

KPMG NI 2005 Defined Contribution Pension Scheme ('the Scheme')

Statement of Investment Principles ('the Statement')

1. Scope of Statement

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005).

The effective date of this Statement is October 2019.

The Statement is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"), and also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005 and other subsequent legislation.

The Trustee will review this Statement at least every three years and without delay where any significant change in investment policy is completed.

A copy of this Statement is available to the members of the Scheme on request.

2. Consultations Made

The Trustee is responsible for the appointment of the investment provider and for monitoring the investment provider. In addition, the Trustee is responsible for the choice of investment options made available to members of the Scheme, including the default fund into which contributions will be paid in the absence of any instructions from the member.

The Trustee obtained and considered written advice on the investment options appropriate for the Scheme and the preparation of this Statement.

The Trustee has consulted with the Principal Employer, KPMG Ireland, prior to writing this Statement and will take the Principal Employer's comments into account when it believes it is appropriate to do so.

3. Scheme Objectives

The Trustee's principal investment objective is to assist the members in maximising their benefit in retirement subject to acceptable levels of risk during their working lives. More specifically, the Trustee recognises that:

- a) Individual members have differing investment needs and that these may change during the course of their working lives, and
- b) Individual members have differing attitudes to risk.

The Trustee has decided on a range of investment options (see Appendix A) that will allow members to choose single funds or to assemble a composite fund using combinations of funds which will suit all members in all phases of their working life. These options will have the following characteristics:

- They will be suitable for members with a range of risk appetites (from low risk/low return to high risk/high return) and are distinguishable from one another
- They are diversified and managed by experienced, professional investment managers
- They carry fees which are appropriate for the asset class
- They can be combined to achieve different risk/return characteristics

The Trustee allows members to make their own investment decisions based on their individual circumstances and their attitude to risk while operating within the choices available.

Where members wish to delegate the decision-making process to the Trustee, the Trustee has established a default Lifestyle investment strategy which could be considered reasonable for a member not wishing to make his/her own investment decisions. This strategy will have the following main objectives:

- To maximise the value of members' retirement benefits subject to acceptable levels of risk, and
- To protect the value of those benefits as members approach retirement

It is important to recognise that the Lifestyle Investment Strategy may not necessarily result in the "best" outcome as it;

- assumes all members know in advance when they are going to retire
- assumes members will take their benefits in a pre-determined way
- may not be appropriate for the risk appetite of some members

4. Investment Management Arrangements

The Trustee has appointed Standard Life as the provider of administration services and the investment platform to the Scheme.

5. Investment Risk Measurement and Management

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members.

6. The Balance between Different Kinds of Investments

The Trustee recognises that the key source of financial risk in relation to meeting their objectives normally arises from the choice of funds offered to members.

The Trustee therefore retains responsibility for choosing the funds available and takes expert advice, as required, from their professional advisers. A full range of available asset classes has been considered.

7. Choosing Investments

The investment options offered to members are deemed appropriate, given the nature of the membership.

A range of funds is available to members through the investment managers and the objectives for each of these funds are set out in Appendix A to this statement.

Day to day selection of investments is delegated to the investment managers appointed by the Trustee. The Trustee takes professional advice when formally reviewing managers or funds offered to members. This advice will be taken at least every three years.

8. Potential Risks

The main areas of risk with this type of arrangement are as follows:-

Market fluctuations – where unit linked policies are used, the value of policies allocated for member benefits may fluctuate with the movement in the underlying asset values. This means that, at a member's retirement, there is the possibility that the fund will have to be realised at an inopportune time to provide retirement benefits. For those members invested in the Default Option, members' funds will automatically be switched into lower risk funds, as described in Appendix A, as they approach retirement with the aim of reducing market volatility. Where members are making their own investment choices, it should be noted that the risk profile of the members' assets will be affected by their choice of funds, and that the range of funds that are available includes funds that are aimed at offering relative security as retirement approaches.

Annuity purchase – the rates applied when pension funds are used to buy annuities may be more expensive than anticipated and the more expensive annuity rates could coincide with a time when retirement funds have lost value due to market fluctuations, as described above. An Annuity Targeting fund is available to members, with the aim of protecting the value of the benefits that may be required.

Inflation – the absolute return on investments and hence the value of the pension policy may be diminished by inflation. To help mitigate this risk, a range of funds is offered including growth funds which aim to provide real growth (in excess of inflation) over the long term.

Manager underperformance - the risk that the chosen investment manager underperforms their benchmarks against which the managers are assessed. This risk has been addressed by regular monitoring of these funds.

Inappropriate fund choice by members - the risk that an individual member does not feel competent or willing to make investment decisions. This risk has been addressed by the creation of a default Lifestyle option which may be considered suitable for the average member, and by clearly communicating the characteristics and risk of the fund options to members.

ESG Risk: The risk of the extent to which Environmental, Social, and Governance (ESG) factors are not appropriately reflected in asset prices and/or not considered in investment decision making processes leading to underperformance relative to targets. In addition, the risk of the extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy. This risk is addressed by the Trustee taking advice from their investment adviser when setting the Scheme's asset profile, when selecting managers and when monitoring their performance.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to review the range of funds offered and the suitability of the default option periodically.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis as part of each quarterly reporting cycle.

9. Custody

Investment in pooled funds gives the Trustee rights to the cash value of the units rather than to the underlying assets. This value is backed (and therefore security is provided) by the administration and investment platform provider's own balance sheet. Unit-pricing guidelines control the fair value due to unit holders in its funds

10. Expected Returns on Assets

Over the long-term the Trustee's expectations are:

- For units representing "growth" assets (UK equities, overseas equities, and multi-asset funds), to achieve a real return (in excess of inflation) over the long term. The Trustee considers short-term volatility in equity price behaviour to be acceptable, given the general expectation that over the long-term equities will outperform the other major asset classes.
- For units representing annuity price matching assets (UK Gilts), to achieve a rate of return which is expected to be approximately in line with changes in the cost of providing fixed income annuities.
- For units representing cash, to protect the capital value of the investment and achieve a rate of return in line with money market interest rates.

Returns achieved by the investment manager are assessed against performance benchmarks set by the Trustee in consultation with its investment adviser and the investment manager.

11. Default Fund

A lifestyle option is offered to members of the Scheme as a default option. Details of this option are set out in Appendix A.

12. Self-Select Options

Members who wish to make their own arrangements from the funds available under the Scheme can do so by choosing a different option to the Default Option. This is called the "Self-Select Option".

13. Realisation of Investment / Liquidity

The Trustee recognises that there is a risk of holding assets that cannot easily be realised should the need arise. All of the assets held on behalf of members are realisable at short notice through the sale of units in pooled funds. The Trustee aims to ensure that all investments in funds made available to members are sufficiently liquid to ensure daily pricing of the funds.

14. Responsible Investing

Environmental, Social and Governance (“ESG”) considerations

In setting the Scheme's default investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.

The Trustee considers this risk by taking advice from their investment adviser when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

As part of their delegated responsibilities, the Trustee expects the Scheme's investment manager to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed manager and takes advice from the investment adviser regarding any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

15. Activism and the Exercise of the Rights Attaching to Investments

As the assets are held indirectly through unit linked funds it is the responsibility of the underlying investment manager of the pooled funds to exercise the rights attaching to the investments. The Trustee may review from time to time the underlying investment managers' principles and how these have been applied in exercising these rights.

16. Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. The Trustee also recognises that where it takes investment decisions (for example, when making changes to the Default Option or the funds available through the Self-Select Options) it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

17. Additional Voluntary Contribution Arrangements

Some members obtain further benefits by paying Extra Contributions (Additional Voluntary Contributions or AVCs) to the Scheme. All funds made available to members are open to AVCs.

18. Timing of Periodic Review of Investment Strategy and This Statement

The Trustee will review the Scheme's investment strategy and choices for members formally every three years, or whenever it believes there to be a significant change in the Scheme's circumstances. The Trustee will consult its advisers for a major review of the arrangements.

The Trustee will formally review this Statement at least every three years, or after a change in the Investment Strategy of the Scheme.

19. Monitoring of investment adviser

The Trustee continually assesses and reviews the performance of their adviser in a qualitative way, and conduct a formal review at least every three years.

20. Compliance

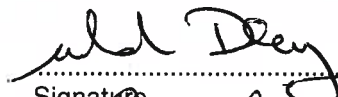
Copies of the Scheme's Statement of Investment Principles and Annual Report and Accounts are available to members on request.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, and the Scheme's auditors.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others.

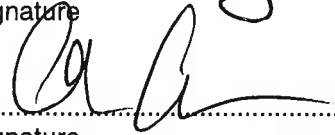
Signed on Behalf of the Trustee

MARTIN DOBEY
Trustee


Signature

28 Nov 2019
Date

Colin Gorman
Trustee


Signature

28/11/19
Date

Appendix A — Summary of Investment Options

Self-Select Options

Fund Type	Standard Life Fund	Benchmark	Objective
Equity	Global Equity 50:50 Pension Fund	Composite Benchmark - 50% FTSE All Share / 50% MSCI World ex UK	To outperform the benchmark before fees over rolling 3 year periods
Multi-Asset Fund	Managed Pension Fund	ABI (Pension) Mixed Investment 40%-85% Shares	To outperform the benchmark over rolling 3 year periods
Multi-Asset Fund	Multi-Asset Managed Fund (20% - 60% Shares) Pension Fund	ABI (Pension) Mixed Investment 20%-60% Shares	To outperform the benchmark over rolling 3 year periods
Multi-Asset Fund	At Retirement (Multi Asset Universal) Pension Fund	Composite Benchmark reviewed quarterly based on underlying allocations	To outperform the benchmark over rolling 3 year periods
Fixed Income	Annuity Targeting Pension Fund	Composite Benchmark reviewed quarterly based on underlying allocations	To outperform the benchmark over rolling 3 year periods
Cash	Deposit and Treasury Pension Fund	SONIA (Overnight LIBOR pre June 2013)	Achieve a return in line with benchmark (gross of fees)
Cash	Money Market Pension Fund	SONIA (3 month LIBOR pre June 2013)	Achieve a return in line with benchmark (gross of fees)

Default Fund – Lifestyle Investment Strategy

This strategy automatically switches investment funds as a member approaches retirement, with the aim of managing investment risk and has two distinct phases in planning for retirement:

Phase one is the early years where the goal is to maximise investment growth. During this phase a member's retirement account will be invested in growth assets (SL Managed Pension Fund).

Phase two is the consolidation phase, where the goal is to protect the value of a member's retirement account as they approach retirement. This phase commences 8 years from a member's specified retirement age, and during this period a member's retirement account will gradually be switched firstly from higher to lower return growth assets and then from lower return growth assets into a mix of cash and a diversified multi-asset fund to maintain growth.

The objective of this phased switching is to reduce the amount of a member's retirement account invested in more volatile growth assets like equities and to gradually reduce the volatility of the portfolio as members approach retirement.

When a member reaches the specified retirement age, the member's retirement account will be invested in:

- 25% Cash
- 75% Multi-Asset fund designed for those members yet to decide how they will take their pension savings



Appendix B — Responsibilities of parties

Trustee

The Trustee's responsibilities include the following:-

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate.
- Appointing the Investment Managers.
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser.
- Consulting with the sponsoring employer regarding any proposed amendments to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.
- Continually assess and review the performance of their adviser in a qualitative way and conduct a formal review at least every three years.

Investment Adviser

The Investment Adviser's responsibilities include the following:-

- Participating with the Trustee in reviews of this Statement.
- Production of independent performance monitoring reports.
- Advising the Trustee, at their request, on the following matters:
 - » How any changes in the Investment Managers organisation could affect the interests of the Scheme.
 - » How any changes in the investment environment could present either opportunities or problems for the Scheme.
- Undertaking project work, as requested, including:
 - » Reviews of the fund range offered to members.
 - » Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or fund providers.

Investment Managers

The Investment manager's responsibilities include the following:

- Providing the Trustee on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- Giving effect to the principles contained in the Statement as far as is reasonably practicable.

Administrator

The Administrator's responsibilities include the following:

- Ensuring members' contributions are invested / disinvested appropriately, including ensuring that the Lifestyle Strategies are implemented in accordance with the Trustee's instructions.
- Processing switches at members' requests.
- Paying benefits and making transfer payments.

