

Statement of Investment Principles

IBM I.T. Solutions Pension Scheme
October 2021

Contents

1. Introduction	1
2. Investment Management.....	2
• Scheme Governance.....	2
• Realisation of Investments	3
3. Environmental, Social and Corporate Governance.....	4
4. Voting and Engagement Disclosures	6
5. Investment Manager Arrangements	7
6. Strategic Asset Allocation	10
• DB Investments.....	10
• Additional Contributions (AVC and ASC).....	14

1

Introduction

- 1.1 IBM United Kingdom Pensions Trust Limited (the “Trustee”), as the Trustee of the IBM I.T. Solutions Pension Scheme (the “Scheme”), has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern the decisions about the Scheme’s investments. The Trustee’s investment responsibilities are governed by the Scheme’s Trust Deed and Rules, of which this Statement takes full regard.
- 1.2 The Trustee has consulted IBM United Kingdom Holdings Limited (the “Company”) as the Sponsor of the Scheme on the principles set out in this Statement and will consult the Company on any changes to it having taken prior written advice from an authorised investment consultant. The Trustee seeks to maintain a good working relationship with the Company and will discuss any proposed changes to this Statement with the Company. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 1.3 This Statement includes both the Defined Benefit (“DB”) and the Additional Voluntary Contribution and Additional Smart Contribution (“AVC and ASC”) investments of the Scheme and these are considered separately, as appropriate.
- 1.4 The Scheme is open to new members and remains open to future accrual.
- 1.5 The Scheme’s investment arrangements, based on the principles set out in this Statement, are detailed in the Scheme’s Investment Policy Implementation Document (“IPID”). This statement and the IPID are published on a public website (<https://www.smartpensionsuk.co.uk/#/page/governance-documentation>).
- 1.6 The Trustee does not expect to revise this Statement frequently because it covers broad principles rather than their implementation. The Trustee will review it at least once every three years, and without delay if there are relevant, material changes to the Scheme and/or the Company which the Trustee judges to have a bearing on the stated investment policy. The IPID will be reviewed as required and updated to reflect any amendments to the investment arrangements, and any changes will be agreed by the Trustee. Any such reviews will be based on written expert investment advice and will be in consultation with the Company.

2

Investment Management

Scheme Governance

- 2.1 The Trustee has appointed professional consultants (the “Investment Consultant”) to provide relevant investment advice to the Trustee. The Investment Consultant has confirmed in writing to the Trustee that it has the appropriate knowledge and experience to give the advice required by the Pensions Act 1995 and the Occupational Pension Scheme (Investment) Regulations 2005. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).
- 2.2 The Trustee also takes advice as appropriate from the Scheme Actuary and other professional advisers.
- 2.3 The Trustee is responsible for the investment of the Scheme’s assets and retains control over the decisions on investment strategy. However, in order to ensure that investment decisions are taken by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.
- 2.4 The Trustee has appointed a DB Investment Committee, a Defined Contribution (“DC”) Investment Committee (which considers AVCs and ASCs as part of its remit), and a separate Governance Committee.
- 2.5 The DB and DC Investment Committees are responsible for determining and implementing investment policy. Sub-committees may be appointed to deal with specialist issues where required. The full responsibilities of the Investment Committees and Governance Committee are outlined in the Constitution and Powers document.
- 2.6 The Pensions Trust organisation undertakes a staff role in support of the Trustee and all committees.
- 2.7 The Trustee has delegated day-to-day management of the Scheme’s investments to a number of investment managers. In some cases, this is via Trustee directed investments in pooled investment vehicles and insurance policies and in other cases via separate accounts in which the investment manager invests directly on behalf of the Scheme.
- 2.8 The AVC and ASC assets are invested in a range of funds managed by Legal & General Investment Management Limited (“Legal & General”) which are made available on the Legal & General Assurance Society Limited (“LGAS”) investment platform.
- 2.9 Details of the appointments are contained in the Investment Management Agreements between the investment managers and the Trustee, or within the governing documentation of the pooled vehicles.
- 2.10 A custodian is appointed by the Trustee to provide safekeeping of the Scheme’s assets not invested in pooled funds or insurance policies, and performs the associated administrative duties. The details of this appointment are contained in the contract between the Trustee and the custodian.

Realisation of Investments

- 2.11 In general, the investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.
- 2.12 The Trustee's policy for the Scheme's DB investment strategy is that there should be sufficient secure investments in liquid or readily-realizable assets to meet short term cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Scheme's overall investment policy.
- 2.13 The Trustee has a cashflow policy process to ensure there are sufficient funds available to meet benefit payments and other expenses.
- 2.14 Members' AVC and ASC investments are traded and priced on a daily basis.

3

Environmental, Social and Corporate Governance

- 3.1 The Trustee believes that environmental, social, and governance (“ESG”) factors, including climate change, can impact the performance of the Scheme’s investments, both DB as well as AVC and ASC, over the medium to long-term. The Trustee has delegated responsibility for the selection, retention, and realisation of investments to its investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations.
- 3.2 The Trustee expects its investment managers to be signatories of the PRI (where applicable) and implement these principles. The Trustee requires its investment managers to report on their commitment and how these principles have been implemented.
- 3.3 The Trustee takes decisions on ESG and climate-related risks in relation to the Scheme’s investment arrangements having considered the recommendations of its ESG Sub-Committee.
- 3.4 The Trustee has an appointed Stewardship Manager to ensure that the Trustee’s expectations for the Scheme’s investment managers to be compliant with the UK Stewardship Code and the PRI are met where appropriate.
- 3.5 The Trustee supports the goals of the Paris Agreement, and believes that long term sustainability issues, in particular climate risk, present risks and opportunities which increasingly require explicit consideration.
- 3.6 The Trustee believes that responsible ownership can add value to the Scheme’s assets in the long term and will therefore seek to appoint managers who demonstrate strong engagement credentials, where relevant to the portfolio (see further under “Rights Attaching to Investments” below).
- 3.7 The Trustee does not take into account non-financial matters in the selection retention and realisation of investments.
- 3.8 As noted above, the Trustee does not have an active policy of taking non-financial matters into account in its investment decision making. However, the Trustee has considered and assessed member views (regarding both financial and non-financial factors) in relation to the range of self-select (‘Freestyle’) funds offered to members (for AVCs and ASCs) and has made available the following funds:
- Legal & General Ethical UK Equity and Ethical Global Equity Index Funds whose underlying investments exclude companies involved in business activities that don’t comply with a range of ethical and environmental guidelines (and hence are expected to provide investment profiles more suitable to members who wish to express an ethical preference in their investments as well as focusing on companies that are demonstrating good sustainability practices).

- Legal & General Future World Fund which invests in a diversified range of global companies but tilts away from companies who generate revenue from fossil fuels or produce a high level of carbon emissions in favour of 'Green Revenues'.

Further details regarding these funds can be found in the IPID.

- 3.9 The Trustee engages with managers on climate-related risks and exposure to these risks within the Scheme's investments. From 2022, the Trustee will adopt the Task Force on Climate Related Financial Disclosures (TCFD) framework recommendations and report against them on an annual basis.
- 3.10 The Trustee is committed to reviewing this policy on an ongoing basis.

4

Voting and Engagement Disclosures

Rights Attaching to Investments (Stewardship)

- 4.1 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's DB and AVC/ASC investments to the investment managers. Managers are encouraged to exercise these rights.
- 4.2 The Trustee supports the aims of the UK Stewardship Code, and its investment managers are invited to operate in accordance with the guidelines laid out in the Stewardship Code which covers matters of both voting and engagement. The investment managers are encouraged to report their adherence to The Stewardship Code using the "comply" or "explain" principle where appropriate.
- 4.3 The Trustee requires its investment managers to report on corporate governance, and particularly on their voting and engagement records. In general, investment managers are likely to choose to support and vote with incumbent company management, and therefore exception reporting is expected. Significant shareholder action other than voting should also be reported. The Trustee's Governance Committee periodically reviews these reports from investment managers to ensure that the policies outlined in sections 3 and 4 are being met.

5

Investment Manager Arrangements

Aligning Investment Manager Appointments with the Trustee's Investment Strategy

- 5.1 Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage.
- 5.2 Where appropriate, the Trustee will seek investment advice in decisions regarding manager appointments. Such advice may consider factors such as the manager's idea generation, portfolio construction, implementation and business management, in relation to the Trustee's proposed investment.
- 5.3 As stated in Section 3, the Trustee has a policy of appointing investment managers who are committed to the Principles for Responsible Investment. The Trustee will consider the investment manager's implementation of ESG and climate-related considerations and, where relevant, will also consider the investment manager's policy on voting and engagement in decisions concerning manager appointments.
- 5.4 In respect of segregated appointments, the Trustee specifies the investment objectives and criteria in an investment manager agreement for the investment manager to be in line with the Trustee's specific investment requirements.
- 5.5 Where the Trustee invests in pooled investment vehicles, it accepts that it does not have the ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.
- 5.6 The Trustee will review an appointment if the investment objective for a manager's pooled fund changes to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.
- 5.7 Investment managers are aware that their continued appointment is based on the success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to review the appointment.

Evaluating Investment Manager Performance

- 5.8 The Trustee receives reporting on asset class and investment manager performance on a quarterly basis and this includes performance information over 3 months, 1 year, 3 years, 5 years and since inception. Performance is measured on both an absolute return basis and a relative return basis against a suitable index used as the benchmark (where appropriate) or against an alternative performance target. Both asset class and investment manager performance is reported net of fees and transaction costs¹.
- 5.9 The Trustee's focus is on long term performance but, as noted above, the Trustee may review a manager's appointment at any time for a variety of reasons including for example:
- sustained periods of underperformance;
 - changes in the organisation or key personnel (including the portfolio manager);
 - a change in the underlying objectives of the investment manager;
 - a significant change to the Investment Consultant's rating of the investment manager.
- 5.10 The majority of investment managers are remunerated by way of a fee calculated as a percentage of assets under management. In this way, the managers are incentivised to maximise investment returns in line with the investment objectives. For the Liability Hedging mandate, a fixed fee is payable, and for the Currency Hedging mandate, a fee is payable calculated as a percentage of the hedge.
- 5.11 In some cases, active managers are incentivised using a performance target. Where a performance related fee is payable, a hurdle rate structure is in place to mitigate the possibility of the Trustee paying additional fees during periods of long-term underperformance.
- 5.12 The Trustee reviews the investment manager fees for the AVC and ASC arrangements on an annual basis. This review includes peer group comparison where fees are compared against those paid by other schemes based on each underlying fund's region, asset class, fund management style and the size of assets under management.

Portfolio Turnover Costs

- 5.13 The Trustee does not currently actively monitor portfolio turnover costs for the main DB assets. As noted above, investment manager performance is evaluated net of fees and transaction costs, and where possible, performance objectives for investment managers are set on a net basis. In this way, managers are incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.
- 5.14 The Trustee reviews the transaction costs of the AVC and ASC assets on both a quarterly and annual basis.
- 5.15 The Trustee will continue to monitor industry developments concerning the reporting of portfolio turnover costs and in particular the standardisation and benchmarking of cost reporting.

¹ Costs incurred as a result of buying and / or selling assets.

Manager Turnover

- 5.16 The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. For open-ended funds there is no set duration for the manager appointments. The Trustee will therefore retain an investment manager unless:
- For the DB assets, there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
 - For the AVC and ASC assets, the mandate is no longer considered to be optimal nor have a place in the default investment strategy or general fund range;
 - The manager appointed has been reviewed and the Trustee has decided to terminate the mandate.
- 5.17 For closed-ended funds, the Scheme is invested in a manager's fund for the lifetime of the fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the fund's governing documentation.

6

Strategic Asset Allocation

DB Investments

Objectives and Policy

- 6.1 The Trustee has set the following long-term investment objectives in relation to the Scheme's DB investments:
- The acquisition of suitable assets of appropriate liquidity that will generate income and capital growth to meet, together with any new contributions from the Company, the cost of current benefits that the Scheme provides.
 - To limit the risk of the assets failing to meet the liabilities, both over the long term and on a shorter term basis.
- 6.2 The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations in relation to the Scheme's DB investments. Reflecting these considerations, a high-level strategic asset allocation has been set by the Trustee, having consulted the Company. This is detailed in the IPID along with the rebalancing policy and full details of the investment manager structure.

Investment Strategy

- 6.3 When reviewing the Scheme's investment strategy, the Trustee takes into account the long-term investment and funding objectives and as a result aims to balance the level of investment risk and required expected return within the investment strategy by investing in a diverse portfolio of "growth" assets, such as equities and other return seeking assets, and "matching" assets aiming to minimise the impact of changes in interest rates and inflation on the Scheme's funding level.
- 6.4 The Trustee has set the following target allocations to growth and matching assets:

Asset Class	Current Strategic Target Allocation (%)
UK property	
Diversified Multi-Asset Growth Fund	16.3
Secured Finance	
Alternative credit	
Global bonds	
Long-term UK core credit	83.7
Liability matching assets	
Cash	
Total	100.0

- 6.5 The underlying allocations to the individual asset classes may vary over time.

- 6.6 The Trustee has implemented a liability hedging policy to hedge a significant amount of the interest rate and inflation risks inherent in the Scheme's liabilities.
- 6.7 The Trustee has also implemented a currency hedging policy to mitigate the increased risk associated with investing in overseas assets.

Risk Management

- 6.8 The Trustee recognises a number of risks involved in the investment of the DB assets and that the choice and allocation of investments can help to mitigate these risks:

Type of Risk	Description	How is the risk monitored and managed?	
Solvency and mismatching risk	The risk that the assets of the Scheme do not fulfil the current and future obligations of the Scheme to its members. This is the combination of all other risks described below.	Managed and monitored in the ways described below for the specific risks.	
Market risks	Interest rate and inflation risks	The risk arising from differences in the cash-flow profile of the gilts and other bonds held by the Scheme from that of the Scheme's projected benefit cash-flows due to members.	
	Currency risk	The risk that changes in exchange rates affect the values of overseas assets compared to the Scheme's sterling liabilities.	Managed through the chosen investment strategy controlling the exposures to specific market risk sources and through monitoring of the actual growth of the assets relative to liabilities.
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other risks	Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.	
Demographic risks	The risk arising from uncertainty in the actual future benefits to be paid to members, for example related to member longevity.	Managed through triennial valuations to set Sponsor contributions and through rebalancing of the liability hedge.	

Type of Risk	Description	How is the risk monitored and managed?
Custodial risk	The risk that the custodian holding assets directly for the Scheme fails to settle trades on time, fails to provide secure safekeeping of the assets under custody or otherwise fails to discharge its obligations to the Scheme.	Managed by monitoring the custodian's activities and its creditworthiness.
Counterparty risk	A form of credit risk in that the counterparty to a transaction (such as a derivative) could fail to meet its obligations to the Scheme.	Managed through collateral management, diversifying counterparty exposures, monitoring counterparty creditworthiness and the use of robust contracts.
Operational risks	Terms of entry and valuation risk	The risk that derivative contracts are not purchased at a competitive price and that contracts are not correctly valued on an ongoing basis.
	Legal risk	The risk that the legal terms of contracts are not properly reviewed.
	Day-to-day operational risks, including collateral risk	The risk that the Scheme fails to meet its contractual obligations to counterparties, such as in the provision of collateral for derivative contracts.
		Day-to-day management of these risks is delegated to the investment managers or custodian. The Trustee requires managers to monitor collateral sufficiency and specifies controls within the managers' legal agreements.
Investment manager risk	The risk that the appointed investment managers underperform their objectives, fail to carry out operational tasks, fail to ensure safe-keeping of assets (in pooled funds) or breach agreed guidelines.	Managed through diversification across investment managers and by the ongoing monitoring of the performance of the investment managers.

Type of Risk	Description	How is the risk monitored and managed?
Liquidity risk	The risk that the Scheme cannot meet short term cashflow requirements or incurs excessive costs doing so. This includes liquidity requirements of the Scheme's currency and liability hedging programmes.	Managed by undertaking periodic reviews of the Scheme's liquidity requirements to ensure sufficient cash is held to limit adverse impact on investment policy.
Political and regulatory risk	The risk that the impact of political instability or intervention on financial markets causes the value of the Scheme's assets to fluctuate.	Managed through the chosen investment strategy.
Sponsor risk	The risk that the insolvency of the Sponsor impacts its ability to continue to support the Scheme and make good any current or future deficit.	Covenant reviews are undertaken at least triennially to assess the interaction between the Scheme and the Sponsor's business, the Sponsor's creditworthiness and its capacity to meet any current and potential future obligations.
Climate risk	A systemic risk that may materially affect the financial performance of investments.	From 2022, the Trustee will adopt the Task Force on Climate Related Financial Disclosures (TCFD) framework recommendations and report against them on an annual basis. The Scheme's investment managers are expected to adopt these recommendations and the investment managers are requested by the Trustee to provide portfolio carbon risk metrics consistent with the framework and the metrics agreed by the Trustee.

Additional Contributions (AVC and ASC)

Overall Aims and Objectives

- 6.9 The Trustee's principal mission is to help members who make AVC and ASC investments maximise their retirement outcomes with an appropriate level of investment risk, by providing an appropriate investment framework which represents value for members and which is in line with recognised market "good practice", taking into account guidance from the Pensions Regulator and other appropriate industry and regulatory bodies.
- 6.10 In addition to the principal mission as stated above and the investment objectives below, the Trustee also aims to:
- Ensure that the AVC and ASC operational structure is suitable and cost effective.
 - Provide members with adequate tools and timely information to enable them to make informed contribution, investment and retirement decisions.

Investment Objectives

- 6.11 The Trustee has the following investment objectives related to the AVC and ASC investments:
- To offer suitable default investment strategies that are appropriate for the profile of defaulting members based on their expected risk tolerances and retirement objectives.
 - To offer a range of self-select investment options which are appropriate for the profile of most members.

Investment Policies

- 6.12 The Trustee recognises that the default investment strategy will not meet the needs of all members (who will have different personal preferences and retirement objectives) and as such, alternative investment options are available for members to choose from. This includes the Freestyle fund range. The Trustee's policy on investment return is to provide members with the ability to obtain a level of investment return commensurate with that achieved by the investment funds they select from the range of available offerings.
- 6.13 The fund range and default investment strategy are reviewed on at least a triennial basis, the last review having taken place in 2019. Members are currently offered a range of four Lifecycle investment strategies and 22 Freestyle funds (of which four funds are closed to new member selections). The fund range is comprehensive and offers exposure to a wide range of asset classes which offer different levels of risk and return, the balance between which can be selected by the member. These include but are not limited to: developed market equities, emerging market equities, real estate, listed infrastructure, pre-retirement funds, money market investments, gilts and index-linked gilts. Within the fund range two multi-asset funds, the Growth and Growth Plus Funds, are available to members and provide exposure to a diversified range of asset classes (including commodities). The Trustee also makes available two ethical equity funds and a sustainable equity fund for members who wish to express an ethical preference in their investments, as well as focusing on companies that are demonstrating good sustainability practices.

6.14 The Trustee notes that members' investment needs change as they progress towards retirement age, hence offering Lifecycle investment strategies which switch a member's pension savings into funds with a lower risk profile, as the member approaches their target retirement age. These Lifecycle strategies are consistent with how members can access their pension savings at retirement. The four current Lifecycle strategies are:

- 'Lifecycle to Lump Sum 2020' strategy. This is the Scheme's default investment strategy and is aimed at members targeting a lump sum cash withdrawal at retirement
- 'Lifecycle Balanced 2020' strategy. This strategy aims to give members a 'balanced' investment strategy that incorporates a mixed annuity and drawdown target (in addition to the 25% cash target).
- 'Lifecycle to Annuity 2020' strategy. This strategy is aimed at members planning to take 25% of their savings as tax-free cash on retirement, using the remainder to buy an annuity.
- 'Lifecycle to Drawdown 2020' strategy. This strategy is aimed at members who intend to take 25% of their savings as tax-free cash on retirement, leaving the remainder invested for growth while they draw an income during retirement.

More details regarding these Lifecycle investment strategies can be found in the IPID.

6.15 The Trustee is conscious of the impact of management fees on the ultimate value of a member's pension fund. The Trustee believes that both actively and passively managed funds can add value for members and therefore has opted for a Fund Range centred around passive management, but with the ability to use active or smart beta products where it is deemed appropriate and cost effective to do so.

6.16 In determining which investment options to make available, the Trustee with advice from its Investment Consultant, has considered the investment risk associated with money purchase investments. This risk can be defined as the uncertainty over the ultimate amount of savings available on retirement. A number of factors contribute to this uncertainty, some of which (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment options made available to members. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the real returns (i.e. return above inflation) of the funds do not keep pace with inflation.	Members are able to set their own investment allocations, in line with their risk tolerances.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	For the multi-asset funds and lifecycle strategies available, the Trustee periodically reviews the suitability of these options.

Type of Risk	Risk	Description	How is the risk monitored and managed?
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	Non-sterling exposure from developed markets within many of the investment funds is largely hedged back to sterling to reduce the impact of currency movements.
	Equity, property and other risks	Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.	The Trustee considers these risks and the appropriate level of diversification when setting the default investment strategy.
	Investment manager risk	The risk that the appointed investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The AVC/ASC assets in the Scheme are primarily managed by one investment manager. The Trustee regularly reviews the appropriateness of the level of the security of assets. The Trustee undertakes ongoing monitoring of the performance of the investment manager.
	Liquidity risk	The risk that the Scheme's AVC and ASC assets cannot be realised at short notice in line with member demand.	The Scheme's AVC and ASC assets are invested in daily dealt and daily priced pooled funds.

Type of Risk	Risk	Description	How is the risk monitored and managed?
Pension Conversion risk		The risk that the value of a member's account does not enable the member to meet their objectives post retirement.	<p>The Trustee makes available a range of Lifecycle strategies for members.</p> <p>Lifecycle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.</p> <p>Members can select a Lifecycle strategy in accordance with their personal preferences and retirement objectives.</p> <p>The default investment strategy is a Lifecycle strategy. As part of the triennial default strategy review, the Trustee reviews the appropriateness of the default retirement destination based on the membership profile and experience.</p>
Climate risk		A systemic risk that may materially affect the financial performance of investments.	<p>From 2022, the Trustee will adopt the Task Force on Climate Related Financial Disclosures (TCFD) framework recommendations and report against them on an annual basis. The Scheme's investment managers are expected to adopt these recommendations and the investment managers are requested by the Trustee to provide portfolio carbon risk metrics consistent with the framework and the metrics agreed by the Trustee.</p>

6.17 The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.

.....

SIGNED FOR THE TRUSTEE by P Butler, Pensions Trust Manager & Company Secretary

DATED