary is responsible for maintaining Policy (rather than Internal Audit KFH)	24/11/2021
1.1				
1.2				
1.3				

