

# **DXC UK PENSION SCHEME**

## **Report and Financial Statements for the year ended 31 December 2023**

Scheme Registration No: 10197409

# DXC UK PENSION SCHEME

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# DXC UK PENSION SCHEME

## TRUSTEE AND THEIR ADVISERS

### **Trustee:**

DXC UK Trustee Limited  
Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire GU11 1PZ

### **Employer Nominated Directors:**

J Cetin	(Principal Employer Director)
G Dimmer	(Principal Employer Director Resigned 23 September 2023)
A Haslam	(Principal Employer Director)
M Hume	(Principal Employer Director, formerly a Member Nominated Director, change effective 1 July 2024)
Independent Trustee Limited	(Independent Director Represented by IM Pittaway)
M Lewthwaite	(Principal Employer Director)
B Orr	(Principal Employer Director)
E Williams	(Principal Employer Director, Appointed 1 July 2024)

### **Member Nominated Directors:**

G Barron	(Member Nominated Director Appointed 1 July 2024)
LA Flynn	(Member Nominated Director Appointed 1 July 2024)
V Mabon	(Member Nominated Director Appointed 1 July 2024)
R Makepeace	(Pensioner Director 1994 Pension Scheme Resigned 25 June 2024)
J McCallum	(Pensioner Director 1994 Pension Scheme Resigned 25 June 2024)
I E Wilson	(Member Director Retirement Plan - Chairman Re-appointed 1 July 2024)

### **Principal Employer**

EntServ UK Ltd  
Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire GU11 1PZ

### **Participating Employers**

Ins-Sure Services Limited, LCO Marine Limited, LCO Non-Marine and Aviation Limited, London Processing Centre Limited, LPSO Limited, Xchanging Global Insurance Solutions Limited, CSC Computer Sciences Limited

All registered to the following address:  
Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire GU11 1PZ

# DXC UK PENSION SCHEME

## TRUSTEE AND THEIR ADVISERS (continued)

### **Secretary to the Trustee**

Vicki Hayter  
XPS Pensions Group  
Phoenix House  
1 Station Hill  
Reading RG1 1NB  
[DXCUKTL@xpsgroup.com](mailto:DXCUKTL@xpsgroup.com)

### **Actuary:**

Ben Bramhall  
XPS Pensions Group  
Phoenix House  
1 Station Hill  
Reading RG1 1NB

### **Administrators:**

Capita  
Hartshead House  
2 Cutlers Gate  
Sheffield S4 7TL  
(Rebus Tier of the DXC Section - from 1 October 2023)

EDS Pensions Administration  
EQ  
Sutherland House  
Russell Way  
Crawley  
West Sussex RH10 1UH  
(Legacy and EDS 1994 Sections)

Standard Life  
1 Wythall Green Way  
Wythall  
Birmingham B47 6WG  
(DC Tier of the DXC Section)  
(Appointed 27 September 2023)

### **Auditor:**

KPMG  
15 Canada Square  
London E14 5GL

### **Legal Advisers:**

Sacker & Partners  
20 Gresham Street  
London EC2V 7JE

### **Bankers:**

Barclays  
National Westminster Bank PLC  
The Royal Bank of Scotland PLC

### **Investment Advisers**

#### **Defined Benefit Assets**

Mercer  
1 Christchurch Way  
Woking  
Surrey GU21 6JG  
Shoreline Investment Management Company  
3000 Hanover  
MS 1037  
CA 94304  
USA

# DXC UK PENSION SCHEME

## TRUSTEE AND THEIR ADVISERS (continued)

### ***Investment Advisers (continued)***

### ***Defined Contribution Assets***

LCP  
95 Wigmore Street  
London W1U 1DQ

### ***Covenant Adviser:***

Cardano  
Orion House  
5 Upper St Martin's Lane  
London WC2H 9EA

### ***Investment Managers:***

### ***Defined Benefit Section***

CBRE Global Investors Managed Accounts Group  
Third Floor  
One New Change  
London EC4M 9AF

Coller Capital  
Park house  
116 Park Street  
London W1K 6AF

Goldman Sachs Asset Management  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AU

Insight Investment  
160 Queen Victoria Street  
London EC4V 4LA

Intermediate Capital Group plc  
Juxon House  
100 St Paul's Churchyard  
London EC4 M 8BU

M&G Investments  
Prudential Pensions Ltd  
PO Box 369  
Darlington DL1 9RJ

(Appointed 1 October 2023)

Mercer Global Investments Management Ltd  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

(Appointed 1 October 2023, removed  
December 2023)

Schroders  
1 London Wall Place  
London EC2Y 5AU

Shenkman Capital Management Ltd  
49 St Jame's Street  
London SW1A 1JT

# DXC UK PENSION SCHEME

***Investment manager  
(continued)***

***Defined Contribution Tier of the DXC Section***

Standard Life  
1 Wythall Green Way  
Wythall  
Birmingham B47 6WG (Appointed 23 September 2023)

***Insurance Company (buy-in  
provider)***

Pension Insurance Corporation PLC "PIC"  
14 Cornhill  
London EC3V 3ND (Until 20 March 2023)

***Custodian:***

BNY Mellon  
1 Canada Square  
London E14 5AL

# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustee is pleased to present its annual report and Financial Statements for the year ended 31 December 2023.

### ***Scheme Information***

#### *Scheme set up*

The Scheme was established with effect from 17 December 1993 to provide retirement and death benefit for all eligible employees of Electronic Data Systems Limited, which changed to HP Enterprise Services UK Ltd on 4 January 2010 ("the employer"). Membership initially became available to transitioned employees from DVOIT and subsequently to others including those from the HMRC, the Department of Social Security, Ministry of Defence, Brent County Council, South West Information Technology, Wandsworth Borough Council, the Local County Courts, Kingston Borough Council, Paymaster, Armed Forces Personnel Administration Agency, Employment Service, Prison Services, Principal Civil Service Pension Scheme (PCSPS), BT Pension Scheme, Defence Information Infrastructure. On 1 April 2011 a new section, called the E.ON section, was set up for employees who joined the Principal Employer from the energy sector. This was a separate section which has segregated assets and liabilities.

#### *Buy In and Buy Out*

The Trustee entered into a buy in policy with Pension Insurance Corporation ("PIC") with effect from 22 June 2022 which covered all of the members held in the Main and E.ON Sections (later known as the Legacy Section). The Trustee took this decision to further improve the overall security of members' benefits, partly because of the strong regulatory regime under which PIC operates and partly because the funding of future payments to members of the Scheme no longer relies on future contributions from EntServ Limited.

On the 18 January 2023, the Trustee and the Principal Employer de-segregated the E.ON Section and Main Section with an effective date of 19 January 2023. Immediately thereafter on the effective date, the Principal Employer and the Trustee agreed then to re-segregate the Scheme to create three sections - the "Legacy Section", the "1994 Section" and the "DXC Section" and made certain amendments to the Scheme in respect of the bulk transfers-in of benefits and distribution of surplus on a partial winding up of the Scheme.

On 20 January 2023, the Trustee and Principal Employer also agreed to trigger the windup of the Legacy Section. Partial wind-up was triggered following the agreement to buy out the Legacy Section with the insurer the Pension Insurance Corporation ("PIC") and members were issued a Section 74 notice in line with the Trustee's statutory responsibilities.

Following the success of the buy in, the Trustee agreed to buyout the Scheme with PIC. The buyout took place 20 March 2023 at which point the members and member's liabilities within the "Legacy Section" were transferred to PIC. Following the buyout, 9 active members remaining in the Main Section and 4 active members remaining in the E.ON Section transferred in to the EDS 1994 Section.

#### *Task Force on Climate Related Financial disclosures (TCFD)*

Due to the buyout mentioned above and the subsequent reduction in assets under management, the Trustee are not required to produce a TCFD statement. Despite this reporting requirement falling away, climate related risks continue to be closely monitored by the Trustee and they take ESG considerations very seriously as part of their commitment to responsible investment and the long-term sustainability of the pension scheme.

#### *Scheme name change*

In accordance with an agreement between the Company and the Trustee, it was decided that the Scheme, previously referred to as the Electronic Data Systems 1994 Scheme, would henceforth be known as the DXC UK Pension Scheme. This adjustment was made to better reflect the Scheme's alignment with its sponsoring employer.

#### *DXC Section*

The DXC Section was created on 19 January 2023 and contained no members until it received a transfer in of DB benefits known as the Rebus Tier on 1 October 2023. Also on 1 October 2023, the DC Tier was established whereby 5,596 DC members started actively accruing DC benefits (provided by Standard Life).

# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

### ***Trustee***

The Trustee and its Directors are listed on page 2 of this report.

The power of removing and appointing the Trustee is exercised by deed and is vested in the Principal Employer.

The Trustee has made arrangements for the appointment of Member Nominated Trustee Directors in accordance with the provisions of the Pensions Act 2004 and Directors were appointed in accordance with these arrangements. In June 2017, the Trustee board was expanded to accommodate an additional Director appointed by the Principal Employer. The Board is made up of 11 Directors as follows:

- 2 Member Nominated Directors from the Active, Deferred or Pensioner members of the Scheme;
- 2 Member Nominated Directors from the Active, Deferred or Pensioner members of the EDS 1994 Pension Scheme;
- 6 Principal Employer Directors; and
- 1 Independent Director.

In conjunction with EDS Trustee Limited, the Principal Employer decided there should continue to be 4 Member Directors, however, 2 are selected from the Scheme's Active, Deferred and Pensioner members and 2 from the Electronic Data Systems 1994 Pension Scheme Active, Deferred and Pensioner members.

The Term of appointment is 4 years and appointment is made via a selection panel. The Trustee conducted a Member Nominated Director (MND) exercise in April 2024, as the tenure of the current MNDs was set to expire in June 2024. All members of the Scheme were contacted and invited to nominate themselves. Following the communication exercise and subsequent interviews, the Trustee decided to reappoint Ian Wilson and appoint Vicki Mabon, Lori-Anne Flynn, and Gemma Barron, effective 1 July 2024.

### ***Management of the Scheme***

The overall management of the Scheme is vested in the Trustee. The Trustee Board of Directors met on more than four occasions during the year to review actuarial and investment activities and other matters affecting the Scheme and its members. Management is further exercised by the Trustee through a number of committees, including investment, administration, communications, risk and the exercise of discretions, which meet regularly throughout the year. The Trustee uses the services of EDS Pensions Administration (EQ), Capita and Standard Life for the administration of the Scheme, XPS Administration for the year end accounts preparation and Vicki Hayter at XPS Pensions Group for all secretarial communications.



# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

### Membership

The number of members as at the year end was as follows:

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
<b>Active Members at</b>							
<b>1 January 2023</b>	<b>8</b>	<b>4</b>	-	-	-	-	<b>12</b>
Adjustment**	1	-	-	-	-	-	1
New members	-	-	-	-	-	5,596	5,596
Transfer from Main and E.ON to EDS 1994 Section	(9)	(4)	-	13	-	-	-
Active Members at 31 December 2023	-	-	-	<b>13</b>	-	<b>5,596</b>	<b>5,609</b>
<b>Deferred Pensioners at</b>							
<b>1 January 2023</b>	<b>2,236</b>	<b>90</b>	-	-	-	-	<b>2,326</b>
Rebus Tier transfer in	-	-	-	-	343	-	343
Transfer from Main and E.ON to Legacy Section	(2,236)	(90)	2,326	-	-	-	-
Leavers (Buy Out)	-	-	(2,313)	-	-	-	(2,313)
Leavers (Transfer Out)	-	-	(1)	-	-	-	(1)
Retirements	-	-	(12)	-	(1)	-	(13)
<b>Deferred Pensioners at 31 December 2023</b>	-	-	-	-	<b>342</b>	-	<b>342</b>
<b>Pensioners at</b>							
<b>1 January 2023*</b>	<b>2,980</b>	<b>15</b>	-	-	-	-	<b>2,995</b>
Rebus Tier transfer in	-	-	-	-	168	-	168
Transfer from Main and E.ON to Legacy Section	(2,980)	(15)	2,995	-	-	-	-
Leavers (Buy Out)	-	-	(3,007)	-	-	-	(3,007)
New Pensioners*	-	-	12	-	2	-	14
<b>Pensioners at 31 December 2023*</b>	-	-	-	-	<b>170</b>	-	<b>170</b>
<b>Total Membership as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>512</b>	<b>5,596</b>	<b>6,121</b>

\*includes dependent pensioners

\*\* The adjustment is in respect of late notifications and adjustments in the reporting period with effective dates that fall into the previous accounting period including correcting historical differences identified during the year.

# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

### ***Pension increases***

The Buy out for the Main and E.ON Section's was completed in March 2023 therefore there were no pension increases in 2023 for these sections.

The Rebus Tier transferred into the DXC UK Pension Scheme in October 2023. Pension increases are applied on 1 April each year.

The pension increases for 1 April 2024 are as follows:

Pension Increase Rates:

620 REBUS-Heath 96 Sch

622 REBUS-Heath 96 Sch.E 1/3sps

623 REBUS Post 92 Schedule E Initial

626 REBUS-Sen.Manager Sch.A Initial

1145 REBUS-Heath 96 Sch E 80THS

<b>Benefit</b>	<b>Service from</b>	<b>Service to</b>	<b>Increase Type (LPI/Fixed / Discretionary)</b>	<b>1 April 2024 rates</b>
Pre 88 GMP	06/04/1978	05/04/1988	N/A	0.00%
Post 88 GMP	06/04/1988	05/04/1997	Statutory (CPI to Max 3%)	3.00%
Pre 01.04.03 excess 5%	01/01/1985	01/04/2003	Fixed 5%	5.00%
Post 01.04.03 excess LPI	02/04/2003	06/04/2009	LPI to Max 5%	5.00%
CARE	06/04/2009		LPI to Max 2.5%	2.50%
Insured			N/A	3.00%

Pension Increase Rates:

628 Rebus-H96 Sch E Post 97 Init 80TH

1146 Rebus 96 Sche E >97 Init 80<sup>TH</sup>

<b>Benefit</b>	<b>Service from</b>	<b>Service to</b>	<b>Increase Type (LPI/Fixed / Discretionary)</b>	<b>1 April 2024 rates</b>
Pre 01.04.03 excess LPI	01/01/1985	01/04/2003	LPI to Max 5%	5.00%
Post 01.04.03 excess LPI	02/04/2003	06/04/2009	LPI to Max 5%	5.00%
CARE	06/04/2009		LPI to Max 2.5%	2.50%

# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

### Transfer Values

Cash equivalents (transfer values to other approved pension arrangements) payable are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

### Benefit/Scheme Changes

Details of the Scheme changes are disclosed on page 6.

### Contingent Liability

On 26 October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits provided to members of pension schemes must be recalculated to reflect equalisation requirements between 17 May 1990 and 6 April 1997. As a result of the ruling, the Trustee of the Scheme was required to equalise GMPs between men and women.

The Trustee adopted equalisation Method C for the Legacy Section project and fully rectified and equalised all benefits before the Buyout policy with PIC was agreed.

GMP liability for the Rebus Tier was transferred in from 1 October 2023 and the Trustee are currently working through the reconciliation and rectification project. No decision has been made as to the methodology they will use when it comes to equalising the GMP.

The Trustee is also turning its attention to historic transfer and deaths which are also covered by the High Court Ruling. Sufficient monies have been retained within the newly established "1994 Section" of the Scheme and the Trustee is working closely with the advisers to ensure this project is progressed.

### Financial Development of the Scheme

Changes in the Scheme's net assets during the year were as follows:

	£000
Net assets at 31 December 2022	1,139,674
Net withdrawals from dealings with members	(900,722)
Net returns on investments	34,967
	<hr/>
Net assets at 31 December 2023	273,919
	<hr/>

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

### Enquiries

All enquiries about the Rebus Tier of the DXC Section of the Scheme and individual benefit entitlements should be addressed to Capita at the address on page 3.

All enquiries about the Legacy Section and EDS 1994 Section of the Scheme and individual benefit entitlements should be addressed to EDS Pensions Administration at the address on page 3.

All enquiries about the DC Tier of the DXC Section of the Scheme and individual benefit entitlements should be addressed to Standard Life at the address on page 3.

Alternatively visit the member website where you can access key information including latest news, forms, newsletters, and contact information <https://edspensions.co.uk/>

# DXC UK PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

### **MoneyHelper**

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper  
Holborn Centre  
120 Holborn  
London EC1N 2TD

Tel: 0800 011 3797

Email: [contact@maps.org.uk](mailto:contact@maps.org.uk)

Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### **Disputes**

The Trustee has implemented the statutory Internal Disputes Resolution Procedure (IDRP) in accordance with the requirements of the 1995 Pensions Act to deal with any disputes about the Scheme or its management. The IDRP should be followed before any dispute is put before the Pension Ombudsman (PO). A copy of the Scheme's IDRP can be obtained from the Scheme's administrator listed on the previous page.

### **Pensions Ombudsman**

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
London E14 4PU

Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **The Pensions Regulator (tPR)**

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House  
125-135 Preston Road  
Brighton BN1 6AF

Tel: 0345 600 0707

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### **The Pension Scheme Registry**

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 10197409. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton WV98 1LU

Tel: 0800 731 0193

Website: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

# DXC UK PENSION SCHEME

## INVESTMENT REPORT

### 1. Introduction and Governance

#### ***Scheme Structure***

There have been some structural changes during the scheme year:

The Electronic Data Systems 1994 Pension Scheme segregation was adjusted during the scheme year, with effect on and from 19 January 2023. The Electronic Data Systems 1994 Pension Scheme consisted of two sections, E.ON Section and a Section (hereafter named the "Main Section") containing all other assets and liabilities not attributable to the E.ON Section, which were both de-segregated on the effective date.

Immediately thereafter on the effective date, the Electronic Data Systems 1994 Pension Scheme was re-segregated to create three sections – the "Legacy Section", the "1994 Section" and the "DXC Section" in order to make certain amendments to the scheme in respect of bulk transfers-in of benefits and distribution of surplus on a partial winding-up of the scheme.

The Electronic Data Systems 1994 Pension Scheme was renamed to DXC UK Pension Scheme with effect from 15 August 2023.

The Trustee approved the transfer of assets from the DXC UK Pension Scheme "Legacy Section" into the DXC UK Pension Scheme "DXC Section" in accordance with the Trust Deed and Rules. There were no liabilities to transfer. The "Legacy Section" was subsequently wound-up.

Effective on 1 October 2023 assets and liabilities of the DXC UK Pension Plan "Rebus Section" were merged into the DXC UK Pension Scheme "DXC Section".

Effective on 18 December 2023 liabilities associated with 7 pension members from the DXC Pension Plan transferred to the DXC UK Pension Plan "1994 Section". Assets of a value of £575,944 were transferred from the DXC Pension Plan "CSC Section" to the DXC UK Pension Scheme "DXC Section". Assets of a value of c.£2.35m were transferred from the "DXC Section" to the "1994 Section" to cover the full value of future liabilities.

As at 31 December 2023, the DXC UK Pension Scheme comprised two segregated sections with assets and liabilities: "1994 Section" and "DXC Section". The "DXC Section" consists of a Defined Benefit Tier and a Defined Contribution Tier. The Defined Contribution tier commenced benefit accrual for all active employees on 1 December 2023 with an intent to transfer accrued benefits in due course.

#### ***Summary of Scheme governance structure***

The overall investment policy of the Scheme is determined by the Trustee having taken advice from their advisers, Mercer Limited. The Trustee is responsible for determining the investment strategy and manager appointments after taking appropriate advice. The Trustee has delegated the day-to-day management of the investments to professional investment managers. These managers undertake, within restrictions in the contractual documentation, the day-to-day management of the asset portfolio, including the full discretion for stock selection.

The Trustee has established an Investment Committee ("the Investment Committee"), a delegated committee of the Trustee, which has a remit to assist the Trustee in determining and monitoring how the Scheme's assets are invested. Further details of the delegated powers of the Investment Committee are set out in the document "Investment Committee Terms of Reference".

The Trustee has produced a DB Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. The DB SIP was updated in October 2023 to reflect the Scheme name change, the Scheme segregation and incorporate changes to the investment policy. Further details are outlined later in this report and a copy is available online.

The Trustee has also produced a DC Statement of Investment Principles for the Defined Contribution Tier of the DXC Section. The DC SIP was signed in September 2023.

Although a securities lending programme is no longer in place at the Scheme's custodian (BNY Mellon), the investment managers (or their appointed custodian) of its pooled investments may operate one.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 2. Employer Related Investments

Under the Pensions Act 1995 particular types of investment are classed as "employer-related investments". Under laws governing employer related investments (ERI) not more than 5% of the current value of Scheme assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer related loan or guarantee. In September 2010 the prohibition of Employer Related Investments was extended to cover pooled funds, excluding funds held in life wrappers.

The Trustee reviews its allocation to employer-related investments on an on-going basis and is satisfied that the proportion of the Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets as at 31 December 2023, and the Scheme therefore complies with legislative requirements.

### 3. Market Background

#### *Investment Markets<sup>1</sup>*

The first quarter of 2023 started with optimism over declining inflation and a hope of an end to monetary tightening. The demise of SVB, the second largest US bank failure in history, and UBS's urgent takeover of Credit Suisse in March were the major events of the quarter that briefly rattled markets until calm returned towards quarter end. Developed market central banks continued raising rates through the quarter as overall growth momentum remained robust. Headline inflation continued to slow in major developed economies, except for the UK, but core inflation remained elevated.

The second quarter of 2023 saw the orderly resolution of the second largest bank failure in US history and further distress among US regional banks, yet ongoing economic resilience, declining inflation, an equity rally led by eight stocks, and increased geopolitical tensions, including an attempted coup in Russia. Developed market central bank actions were mixed over the quarter, with some deciding to pause hiking interest rates, and others continuing to increase the policy rate, but rhetoric remained hawkish. Headline inflation continued to slow and core inflation fell in most regions apart from the UK. Inflation expectations also continued to decline over the quarter.

Developed market central bank actions were mixed in Q3 2023, with some deciding to pause hiking interest rates, and others continuing to increase policy rates. Headline inflation continued to slow and core inflation fell in most regions. Inflation expectations also continued to decline over the quarter. US GDP growth estimates appear to have accelerated in the third quarter of 2023. China's economy grew largely due to favourable base effects, but overall the momentum has been weak, indicating subdued demand.

The fourth quarter of 2023 started off with low expectations owing to expectations of higher for longer long-term interest rates and renewed geopolitical tensions in the Middle East. Markets reached their lows near the end of October due to risk-off sentiment. However, in November, slowing inflation in the US and other regions raised hopes that interest rates may have peaked, thereby boosting investor confidence. Over the quarter, the US Federal Reserve kept rates unchanged preferring to shift towards a dovish tone. Inflation expectations also continued to decline over the quarter.

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<sup>1</sup> Statistics sourced from Refinitiv unless otherwise specified.

<sup>2</sup> Statistics sourced from MSCI Investment Property Database.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### *Investment Markets<sup>2</sup>*

#### **Equity Markets**

At a global level, developed markets as measured by the FTSE World index, returned 17.2%. Meanwhile, a return of 2.9% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 15.7% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 7.9%. The FTSE USA index returned 19.9% while the FTSE Japan index returned 13.3%. The considerable outperformance of UK equities is attributed to the index's large exposure to oil, gas and basic materials.

Equity market total return figures are in Sterling terms over the 12-month period to 31 December 2023.

#### **Bonds**

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned 3.7%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of 1.6% over the year. Yields at the longer end of the nominal yield curve rose less than the shorter end but this was offset by the duration impact on the longer-dated gilt returns. The yield for the FTSE Gilts All Stocks index rose over the year from 3.83% to 3.89% while the Over 15 Year index yield rose from 3.9% to 4.1%.

The FTSE All Stocks Index-Linked Gilts index returned 0.9% with the corresponding over 15-year index exhibiting a return of -4.3%. The combination of falling inflation expectations and increasing nominal yields led to a sharp rise in real yields and underperformance of index-linked gilts relative to nominal gilts.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned 8.6%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 December 2023.

#### **Property**

Over 12-month period to 31st December 2023, the MSCI UK All Property Index returned -0.1% in Sterling terms. Within three main sectors of the UK Property market, retail and the industrial sector recorded positive returns of 1.0% and 5.1% respectively, while office sectors recorded negative returns of -11.9% over the period.

#### **Currencies**

Over the 12-month period to 31 December 2023, Sterling appreciated by 6.0% against the US Dollar from \$1.20 to \$1.27. Sterling appreciated by 13.2% against the Yen from ¥ 158.72 to ¥ 179.72. Sterling appreciated against the Euro by 2.4% from €1.13 to €1.15 per the same period.

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<sup>2</sup> Statistics sourced from Thomson Reuters Datastream unless otherwise specified.

<sup>2</sup> Statistics sourced from MSCI Investment Property Database.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 4. Investment Policies and Objectives

The primary objective of the Scheme is to provide, on a defined benefits basis, pension and lump sum benefits for members on their retirement, or benefits on death, before or after retirement, for their dependants. There are also defined contribution (DC) benefits arising from member and employer payments of Additional Voluntary Contributions (AVCs).

When designing the investment arrangements, the Trustee considers the requirements of legislation, the funding objectives for the Scheme and their views on the covenant of the Sponsor.

### 5. Financially and Non-Financially Material Matters in the Selection, Retention and Realisation of Investments, the Exercising of Rights Attached to Investments and Engagement Activities

The Trustee regularly reviews the liquidity of the Scheme's assets to ensure that it has sufficient cash available to meet outgoings as they fall due. The Trustee is comfortable in taking a modest degree of liquidity risk in the investment strategy where assets are expected to generate relatively secure income to help meet cash-flow requirements.

The Trustee believes that good stewardship and environmental, social and governance ("ESG") factors may have a material impact on investment returns, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long term sustainability issues, including climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee's policy is that it has given appointed investment managers full discretion when evaluating ESG issues, including climate change, and in exercising voting rights and stewardship obligations attached to the Scheme's relevant investments.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes when appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and engagement with managers on their ESG policies and integration into investment processes are raised.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in the future.

The Trustee does not explicitly consult member views when making decisions in relation to the selection, retention and realisation of investments.

Equity managers who are registered with one of the appropriate UK regulators (currently the Financial Conduct Authority ("FCA") or the Prudential Regulation Authority ("PRA")) are expected to report on their adherence to the UK Stewardship Code on an annual basis.



# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 6. Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own pension scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essential of investment governance, notably the importance of effective decision making, clear investment objectives and focus on the nature of each Scheme's liabilities. The principles require that trustees include a statement of the Scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and their implementation are in keeping with these principles.

### 7. Investment Strategy and Implementation

1994 Section - This Section comprises the DB benefits that were not bought-in in 2022. There is a target of being fully funded on a buy-out basis for this Section. This Section also holds an allowance for the Scheme's expenses and GMP liabilities. The Trustee and the Sponsor have agreed an investment strategy for this Section. The assets are invested in various Liability Driven Investments (LDI) assets, bonds and cash funds (the "Protection Assets"). The assets are not automatically rebalanced, but the investment strategy will be reassessed periodically including if there is a material change in insurance market conditions or the liability membership.

DXC Section - DB Tier - The aim is to be fully funded on a buy-out basis and to have sufficient liquid assets to pay contributions for the DC tier of this Section, subject to a funding utilisation agreement.

Assets backing the liabilities are invested in LDI and Credit (the "Protection Assets"). Surplus assets not required to cover liabilities are invested in low to moderate risk investments.

### 8. Deployment of Assets

The investment managers and providers are regulated by the relevant regulatory body in their home jurisdiction.

As at 31 December 2023, the Scheme's assets were managed by, Coller Capital, CBRE, M&G, Shenkman, ICG, Goldman Sachs, Insight and Bank of New York Mellon.

The following mandates were implemented over the year: Insight LDI, Insight Buy and Maintain Credit and M&G Property.

The following mandates were redeemed over the year: Schroders LDI and Schroders Gilts & Cash.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 9. Asset Allocation

The Trustee invests in segregated portfolios, pooled investment vehicles and derivative contracts. The Trustee has authorised the use of derivatives by the investment managers for efficient portfolio management purposes including to reduce certain investment risks such as interest rate risk and inflation risk.

The following table provides more detail on the distribution of assets as at 31 December 2023.

Manager	Mandate	Actual Asset Allocation			
		Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
<b>Surplus Assets</b>		<b>109.4</b>	<b>70.0</b>	<b>73.1</b>	<b>28.6</b>
Coller Capital	Private Equity	2.0	1.3	1.3	0.5
CBRE	Property & Long Lease Property	16.5	2.6	11.0	1.1
M&G	Property	-	0.6	-	0.2
Shenkman*	Multi-Asset Credit	0.3	0.3	0.2	0.1
ICG*	Secured Finance	14.0	11.4	9.4	4.7
Goldman Sachs	Private Debt	32.7	32.1	21.9	13.0
Insight	Liquidity Fund	38.2	-	25.5	-
Bank of New York Mellon (Custodian)	Cash	5.7	0.1	3.8	0.1
Cash in transit		0.0	21.6	0.0	8.9
<b>Protection Assets</b>		<b>40.2</b>	<b>172.8</b>	<b>26.9</b>	<b>71.4</b>
Schroders*	LDI	40.2	0.0	26.9	0.0
Insight	LDI	-	98.7	-	40.8
Insight	Buy and Maintain	-	74.1	-	30.6
<b>Total DXC Section – DB Tier</b>		<b>149.6</b>	<b>242.8</b>	<b>100.0</b>	<b>100.0</b>
<b>Protection Assets</b>		<b>9.3</b>	<b>18.1</b>	<b>-</b>	<b>-</b>
Schroders*	Gilts and Cash	9.3	0.0	-	-
Insight	Gilts	-	18.1	-	-
<b>Total 1994 Section</b>		<b>9.3</b>	<b>18.1</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>158.9</b>	<b>260.9</b>	<b>-</b>	<b>-</b>

Source: BNY Mellon, Investment managers, EQ, Capita and Mercer.

Valuations are based on Bid Prices where available otherwise mid/single price values are used. Total Values for Total Scheme do not consider the Trustee Bank Account balances.

\* Mandate fully redeemed or in sell down.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 9. Asset Allocation (continued)

In addition to the above assets, the DXC Section held a balance in the Trustee Bank Account (c. £6.0m) and Additional Voluntary Contributions with Mobius Life (c. £59.7k) as at 31 December 2023.

The 1994 Section held a balance in the Trustee Bank Account amounting to c. £162.1k and did not have any AVC assets as at 31 December 2023.

The actual allocations will vary from the strategic allocation due to market price movements.

### 10. Review of Investment Performance

Manager – Mandate	Last Year		Last 3 Years		Last 5 Years	
	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)
Coller – Private Equity	(8.3)	19.1	17.3	12.0	10.0	15.0
CBRE - Property & Long Lease Property*	(12.4)	(12.4)	-	-	-	-
Shenkman – Multi-Asset Credit	48.3	8.8	45.6	6.0	28.6	5.5
ICG – Secured Finance	3.9	5.0	2.6	5.0	-	-
Goldman Sachs – Private Debt	(2.1)	5.0	8.0	5.0	-	-
<b>Total (DXC Section)</b>	<b>8.5</b>	<b>7.0</b>	<b>(2.4)</b>	<b>(2.4)</b>	<b>3.9</b>	<b>3.8</b>

*Figures shown are gross of fees and based on performance provided by BNY Mellon.*

*Total Scheme performance includes terminated mandates.*

*M&G Property, Insight Buy and Maintain and Insight LDI were implemented during 2023 so performance not yet available for time periods shown.*

*\*Assumes Benchmark Performance equal to Fund Performance.*

Over the year under review, the Scheme outperformed its composite benchmark over the 1 year by c.1.4%, while the 3 and 5 years performance and benchmark figures were aligned.

### 11. Manager Arrangements Policies

#### A. How the arrangements with the Manager incentives them to align its investment strategy and decisions with the trustees' policies

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class they are selected to manage. As part of this, to maintain alignment of the investment manager's investment strategy and decisions with the Trustee's own policies, the Trustee undertakes due diligence ahead of investing, and on an ongoing basis, to ensure it is aware of the:

- underlying assets held and how they will allocate between them;
- risks associated with the underlying mix of assets and the steps the Manager takes to mitigate them;
- expected return targeted by the Managers and details around realisation of the investment; and
- impact of financial and non-financial factors, including but not limited to ESG factors and climate change, on the investment over the long term.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 11. Manager Arrangements Policies (continued)

#### A. How the arrangements with the Manager incentives them to align its investment strategy and decisions with the trustees' policies (continued)

The Trustee will assess their impact against its own policies and (where no longer aligned) consider what action to take to ensure alignment. If the Trustee's monitoring process reveal that an investment manager's investment strategy is not aligned with the Trustee's policies, the Trustee will engage with the investment manager to discuss how alignment may be improved. If, following engagement with the investment manager, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the arrangements with the investment manager will be reviewed and may be terminated.

The Trustee will look to its investment adviser, where appropriate, for its forward-looking assessment of the investment managers' ability to outperform over a full market cycle. The investment adviser's views assist the Trustee in its ongoing monitoring of the investment managers.

The Trustee selects the Scheme's investment managers with an expectation of a long-term appointment, although the legal terms of the contracts may provide for different durations according to asset class.

Where the Trustee invests in pooled investment vehicles, it accepts that it has no ability to specify the risk profile and return targets of the investment managers, but appropriate mandates will be selected (and be subject to ongoing review) to align with the Trustee's overall investment strategy.

When investing in a pooled investment fund, the Trustee reviews the suitability of investment objectives and guidelines to ensure that it is considered appropriate. Where segregated mandates are used, the Trustees may set explicit guidelines within the investment management agreement where it is appropriate to do so.

#### B. How the arrangements incentivises the Manager to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer

The Trustee aims to meet with each Manager as deemed appropriate, to discuss performance and other investment related matters (including integration of ESG and climate change into the investment process and voting and engagement activities). As part of this, the Trustee will challenge decisions that appear out of line with the Plans stated objectives and/or policies.

To assist with this, the Trustee consider Mercer's assessment of how each Manager embeds ESG considerations into its investment process and explores how it aligns with its responsible investment policy.

Each Manager is aware that their ongoing appointment is based on their success in delivering the mandate for which they are appointed over the long term. Consistent periods of underperformance could lead to a Manager being terminated.

#### C. How the method (and time horizon) of the evaluation of the Manager's performance and the remuneration for asset management are in line with the policy of the Trustee

The Trustee reviews the performance of the Managers on a regular basis versus agreed benchmarks and targets, over multiple time periods, with an emphasis on the long-term.

The majority of the Managers are remunerated by way of a fee calculated as a percentage of assets under management. The Trustee is also happy to consider paying a performance related fee where it believes it makes sense to do so.

# DXC UK PENSION SCHEME

## INVESTMENT REPORT (continued)

### 11. Manager Arrangements Policies (continued)

#### D. How the Trustee monitors portfolio turnover costs and how they define and monitor it

The Trustee monitors portfolio turnover costs with each Manager on an annual basis in absolute terms and relative to what might be reasonably expected given the respective managers' underlying asset class(es) and investment style.

#### E. Duration of arrangement with Managers

As the Trustee is a long-term investor, it does not expect to make changes to the Managers on a frequent basis.

Where the Plans invest in an open-ended vehicle, or holds a segregated mandate, with a Manager the Trustee expects to retain them unless:

There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

The Manager appointed has been reviewed and the Trustee has decided to terminate the mandate.

For investment in a closed-ended vehicle with a Manager, the Plans are invested for the lifetime of the strategy (which are disclosed to the Trustee at point of investment).

### 12. Custodial Arrangements

The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments.

The Scheme's custodian is BNY Mellon for directly held (i.e. segregated) assets. The Trustee is responsible for ensuring the Scheme's assets continue to be securely held. The Trustee reviews the custodian arrangements from time to time and the Scheme auditor is authorised to make whatever investigations it deems are necessary as part of the annual audit procedure.

For the Scheme's pooled fund investments, the Trustee has no direct ownership of the underlying assets of the pooled funds. The safekeeping of the assets within the pooled funds is performed by custodian banks specifically appointed, by the investment managers, to undertake this function.

The administrators of Trustee bank accounts of the Scheme are responsible for the safekeeping of these holdings. The Scheme has the following Bank Accounts in place:

Section	Administrator
DXC Section – DB Tier	Capita
DXC Section – DC Tier	XPS
1994 Section	Equiniti

### 13. Bases of Investment Managers' Fees

The fees of the investment managers are based on the market value of the total funds under their control, with performance related fees for Collier Capital.

# DXC UK PENSION SCHEME

## REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent Actuarial Valuation for the DXC UK Pension Scheme (formerly the Electronic Data Systems 1994 Pension Scheme) was carried out as at 31 December 2020 and was in respect of the Main Section and the E.ON Section which have now wound up.

An Actuarial Valuation to include all sections of the DXC UK Pension scheme as at 31 December 2023 is currently underway. The Trustee has therefore not provided a full disclosure report on actuarial liabilities within this Report and Financial Statements.

# DXC UK PENSION SCHEME

## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- (i) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- (ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Signed on behalf of the Trustee

Ian Wilson  
.....  
**Trustee Director**

Date **23/7/2024**

# DXC UK PENSION SCHEME

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE DXC UK PENSION SCHEME (FORMERLY THE ELECTRONIC DATA SYSTEMS 1994 SCHEME)

### Opinion

We have audited the financial statements of the DXC UK Pension Scheme Account ("the Scheme") for the year ended 31 December 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in Note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period")

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- We have not identified, and concur the Trustee's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

### Fraud and breaches of laws and regulations ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee's Board, Investment minutes and the Scheme's breach log.



# DXC UK PENSION SCHEME

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE DXC UK PENSION SCHEME (FORMERLY THE ELECTRONIC DATA SYSTEMS 1994 SCHEME) (continued)**

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Scheme administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### *Identifying and responding to risks of material misstatement related to compliance with law and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with the regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any, a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions and Scheme Rules, as appropriate, in our statement about contributions on page 63 and 64 of the annual report.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

# DXC UK PENSION SCHEME

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE DXC UK PENSION SCHEME (FORMERLY THE ELECTRONIC DATA SYSTEMS 1994 SCHEME) (continued)**

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions), the Implementation Statement, and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

### **Trustee's responsibilities**

As explained more fully in its statement set out on page 22, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Gemma Broom

Date 25 July 2024

for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL

# DXC UK PENSION SCHEME

## FUND ACCOUNT

For the year ended 31 December 2023

For the year ended 31 December 2023		Sections of the DXC UK Pension Scheme							
	Note	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000	Total 2022 £'000
<b>CONTRIBUTIONS AND BENEFITS</b>									
Employer contributions		-	-	-	69	-	3,695	3,764	140
Employee contributions		-	-	-	17	-	-	17	22
<b>Total contributions</b>	5	-	-	-	86	-	3,695	3,781	162
Transfers in	6	-	-	-	-	84,338	-	84,338	-
		-	-	-	86	84,338	3,695	88,119	162
Benefits payable	7	-	-	(5,282)	-	(913)	(1)	(6,196)	(31,267)
Payments to and on account of leavers	8	-	-	(977,200)	(437)	(98)	-	(977,735)	(2,090)
Administrative expenses	9	-	-	(3,136)	(121)	(1,653)	-	(4,910)	(6,307)
		-	-	(985,618)	(558)	(2,664)	(1)	(988,841)	(39,664)
<b>NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS</b>		-	-	(985,618)	(472)	81,674	3,694	(900,722)	(39,502)
<b>RETURNS ON INVESTMENTS</b>									
Investment income	10	-	-	5,760	89	8,452	-	14,301	14,690
Change in market value of investments	12	-	-	69	(464)	21,655	-	21,260	(501,130)
Investment management expenses	11	-	-	-	(4)	(590)	-	(594)	(1,397)
<b>NET RETURNS ON INVESTMENTS</b>		-	-	5,829	(379)	29,517	-	34,967	(487,837)
<b>NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR</b>		-	-	(979,789)	(851)	111,191	3,694	(865,755)	(527,339)
<b>TRANSFERS BETWEEN SECTIONS</b>	24	(1,090,912)	(48,762)	979,789	19,110	140,775	-	-	-
<b>NET ASSETS AT 31 DECEMBER 2022</b>		1,090,912	48,762	-	-	-	-	1,139,674	1,667,013
<b>NET ASSETS AT 31 DECEMBER 2023</b>		-	-	-	18,259	251,966	3,694	273,919	1,139,674

# DXC UK PENSION SCHEME

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 December 2023

		Sections of the DXC UK Pension Scheme						Total	Total
	Note	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	2023 £'000	2022 £'000
<b>INVESTMENT ASSETS</b>	12								
Bonds		-	-	-	15,188	102,176	-	117,364	3,071
Equities		-	-	-	-	2	-	2	-
Pooled investment vehicles	13	-	-	-	2,805	131,050	1	133,856	106,874
Derivatives	14	-	-	-	-	1,200	-	1,200	-
Insurance policies	16	-	-	-	-	198	-	198	974,500
AVC investments	17	-	-	-	60	198	-	258	2,117
Cash deposits and cash in transit		-	-	-	37	22,248	-	22,285	49,455
Reverse Repurchase agreements	15	-	-	-	-	14,290	-	14,290	-
Other investment balances	18	-	-	-	33	696	-	729	69
		-	-	-	18,123	272,058	1	290,182	1,136,086
<b>INVESTMENT LIABILITIES</b>									
Obligation to return bonds		-	-	-	-	(10,712)	-	(10,712)	-
Derivatives	14	-	-	-	-	-	-	-	(588)
Repurchase agreements	15	-	-	-	-	(18,173)	-	(18,173)	-
Other investment balances	18	-	-	-	-	-	-	-	-
		-	-	-	-	(28,885)	-	(28,885)	(588)
<b>TOTAL NET INVESTMENTS</b>		-	-	-	18,123	243,173	1	261,297	1,135,498
<b>CURRENT ASSETS</b>	22	-	-	-	153	9,637	3,693	13,483	6,589
<b>CURRENT LIABILITIES</b>	23	-	-	-	(17)	(844)	-	(861)	(2,413)
<b>NET ASSETS AT 31 DECEMBER 2023</b>		-	-	-	18,259	251,966	3,694	273,919	1,139,674

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the scheme, which takes into account such obligations, is dealt with in the Actuarial Valuation which is currently underway. The notes on pages 28 to 62 form part of these financial statements.

23/7/2024

These financial statements were approved by the Trustee on ..... (date)

Signed on behalf of the Trustee Ian Wilson ..... Trustee Director

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised June 2018) ("the SORP").

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate.

The Trustee believes that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months. The Trustee continues to monitor the strength of the sponsoring employer EntServ UK Limited and the ultimate parent DXC Technology Company and its ability to continue to support the Scheme. Based on its assessment the Trustee is confident that the Scheme will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore, have prepared the financial statements on a going concern basis.

### 2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The addresses for enquiries to the Scheme are as follows:

***Rebus Tier of the DXC Section of the Scheme***

Capita  
Hartshead House  
2 Cutlers Gate  
Sheffield S4 7TL

***Legacy Section and EDS 1994 Section of the Scheme***

EDS Pensions Administration  
EQ  
Sutherland House  
Russell Way  
Crawley  
West Sussex RH10 1UH

***DC Tier of the DXC Section***

Standard Life  
1 Wythall Green Way  
Wythall  
Birmingham B47 6WG

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 3. ACCOUNTING POLICIES

#### (a) **Accounting convention**

The financial statements are prepared on an accruals basis.

#### (b) **Contributions and Other income**

Members' normal and additional voluntary contribution are accounted for as and when they are deducted from the related salary.

Employers' contributions, deficit funding contributions, strain protocol funding contributions and augmentation contributions, to augment members' benefits are accounted for in accordance with the Schedule of Contributions or agreement between the Trustee and the related employer.

Other income is accounted for when due.

#### (c) **Payments to members**

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

#### (d) **Expenses**

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

#### (e) **Investment income**

Income from bonds is accounted for on an accruals basis.

Income from annuities is accounted for on an accruals basis.

Dividend income from quoted securities is accounted for when the security is quoted ex-dividend.

The income from the HP CCF is issued by the distribution of new shares in the fund.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested in the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

All other income arising from pooled investment vehicles is taken into account on an accruals basis.

Foreign income is converted into sterling at the rate ruling at the date of transaction. Foreign income due at the year-end and foreign currency assets and liabilities are converted at the exchange rates ruling at the year-end.

The investment managers have taken appropriate action to safeguard against adverse exchange rate fluctuations.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 3. ACCOUNTING POLICIES (continued)

#### (f) *Investments*

Investments are included at fair value. The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the Statement of Net Assets.

Bonds are stated at their clean prices. Accrued income is accounted for within investment income.

Re-hypothecated bonds are included at the negative quoted price.

Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager. Gains and losses arising on the valuation of investments are included as part of the change in market value of investments. Gains and losses on foreign exchange transactions and futures contracts are dealt with in the Fund Account as part of Returns on Investments.

The Limited Partnerships pooled fund are included the latest available fair value provided by the investment manager, this may not be as at the scheme's year end date. This is due to a time lag in valuation information being provided from the pooled manager.

Funds invested by members to secure additional benefits are included in the Statement of net assets as AVC investments and stated at the value as advised by the provider on a going concern basis.

Repurchase agreements (repo) - the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements.

The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Reverse repurchases agreements (reverse repo) - the Scheme does not recognise the securities as collateral in its financial statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the financial statements. The obligation to return bonds received as collateral under reverse repurchase agreements which have subsequently been sold is recognised as a liability.

The legacy insurance policy in the name of the Trustee which fully provides the benefits for certain members are included in these Financial Statements at the amount of the related obligation, determined on buy out basis assumptions and methodology. The insurance policy valuation is provided by the Scheme Actuary. Income arising from these annuity policies is included as investment income.

Derivatives are stated at fair value.

#### (g) *Forward Contracts*

Where forward sales or purchases of foreign currency have been made as a hedge against exposure on foreign currency investments, held or expected to be acquired, any unrealised profit or loss at the year end, measured by the difference between the spot rate and the contract rate, is included in the Fund Account as part of Returns on Investments. Realised gains or losses on forward contracts maturing during the year are included in the net movement of investments within the same category.

Forward foreign exchange contracts outstanding at year end are stated at fair value which is determined as the gain or loss that would arise from closing out the contract at the reporting date by entering an equal and opposite contract at that date.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 3. ACCOUNTING POLICIES (continued)

#### (h) **Foreign Currencies**

Amounts denominated in foreign currencies at the year-end are translated into sterling at the rates of exchange ruling at the year-end date. Gains and losses on foreign currency transactions are dealt with in the Fund Account as part of Returns on Investments.

#### (i) **Currency**

The Scheme's functional and presentational currency is Pounds Sterling (GBP).

#### (j) **Taxation**

The Scheme is a Registered Pension Scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly, under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation.



# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 4. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS

For the year ended 31 December 2022

	Note	Main Section 2022 £'000	E.ON Section 2022 £'000	Legacy Section 2022 £'000	EDS 1994 Section 2022 £'000	DXC DB Section 2022 £'000	DXC DC Section 2022 £'000	Total 2022 £'000
<b>CONTRIBUTIONS AND BENEFITS</b>								
Employer contributions		-	140	-	-	-	-	140
Employee contributions		11	11	-	-	-	-	22
<b>Total contributions</b>	5	11	151	-	-	-	-	162
Benefits payable	7	(31,054)	(213)	-	-	-	-	(31,267)
Payments to and on account of leavers	8	(2,090)	-	-	-	-	-	(2,090)
Administrative expenses	9	(6,307)	-	-	-	-	-	(6,307)
		(39,451)	(213)	-	-	-	-	(39,664)
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>		(39,440)	(62)	-	-	-	-	(39,502)
<b>RETURNS ON INVESTMENTS</b>								
Investment income	10	14,007	683	-	-	-	-	14,690
Change in market value of investments	12	(463,666)	(37,464)	-	-	-	-	(501,130)
Investment management expenses	11	(1,378)	(19)	-	-	-	-	(1,397)
<b>NET RETURNS ON INVESTMENTS</b>		(451,037)	(36,800)	-	-	-	-	(487,837)
<b>NET DECREASE IN THE FUND FOR THE YEAR</b>		(490,477)	(36,862)	-	-	-	-	(527,339)
<b>NET ASSETS AT 31 DECEMBER 2021</b>		1,581,389	85,624	-	-	-	-	1,667,013
<b>NET ASSETS AT 31 DECEMBER 2022</b>		1,090,912	48,762	-	-	-	-	1,139,674

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 4. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS

At 31 December 2022

	Note	Main Section 2022 £'000	E.ON Section 2022 £'000	Legacy Section 2022 £'000	EDS 1994 Section 2022 £'000	DXC DB Section 2022 £'000	DXC DC Section 2022 £'000	Total 2022 £'000
<b>INVESTMENT ASSETS</b>	12							
Bonds		3,071	-	-	-	-	-	3,071
Pooled investment vehicles	13	97,657	9,217	-	-	-	-	106,874
Insurance policies	16	936,200	38,300	-	-	-	-	974,500
AVC investments	17	2,117	-	-	-	-	-	2,117
Cash deposits and cash in transit		49,362	93	-	-	-	-	49,455
Other investment balances	18	69	-	-	-	-	-	69
		<u>1,088,476</u>	<u>47,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136,086</u>
<b>INVESTMENT LIABILITIES</b>								
Derivatives	14	(588)	-	-	-	-	-	(588)
		<u>(588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(588)</u>
<b>TOTAL NET INVESTMENTS</b>		<u>1,087,888</u>	<u>47,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,498</u>
<b>CURRENT ASSETS</b>	22	5,433	1,156	-	-	-	-	6,589
<b>CURRENT LIABILITIES</b>	23	(2,409)	(4)	-	-	-	-	(2,413)
<b>NET ASSETS AT 31 DECEMBER 2022</b>		<u><u>1,090,912</u></u>	<u><u>48,762</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,139,674</u></u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 5. CONTRIBUTIONS

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employer contributions							
Normal	-	-	-	69	-	3,695	3,764
	-	-	-	69	-	3,695	3,764
Employees contributions							
Normal	-	-	-	14	-	-	14
Additional Voluntary	-	-	-	3	-	-	3
	-	-	-	17	-	-	17
	-	-	-	86	-	3,695	3,781

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employer contributions							
Normal	-	140	-	-	-	-	140
	-	140	-	-	-	-	140
Employees contributions							
Normal	6	11	-	-	-	-	17
Additional Voluntary	5	-	-	-	-	-	5
	11	11	-	-	-	-	22
	11	151	-	-	-	-	162

Included within the DXC DC Section Employer contributions are member contributions paid under the salary sacrifice arrangement of £2.14m (2022: £nil).

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 6. TRANSFERS IN

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Group transfers in from other schemes	-	-	-	-	84,338	-	84,338
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Group transfers in from other schemes	-	-	-	-	-	-	-

The group transfer in represents the transfer in of 168 Pensioner members and 343 Deferred pensioner members from the Rebus Tier on 1 October 2023. The transfer in included the following assets:

- £14,090,332 cash
- £21,896,246 in specie investment transfers
- £47,912,733 cash investment transfers
- £198,036 AVC policy
- £241,000 annuity policy

### 7. BENEFITS PAYABLE

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Pensions	-	-	4,861	-	621	-	5,482
Commutation of pensions and lump sum retirement benefits	-	-	416	-	292	-	708
Purchase of annuities	-	-	-	-	-	-	-
Lump sum death benefits	-	-	5	-	-	1	6
	-	-	5,282	-	913	1	6,196

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 7. BENEFITS PAYABLE (continued)

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pensions	27,601	210	-	-	-	-	27,811
Commutation of pensions and lump sum retirement benefits	3,283	3	-	-	-	-	3,286
Purchase of annuities	12	-	-	-	-	-	12
Lump sum death benefits	158	-	-	-	-	-	158
	<u>31,054</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,267</u>

### 8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Individual transfers out to other schemes	-	-	652	437	-	-	1,089
Group transfers out to other schemes	-	-	976,548	-	98	-	976,646
	<u>-</u>	<u>-</u>	<u>977,200</u>	<u>437</u>	<u>98</u>	<u>-</u>	<u>977,735</u>
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Individual transfers out to other schemes	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,090</u>

The group transfer out in 2023 represents the transfer of the insured members liabilities to PIC and the transfer out of members AVC benefits to the National Pension Trust.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 9. ADMINISTRATIVE EXPENSES

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Administration	-	-	283	4	34	-	321
Actuarial fees	-	-	880	-	416	-	1,296
Legal fees	-	-	667	-	429	-	1,096
Audit fees	-	-	12	-	65	-	77
Investment consultancy	-	-	333	91	538	-	962
Other advisory	-	-	725	25	71	-	821
Scheme levies	-	-	63	1	34	-	98
Independent Trustee fees	-	-	24	-	9	-	33
Trustee fees and expenses	-	-	149	-	57	-	206
	-	-	3,136	121	1,653	-	4,910
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Administration	1,129	-	-	-	-	-	1,129
Actuarial fees	1,458	-	-	-	-	-	1,458
Legal fees	824	-	-	-	-	-	824
Audit fees	69	-	-	-	-	-	69
Investment consultancy	2,238	-	-	-	-	-	2,238
Other advisory	294	-	-	-	-	-	294
Scheme levies	63	-	-	-	-	-	63
Independent Trustee fees	180	-	-	-	-	-	180
Trustee fees and expenses	52	-	-	-	-	-	52
	6,307	-	-	-	-	-	6,307

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 10. INVESTMENT INCOME

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Income from bonds	-	-	-	60	709	-	769
Income from pooled investment vehicles	-	-	-	28	6,552	-	6,580
Interest on cash deposits	-	-	66	1	1,451	-	1,518
Income from derivatives / swaps	-	-	-	-	-	-	-
Interest payable on repurchase agreements	-	-	-	-	(185)	-	(185)
Gain/(Loss) on foreign exchange transactions	-	-	-	-	(85)	-	(85)
Annuity income	-	-	5,694	-	10	-	5,704
	-	-	5,760	89	8,452	-	14,301
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Income from bonds	3,420	-	-	-	-	-	3,420
Income from pooled investment vehicles	3,887	452	-	-	-	-	4,339
Interest on cash deposits	363	-	-	-	-	-	363
Income from derivatives / swaps	1,554	-	-	-	-	-	1,554
Interest payable on repurchase agreements	(884)	-	-	-	-	-	(884)
Gain/(Loss) on foreign exchange transactions	(13,851)	-	-	-	-	-	(13,851)
Annuity income	19,518	231	-	-	-	-	19,749
	14,007	683	-	-	-	-	14,690

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 11. INVESTMENT MANAGEMENT EXPENSES

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administration, management & custody	-	-	-	4	590	-	594
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administration, management & custody	1,378	19	-	-	-	-	1,397



# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 12. RECONCILIATION OF INVESTMENTS

	Value at 31.12.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Transfers between sections	Change in market value	Value at 31.12.2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Main Section</b>						
Bonds	3,071	-	-	(3,071)	-	-
Pooled investment vehicles	97,657	-	-	(97,657)	-	-
Derivatives	(588)	-	-	588	-	-
Insurance policies	936,200	-	-	(936,200)	-	-
AVC investments	2,117	-	-	(2,117)	-	-
	<u>1,038,457</u>	<u>-</u>	<u>-</u>	<u>(1,038,457)</u>	<u>-</u>	<u>-</u>
Cash deposits and cash in transit	49,362			(49,362)	-	-
Other investment balances	69			(69)	-	-
	<u>1,087,888</u>			<u>(1,087,888)</u>	<u>-</u>	<u>-</u>
<b>E.ON Section</b>						
Pooled investment vehicles	9,217	-	-	(9,217)	-	-
Insurance policies	38,300	-	-	(38,300)	-	-
	<u>47,517</u>	<u>-</u>	<u>-</u>	<u>(47,517)</u>	<u>-</u>	<u>-</u>
Cash deposits and cash in transit	93			(93)	-	-
	<u>47,610</u>			<u>(47,610)</u>	<u>-</u>	<u>-</u>

The Main Section and E.ON Section desegregated on 19 January 2023. Immediately thereafter on the effective date, the Principal Employer and the Trustee agreed to resegment the Scheme to create three sections, the "Legacy Section", the "1994 Section" and the "DXC Section".

The Main Section and E.ON Section Insurance policies transferred to the Legacy Section.

The Main Section AVCs and E.ON Section Pooled investment vehicles transferred to the 1994 Section.

The remaining Main Section investments transferred to the DXC Section.

Transfers between sections represent the merger of the sections. Further details are shown in Note 23.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 12. RECONCILIATION OF INVESTMENTS (continued)

	Value at 31.12.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Transfers between sections	Change in market value	Value at 31.12.2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Legacy Section</b>						
Bonds	-	-	-	-	-	-
Pooled investment vehicles	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Insurance policies	-	-	(974,500)	974,500	-	-
AVC investments	-	54	(2,124)	2,001	69	-
	-	54	(976,624)	976,501	69	-

The Buy Out was completed with PIC on 30 March 2023. The Legacy section subsequently wound up on 1 November 2023.

The majority of the Mobius Life AVCs transferred from the Main Section to the Legacy Section and then members subsequently transferred their AVCs to a mastertrust. The residual Mobius Life AVCs are in respect of members that remained in the Scheme, transferred from the Main Section to the EDS 1994 Section.

	Value at 31.12.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Transfers between sections	Change in market value	Value at 31.12.2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>EDS 1994 Section</b>						
Bonds	-	15,253	(1,383)	-	1,318	15,188
Pooled investment vehicles	-	23,580	(28,210)	9,217	(1,782)	2,805
AVC investments	-	3	-	57	-	60
	-	38,836	(29,593)	9,274	(464)	18,053
Cash deposits and cash in transit	-					37
Other investment balances	-					33
	-					18,123

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 12. RECONCILIATION OF INVESTMENTS (continued)

	Value at 31.12.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Transfers between sections	Change in market value	Value at 31.12.2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>DXC - DB Section</b>						
Bonds	-	245,643	(169,239)	3,071	11,989	91,464
Equities	-	-	-	-	2	2
Pooled investment vehicles	-	215,859	(190,201)	97,657	7,735	131,050
Derivatives	-	1,656	(1,781)	(588)	1,913	1,200
Insurance policies	-	241	-	-	(43)	198
AVC investments	-	198	(118)	59	59	198
	-	<u>463,3597</u>	<u>(361,339)</u>	<u>100,199</u>	<u>21,655</u>	<u>224,112</u>
Repurchase agreements	-			-		(3,883)
Cash deposits and cash in transit	-			49,455		22,248
Other investment balances	-			69		696
	-			<u>149,723</u>		<u>243,173</u>
<b>DXC - DC Section</b>						
Pooled investment vehicles	-	2	(1)	-	-	1

Purchases in the DXC DB Section includes £22,094,282 which was transferred into the DXC DB Section from the Rebus Tier. Further information on the transfer from the Rebus Tier can be found in Note 6.

Cash in transit in the DXC DB Section includes £21,611,677 which was disinvested in December 2023 and received into the Trustee bank account in January 2024.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commission and stamp duty. No such costs have been disclosed by the Investment Managers.

In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 13. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year end comprised:

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	-	-	-	-	43,307	-	43,307
LDI funds	-	-	-	-	73,818	-	73,818
Property	-	-	-	-	3,193	-	3,193
Private Equity funds	-	-	-	-	1,284	-	1,284
Multi asset funds	-	-	-	-	-	1	1
Cash and liquidity funds	-	-	-	2,805	9,448	-	12,253
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,805</u>	<u>131,050</u>	<u>1</u>	<u>133,856</u>
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	46,302	-	-	-	-	-	46,302
LDI funds	-	4,545	-	-	-	-	4,545
Property	16,458	-	-	-	-	-	16,458
Private Equity fund	2,029	-	-	-	-	-	2,029
Cash and liquidity funds	32,868	4,672	-	-	-	-	37,540
	<u>97,657</u>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,874</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 13. POOLED INVESTMENT VEHICLES (continued)

The Scheme is the sole investor in the Property fund held with CBRE. The assets underlying these PIV's are as follows:

	DXC DB Section 2023 £'000	DXC DB Section 2022 £'000
Property	<u>2,627</u>	<u>16,458</u>

### 14. DERIVATIVES

#### Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

#### Forward Foreign Exchange

At the year end the Main Section of the Scheme held the following derivatives:

	2023 Asset £'000	2023 Liability £'000	2022 Asset £'000	2022 Liability £'000
Forward foreign exchange contracts	-	-	-	(588)
	-	-	-	-
	<u>-</u>			<u>(588)</u>

Contract	Settlement Date	Currency bought	Currency sold	Asset £	Liability £
-	-	-	-	-	-
Total 2023				<u>-</u>	<u>-</u>
Total 2022				<u>-</u>	<u>(588)</u>

At the year end the DXC DB Section of the Scheme held the following derivatives:

	2023 Asset £	2023 Liability £	2022 Asset £	2022 Liability £
Forward foreign exchange contracts	1,200	-	-	-
	1,200	-	-	-
	<u>1,200</u>		<u>-</u>	

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. DERIVATIVES (continued)

#### Forward Foreign Exchange (continued)

Contract	Settlement Date	Currency bought		Currency sold		Asset £	Liability £
Forward OTC	1 month	GBP	33,815,316	USD	41,580,000	1,200	-
Total 2023						1,200	-
Total 2022						-	-

No derivatives were held by the E.ON Section, Legacy Section, EDS 1994 Section or DXC DC section at 31 December 2022 or 31 December 2023.

#### Collateral on Forward foreign exchange derivatives

At 31 December 2023 there was collateral pledged of £1.12m (2023: £0.0m) and collateral held of £0.00m (2023: £0.0m). This collateral is not reported within the Scheme's net assets.

### 15. REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

At 31 December 2023 the market value of the securities sold under repurchase agreements was £14.554m (2023: £0.0m). Cash received from counterparties in respect of the securities that have been sold has been used by the investment manager to increase its fixed income portfolio. Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Financial Statements under investment liabilities. At 31 December 2023 this amounted to £18.173m (2023: £0.0m)

During the year the Scheme also entered into reverse repurchase agreements. At 31 December 2023 amounts receivable under reverse repurchase agreements amounted to £14.290m (2023: £0.0m). Bonds with value of £9.140m (2023: £0.0m) are held as collateral under reverse repurchase agreements.

#### Collateral on repurchase & reverse repurchases agreements

At 31 December 2023 there was collateral pledged of £0.381m (2023: £0.0m) and collateral held of £1.944m (2023: £0.0m) against the difference in valuation between the underlying securities and the repurchases.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 16. INSURANCE POLICIES

The Scheme held insurance policies at the year end as follows:

	Main Section	E.ON Section	Legacy Section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Annuity policies	-	-	-	-	198	-	198
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Annuity policies	936,200	38,300	-	-	-	-	974,500

The Annuity policies in the Main Section and E.ON Section transferred to the Legacy Section. They were then subsequently converted to Buy Out on 20 March 2023.

Annuity policies held by the Rebus Tier transferred into the DXC UK Pension Scheme on 1 October 2023.

A summary of the key assumptions used for the insured annuity valuations for the Rebus Section annuity of £198k at 31 December 2023 on the DXC Pension Plan's technical provisions basis at the relevant dates, is set out below:

Discount Rate	Weighted average fixed interest gilt yield of 4.44% p.a. plus assumed outperformance of 1.57% p.a. at 30 June 2023, reducing linearly to an outperformance of 0.50% p.a. from 30 June 2028
Pension Increase 5% or RPI if less	Weighted single equivalent pension increase assumed: 2.97%
Mortality - base table	S3PA YoB tables, 'middle' for females, weighted by 92% for males and 91% for females
Mortality - future improvements	In line with the CMI_2020 model with a 2.0% p.a. long-term improvement trend rate and smoothing parameter of 7.5
Proportions married	Males 95% of ONS Census, females 90% of ONS Census
Age difference	Male members are three years older than their spouses
Expenses	None (the Plan expenses are allowed for within the non-insured liabilities)

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 17. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to the year end confirming contributions paid and the value of their fund. The aggregate amounts of AVC investments are as follows:

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Prudential Assurance Company - with profits cash accumulation fund	-	-	-	-	-	-	-
Mobius Life - unitised fund	-	-	-	60	-	-	60
Standard Life - unitised fund	-	-	-	-	198	-	198
	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>198</u>	<u>-</u>	<u>258</u>
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Prudential Assurance Company - with profits cash accumulation fund	59	-	-	-	-	-	-
Mobius Life - unitised fund	2,058	-	-	-	-	-	-
	<u>2,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 18. OTHER INVESTMENT BALANCES

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy Section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Amounts due from broker	-	-	-	13	5	-	18
Dividends and interest receivable	-	-	-	20	691	-	711
	-	-	-	33	696	-	729
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Amounts due from broker	-	-	-	-	-	-	-
Dividends and interest receivable	69	-	-	-	-	-	69
	69	-	-	-	-	-	69

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 19. FAIR VALUE HIERARCHY

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets fall within the above hierarchy levels as follows:

Main Section	At 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
Insurance policies	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	-	-	-	-

Main Section	At 31 December 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	3,071	-	3,071
Pooled investment vehicles	-	54,333	43,324	97,657
Derivatives	-	(588)	-	(588)
Insurance policies	-	-	936,200	936,200
AVC investments	-	59	2,058	2,117
Cash	49,362	-	-	49,362
Other investment balances	69	-	-	69
	<u>49,431</u>	<u>56,875</u>	<u>981,582</u>	<u>1,087,888</u>

E.ON Section	At 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	-	-	-
Insurance policies	-	-	-	-
Cash	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 19. FAIR VALUE HIERARCHY (continued)

At 31 December 2022				
<b>E.ON Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	9,217	-	9,217
Insurance policies	-	-	38,300	38,300
Cash	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
	<u>93</u>	<u>9,217</u>	<u>38,300</u>	<u>47,610</u>

At 31 December 2023				
<b>Legacy Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2022				
<b>Legacy Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 19. FAIR VALUE HIERARCHY (continued)

EDS 1994 Section	At 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	15,188	-	15,188
Pooled investment vehicles	-	2,805	-	2,805
AVC investments	-	60	-	60
Cash	37	-	-	37
Other investment balances	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>
	<u>70</u>	<u>18,053</u>	<u>-</u>	<u>18,123</u>

EDS 1994 Section	At 31 December 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

DXC DB Section	At 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds (net)	-	91,464	-	91,464
Equities	2	-	-	2
Pooled investment vehicles	-	100,512	30,538	131,050
Derivatives	-	1,200	-	1,200
Insurance policies	-	-	198	198
AVC investments	-	198	-	198
Repurchase agreements	-	(3,883)	-	(3,883)
Cash	22,248	-	-	22,248
Other investment balances	<u>696</u>	<u>-</u>	<u>-</u>	<u>696</u>
	<u>22,944</u>	<u>189,491</u>	<u>30,736</u>	<u>243,173</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 19. FAIR VALUE HIERARCHY (continued)

At 31 December 2022				
<b>DXC DB Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2023				
<b>DXC DC Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	1	-	1
Derivatives	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

At 31 December 2022				
<b>DXC DC Section</b>	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES

#### Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises the following elements:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate of currency risk) whether those changes are caused by factors specific to the individual financial instrument of its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines the investment strategy after taking advice from a professional investment advisor. The Scheme has exposure to these risks because of the investments it makes to implement the investment strategy described in the investment accompanying the Report and Financial Statements. The Trustee manages investment risks, including credit risk and market risk, within the agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

#### (i) Credit Risk

The Scheme is subject to direct credit risk as it invests in bonds, derivatives, holds cash balances and participated in stock lending activities. The Scheme also invests in pooled investment vehicles ("PIVs") and is therefore directly exposed to credit risk in relation to the instruments it holds in the PIVs and is indirectly exposed to the credit risks arising on the financial instruments held by the PIVs.

Analysis of direct credit risk in relation to the assets held within the DXC Section:

31 December 2023	Investment grade (£m)	Non- investment grade (£m)	Unrated (£m)	Total (£m)
Bonds	91.2	-	0.3	<b>91.5</b>
Derivatives	-	-	1.2	<b>1.2</b>
Cash	22.3	-	-	<b>22.3</b>
Repos	(3.9)	-	-	<b>(3.9)</b>
PIVs	-	-	131.0	<b>131.0</b>
Insurance policies	-	-	0.2	<b>0.2</b>
<b>Total</b>	<b>109.6</b>	<b>-</b>	<b>132.7</b>	<b>242.3</b>

Source: BNYM Mellon, Investment Managers and Mercer.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (i) Credit Risk (continued)

31 December 2022	Investment grade (£m)	Non-investment grade (£m)	Unrated (£m)	Total (£m)
Bonds	2.9	-	0.1	3.0
Derivatives	(0.6)	-	-	(0.6)
Cash	49.3	-	-	49.3
PIVs	-	-	97.6	97.6
<b>Total</b>	<b>51.6</b>	<b>-</b>	<b>97.7</b>	<b>149.3</b>

Source: BNYM Mellon, Investment Managers and Mercer.

Analysis of direct credit risk in relation to the assets held within the 1994 Section:

31 December 2023	Investment grade (£m)	Non-investment grade (£m)	Unrated (£m)	Total (£m)
PIVs	2.8	-	-	2.8
Bonds	15.2	-	-	15.2
<b>Total</b>	<b>18.0</b>	<b>-</b>	<b>-</b>	<b>18.0</b>

Source: BNYM Mellon, Investment Managers and Mercer.

31 December 2022	Investment grade (£m)	Non-investment grade (£m)	Unrated (£m)	Total (£m)
Cash	0.1	-	-	0.1
PIVs	-	-	9.2	9.2
<b>Total</b>	<b>0.1</b>	<b>-</b>	<b>9.2</b>	<b>9.3</b>

Source: BNYM Mellon, Investment Managers and Mercer.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (i) Credit Risk (continued)

The Scheme is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was c.£116.9m (prior year: c.£85.7m). This value includes PIVs that have only a partial allocation to these asset classes. Some of the pooled investment vehicles may also undertake stock lending which will also introduce indirect credit risk.

In respect of the Trustee approach to managing credit risk arising from the various asset classes, we note the following positions at year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from corporate (investment grade) bonds held directly or indirectly is mitigated by investing in a diversified mix of (predominantly) investment grade rated bonds. These assets are held for income and return generating as well as risk management purposes, and the expected return from these assets is considered appropriate for the associated risk.
- The credit risk from corporate (sub-investment grade) and other bonds held directly or indirectly is mitigated via diversification to minimise the impact of default by any one issuer. These assets are held for return generating purposes, and the expected return from these assets is considered appropriate for the associated risk.
- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps and/or repurchase agreements is reduced by collateral arrangements (see note 15). Credit risk also arises on forward currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.
- The credit risk associated with direct cash balances held by the Scheme's custodian account is mitigated by the use of regular sweeps and invested into a liquidity fund or other pooled funds. Some of the investment managers will hold direct cash with other counterparties, where they are responsible for the selection and monitoring of the counterparties.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.

A summary of the pooled investment vehicles by type of arrangement is shown below.

Summary of the pooled investment vehicles by legal nature of arrangement for DXC Section is as follows:

Investment Type	31 December 2023 (£m)	31 December 2022 (£m)
Closed Ended Private Market Vehicle	1.3	2.0
Exempt Unauthorized Unit Trust	3.2	16.5
Open Ended Investment Companies	94.5	46.5
Shares Of Limited Liability Partnerships	32.0	32.6
<b>Total</b>	<b>131.0</b>	<b>97.6</b>

Source: BNYM Mellon, Investment Managers and Mercer.



# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (i) Credit Risk (continued)

Regarding the 1994 Section, a summary of the pooled investment vehicles by legal nature of arrangement is as follows:

	31 December 2023 (£m)	31 December 2022 (£m)
Open ended investment companies	2.8	9.2
<b>Total</b>	<b>2.8</b>	<b>9.2</b>

Source: BNYM Mellon, Investment Managers and Mercer.

Direct credit risk arising from pooled investment vehicles (e.g. due to being unrated) is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the assets of the pooled manager, the regulatory environment in which the pooled fund manager operates and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks before appointing new-pooled investment managers.

In addition, as the Scheme holds assets on a segregated basis, the Trustee is also exposed to direct credit risk from the appointed custodian. This is mitigated by the ring-fencing of the Scheme's segregated assets from those of the custodian and other clients.

#### (ii) Currency risk

The DXC Section is subject to direct currency risk because segregated investments totalling c.£1.2m (2022: c.£0.6m) are held in non-sterling currencies. Additionally, a total of c.£33.4m (2022: c.£34.6m) are held in pooled investment vehicles, denominated in a non-sterling currency.

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee manages the risk of overseas currency exposure through a currency hedging policy managed by Insight.

The figures provided in the table below reflect the currency exposure within the Scheme's segregated portfolios, before allowing for any currency hedging. The table does not include pooled fund exposures.

Currency	31 December 2023 (£m)	31 December 2022 (£m)
US Dollar	33.4	34.6
Euro	-	-
Other	-	-

Source: Investment Managers and Mercer.

To limit currency risk, the Trustee have adopted a currency hedging policy for the DXC Section. As at 31 December 2023, the Insight currency hedge mandate was partially hedging the Scheme's Collier Private Equity mandate and fully hedging Goldman Sachs Private Debt

The Scheme had varying degrees of indirect currency risk at the year end through its pooled investments.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (iii) Interest rate risk

The DXC Section is subject to interest rate risk through its direct holdings in bonds, swaps, fixed income futures and fixed income options, and the indirect holdings in pooled bonds funds.

The exposure at year end was:

	31 December 2023 (£m)	31 December 2022 (£m)
<b>Direct</b>		
Bonds	91.5	3.0
Repurchase agreements	(3.9)	0.0
<b>Indirect</b>		
Bond PIVs	117.1	46.3
Cash and liquidity PIVs	9.4	32.9
<b>Total</b>	<b>214.1</b>	<b>82.2</b>

Source: BNYM Mellon, Investment Managers and Mercer.

Position at year end in relation to the holdings of the 1994 Section:

	31 December 2023 (£m)	31 December 2022 (£m)
<b>Direct</b>		-
Bonds	15.2	-
<b>Indirect</b>		
LDI PIVs	0.0	4.5
Cash and liquidity PIVs	2.8	4.8
<b>Total</b>	<b>18.0</b>	<b>9.3</b>

Source: BNYM Mellon, Investment Managers and Mercer.

The Scheme holds cash, both directly and also within some of the pooled funds. These holdings are all very short dated and do not have material exposure to interest rate risk, so have been excluded from the tables above.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio, which includes property, alternatives (e.g. secured finance), and private equity.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year end, the DXC Section exposure to investments subject to other price risk was:

	31 December 2023 (£m)	31 December 2022 (£m)
<b>Indirect</b>		
Property PIVs	3.2	16.3
Private Equity Funds	1.3	2.0
Alternative Funds	73.8	-
<b>Total</b>	<b>78.3</b>	<b>18.3</b>

Source: BNYM Mellon, Investment Managers and Mercer.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 21. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2023 £'000	2023 %	2022 £'000	2022 %
Goldman Sachs Broad Street Loan Partners	26,061	9.5	24,941	2.2
LDI Solutions Plus IIFIG Long Dated Buy & Maintain	73,818	27.0	N/A	N/A
PIC Buy in policy	N/A	N/A	936,200	82.1

### 22. CURRENT ASSETS

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Bank balance	-	-	-	153	9,637	-	9,790
Employer contributions receivable	-	-	-	-	-	3,693	3,693
Pension paid in advance	-	-	-	-	-	-	-
Tax payable	-	-	-	-	-	-	-
Sundry Debtors and prepayments	-	-	-	-	-	-	-
Transfer between sections	-	-	-	-	-	-	-
	-	-	-	153	9,637	3,693	13,483

Contributions due at the year end have been received after the year end in accordance with the Scheme Rules.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 22. CURRENT ASSETS (continued)

	Main Section	E.ON Section	Legacy section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2022	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank balance	2,705	428	-	-	-	-	3,133
Pension paid in advance	2,721	19	-	-	-	-	2,740
Tax payable	1	-	-	-	-	-	1
Sundry Debtors and prepayments	6	-	-	-	-	-	6
Transfer between sections	-	709	-	-	-	-	709
	<u>5,433</u>	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,589</u>

### 23. CURRENT LIABILITIES

	Main Section	E.ON Section	Legacy section	EDS 1994 Section	DXC DB Section	DXC DC Section	Total
	2023	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unpaid benefits	-	-	-	-	-	-	-
Accrued expenses	-	-	-	(17)	(806)	-	(823)
Tax payable	-	-	-	-	(38)	-	(38)
Transfer between sections	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(844)</u>	<u>-</u>	<u>(861)</u>

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 23. CURRENT LIABILITIES (continued)

	Main Section 2022 £'000	E.ON Section 2022 £'000	Legacy section 2022 £'000	EDS 1994 Section 2022 £'000	DXC DB Section 2022 £'000	DXC DC Section 2022 £'000	Total 2022 £'000
Unpaid benefits	275	-	-	-	-	-	275
Accrued expenses	1,063	-	-	-	-	-	1,063
Tax payable	362	4	-	-	-	-	366
Transfer between sections	709	-	-	-	-	-	709
	<u>2,409</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,413</u>

### 24. TRANSFERS BETWEEN SECTIONS

	Main Section 2023 £'000	E.ON Section 2023 £'000	Legacy section 2023 £'000	EDS 1994 Section 2023 £'000	DXC DB Section 2023 £'000	DXC DC Section 2023 £'000	Total 2023 £'000
Main Section	(1,090,912)	-	940,815	(2)	150,099	-	-
E.ON Section	-	(48,762)	39,032	9,730	-	-	-
EDS 1994 Section	-	-	(58)	58	-	-	-
DXC DB Section	-	-	-	9,324	(9,324)	-	-
	<u>(1,090,912)</u>	<u>(48,762)</u>	<u>979,789</u>	<u>19,110</u>	<u>140,775</u>	<u>-</u>	<u>-</u>
	2022 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Main Section	-	-	-	-	-	-	-
E.ON Section	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2022, £709,000 was due from the Main Section to the E.ON section and is disclosed in Notes 22 and 23.

# DXC UK PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

### 25. EMPLOYER RELATED INVESTMENTS

During the year to 31 December 2023 (2022: Nil) there were no investments held by the Scheme's segregated accounts in EntServ or related companies. The investment management agreements prohibit such investments, except held within pooled vehicles.

### 26. TAXATION STATUS

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

### 27. RELATED PARTIES

Two Trustee Directors are pensioners and receive a pension from the Scheme. These transactions are in accordance with the rules of the Scheme. The Trustee Directors were paid £239,000 for fees and expenses during the year (2022: £232,000) of which £66,000 was outstanding as at 31 December 2023 (2022: £11,000).

### 28. CAPITAL COMMITMENTS

At the year end the Scheme had capital commitments with Collier amounting to \$0.8m (2022: \$0.8m) and Goldman Sachs amounting to \$4.6m (2022: \$7.0m).

### 29. GMP EQUALISATION

On 26 October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits provided to members of pension schemes must be recalculated to reflect equalisation requirements between 17 May 1990 and 6 April 1997. As a result of the ruling, the Trustee of the Scheme will need to equalise GMPs between men and women.

The Trustee adopted equalisation Method C for the Legacy Section project and fully rectified and equalised all benefits before the Buyout policy with PIC was agreed.

GMP liability for the Rebus Tier was transferred in from 1 October 2023 and the Trustee are currently working through the reconciliation and rectification project. No decision has been made as to the methodology they will use when it comes to equalising the GMP.

The Trustee is also turning its attention to historic transfer and deaths which are also covered by the High Court Ruling. Sufficient monies have been retained within the newly established "1994 Section" of the Scheme and the Trustee is working closely with the advisers to ensure this project is progressed.

# DXC UK PENSION SCHEME

## INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE DXC UK PENSIONS SCHEME (FORMERLY THE ELECTRONIC DATA SYSTEMS 1994 SCHEME)

### Statement about contributions

We have examined the summary of contributions payable under the Schedules of Contributions for the period 1 January 2023 to 18 January 2023, and payable under the Scheme rules for the period 19 January 2023 to 31 December 2023, to the DXC UK Pension Scheme in respect of the Scheme year ended 31 December 2023 which is set out on page 65.

In our opinion contributions for the Scheme year ended 31 December 2023 as reported in the summary of contributions and:

- payable under the Schedules of Contributions:
  - for the Main Section have, in all material respects, been paid from 1 January 2023 until 18 January 2023 at least in accordance with the Schedule of Contributions certified by the Actuary on 29 June 2022; and
  - for the E.ON Section have, in all material respects, been paid from 1 January 2023 until 18 January 2023 at least in accordance with the Schedule of Contributions certified by the Actuary on 29 June 2022.
- payable under the Scheme rules:
  - for the Legacy Section have been paid from 19 January 2023 until 1 November 2023 in accordance with the Scheme rules;
  - for the EDS 1994 Section have been paid from 19 January 2023 until 31 December 2023 in accordance with the Scheme rules; and
  - for the DXC Section have been paid from 19 January 2023 until 31 December 2023 in accordance with the Scheme rules.

### Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid for the period 1 January 2023 until 18 January 2023 at least in accordance with the Schedules of Contributions and have been paid for the period 19 January 2023 until 31 December 2023 in accordance with the Scheme rules. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions or the Scheme rules, as appropriate.

### Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 65, for the Main Section and the E.ON Section for the period from 1 January 2023 to 18 January 2023, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. In respect of the Legacy Section, EDS 1994 Section and the DXC Section, until the first Schedule of Contributions for each of these Sections is certified, the Scheme's Trustee has a responsibility for monitoring that contributions are made to the Scheme in accordance with the Scheme rules.

The Trustee is also responsible for keeping records in respect of contributions received in respect of members of the Scheme and for monitoring whether contributions are made to the Scheme in accordance with the Schedules of Contributions or the Scheme rules, as appropriate.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions or the Scheme rules, as appropriate, to the Scheme and to report our opinion to you.



# DXC UK PENSION SCHEME

## **INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE DXC UK PENSIONS SCHEME (FORMERLY THE ELECTRONIC DATA SYSTEMS 1994 SCHEME)** **(continued)**

### **The purpose of our work and to whom we owe our responsibilities**

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and regulations made thereunder. Our work has been undertaken so that we might state to the scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our audit work, for this statement, or for the opinions we have formed.

Gemma Broom

Date 25 July 2024

for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

15 Canada Square

London E14 5GL

# DXC UK PENSION SCHEME

## STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Scheme's Trustee is responsible under pensions legislation for ensuring that there are prepared, maintained and from time to time revised schedules of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the schedules.

Until the first Schedule of Contributions in respect of the EDS 1994 Section, DXC DB Section and DXC DC Section is certified, the Scheme's Trustee has a general responsibility for monitoring that contributions are made to the Scheme in accordance with the Scheme rules.

## SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

During the year ended 31 December 2023 the contributions payable to the Scheme under the Schedules of Contributions for the Main Section, certified on 29 June 2022 and E.ON Section, certified on 29 June 2022 was nil.

Contributions payable under the Scheme rule in respect of the Scheme year for the Legacy Section, EDS 1994Section, DXC DB and DXC DC Section were as follows:

	Main Section 2023 £	E.ON Section 2023 £	Legacy Section 2023 £	EDS 1994 Section 2023 £	DXC DB Section 2023 £	DXC DC Section 2023 £	Total 2023 £
Employers contributions							
Normal	-	-	-	69	-	3,695	3,764
Employees contributions							
Normal	-	-	-	14	-	-	14
Members Additional Voluntary Contributions	-	-	-	3	-	-	3
Total contributions payable under the Scheme rules as reported on by the Scheme auditor and per the financial statements	-	-	-	86	-	3,695	3,781

These financial statements were approved by DXC UK Trustee Limited:

Ian Wilson  
.....  
Trustee Director

23/7/2024  
.....  
Date

# DXC UK PENSION SCHEME

## ACTUARIAL CERTIFICATION

Schedule of contributions		
Electronic Data Systems 1994 Pension Scheme (the "Scheme")		
<p>This schedule has been prepared by DXC UK Trustee Limited (the "Trustee") as Trustee of the Electronic Data Systems 1994 Pension Scheme (the "Scheme") in June 2022 after obtaining the advice of Ben Bramhall, the actuary to the Scheme. This schedule has been agreed by EntServ UK Limited (the "Employer"), as the Principal Employer to the Scheme, on behalf of the participating employers (together the "Employers").</p> <p>This schedule sets out the contributions the Employers and the active members of the Scheme must pay and the dates these contributions must be paid to the Scheme. This schedule covers contributions payable in the period from 1 June 2022 to 31 May 2023.</p>		
Contributions to be paid by the Scheme's active members		
Member Category	Contributions	Due Payment Dates
Classic members (DII)	1.25% of Pensionable Pay, payable monthly.	
Premium members and Classic Plus members (DII)	2.75% of Pensionable Pay, payable monthly.	
Classic members (Tredss)	1.50% of Pensionable Pay, payable monthly.	
Premium members and Classic Plus members (Tredss)	3.00% of Pensionable Pay, payable monthly.	On or before the 19 <sup>th</sup> of the month following the month in which contributions have been deducted from members' earnings.
NHS members who joined before 1 June 2011	6.00% of Pensionable Pay, payable monthly.	
NHS members who joined after 1 June 2011	Salary related scales as defined in the Scheme rules, payable monthly.	
Nuvos	3.25% of Pensionable Pay, payable monthly.	
Members who joined the Scheme before 1 October 2002	1.50% of Pensionable Pay, payable monthly.	
These contributions exclude any Additional Voluntary Contributions payable by members.		
Contributions to be paid by the Employers		
Future accrual		
The Employers will pay contributions to the Scheme in respect of future accrual for active members at the following rates:		
Member Category	Contributions	Due Payment Dates
In respect of all members	54.0% of the total active members' Pensionable Pay at 1 January 2022 and each 1 January thereafter	On or before the following 30 June (such payments being in respect of the year commencing 1 April 2022 and each 12 month period thereafter), with the exception of 30 June 2022, for which the payment must be made on or before 30 June 2023.
<div> <div>EDS Pension</div> <div>1</div> </div>		

# DXC UK PENSION SCHEME

## ACTUARIAL CERTIFICATION (continued)

### Shortfall in funding

No contributions are due in the period covered by the schedule in relation to Recovery Plan contributions.

### Strain Protocol

The Employers will pay contributions to the Scheme in respect of any funding strain resulting from a transaction or augmentation as follows:

Category	Contributions	Due Payment Dates
In respect of members transferring into the Scheme as the result of a Contract entered into by the Employer	<p>The difference in value between:</p> <ul style="list-style-type: none"> <li>&gt; benefits granted on the Technical Provisions basis at that time; and</li> <li>&gt; transfer value(s) received.</li> </ul>	<p>The additional contribution will be payable in equal annual amounts over the period of the Contract. The first instalment will be due on or before the later of:</p> <ul style="list-style-type: none"> <li>i. the date 30 days after the Scheme's actuary has notified the amount of the strain to the Trustee and the Employer; and</li> <li>ii. 30 June following the date on which the Employer has entered into the Contract.</li> </ul> <p>Further instalments will be due on or before 30 June in each year thereafter for the duration of the Contract.</p> <p>Any payments due on or before 30 June 2022 will not be payable until 30 June 2023.</p>
In respect of members transferring out of the Scheme	<p>The difference in value between:</p> <ul style="list-style-type: none"> <li>&gt; any transfer value paid; and</li> <li>&gt; any associated share of the Scheme's assets on the Technical Provisions basis at that time (subject to this not being greater than the value of the respective past service liabilities on the same basis).</li> </ul>	<p>On or before the later of:</p> <ul style="list-style-type: none"> <li>i. the date 30 days after the Scheme's actuary has notified the amount of the strain to the Trustee and the Employer; and</li> <li>ii. 30 June following the date members transfer out of the Scheme.</li> </ul> <p>Any payments due on or before 30 June 2022 will not be payable until 30 June 2023.</p>
Cost of enhancement of benefits on early retirement or any other event	As calculated by the Scheme's actuary on the Technical Provisions basis at that time.	<p>On or before the later of:</p> <ul style="list-style-type: none"> <li>i. the date 30 days after the Scheme's actuary has notified the amount of the strain to the Trustee and the Employer; and</li> <li>ii. 30 June following the date of the enhancement.</li> </ul> <p>Any payments due on or before 30 June 2022 will not be payable until 30 June 2023.</p>

# DXC UK PENSION SCHEME

## ACTUARIAL CERTIFICATION (continued)

### Notes

1. The Employers' contribution rates in respect of future accrual of benefit include an allowance for pensions payable on death in service and investment management expenses but exclude Pension Protection Fund (PPF) Levies and all other ongoing expenses of the Scheme.
  - The Employer will pay additional amounts equal to the ongoing PPF Levies. Such payments by the Employer will be made on or before 30 June following the date when the Trustee pays each PPF levy, with the first payment due under this schedule on or before 30 June 2023 in relation to PPF Levies paid by the Trustee since 30 June 2021.
  - All other ongoing expenses associated with the operation of the Scheme will be met from the Scheme's assets, other than expenses incurred in relation to Employer initiated projects for which the cost will be met by the Employer.
2. Any additional funding required under the Strain Protocol will be assessed on a basis consistent with the Statement of Funding Principles in place at the time.
3. Payments will be monitored against the amounts and dates on this schedule. Any amount unpaid must be treated as a debt due to the Trustee from the Employer.
4. Payments may also be due from the Employer in respect of the Inflation Funding Mechanism ('IFM'). The details of the IFM are set out in separate documentation.
5. Nothing in this schedule shall prevent any Employer paying contributions in addition to those payable in accordance with this schedule and contributions may be paid in advance of a due date. In particular, contributions payable in respect of individual augmentations or general benefit improvements are to be paid in addition to those set out in this schedule.

Signed on behalf of DXC UK Trustee Limited

Date

29 June 2022

Signed on behalf of EntServ UK Limited

Date

29 June 2022

Actuary to the Plan

Date

29 June 2022

# DXC UK PENSION SCHEME

## ACTUARIAL CERTIFICATION (continued)

### Actuary's certification of schedule of contributions

#### Electronic Data Systems 1994 Pension Scheme (the "Scheme")

##### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2020 to continue to be met for the period for which the schedule is to be in force.

##### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature

Date 29 June 2022

Name

Ben Bramhall

Qualification

Fellow of the Institute  
and Faculty of Actuaries

Address

Phoenix House  
1 Station Hill  
Reading  
RG1 1NB

Employer

XPS Pensions Consulting Limited



# DXC UK PENSION SCHEME

## CHAIR'S STATEMENT

### *Chair's DC Governance Statement, covering 1 October 2023 to 31 December 2023*

#### 1. Introduction and members' summary

The **DXC UK Pension Scheme** (the "Scheme") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments (or is invested in the default option) but bears the investment risk). Some members also have defined benefit ("DB") benefits in the Scheme which have attaching DC benefits in respect of Additional Voluntary Contributions ("AVCs").

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustee Directors of the Scheme, are required to produce a yearly statement (signed by the Chair of the Trustee) covering:

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Scheme, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Scheme is assessed; and
- Trustee knowledge and understanding.

This Statement covers the DC Tier of the DXC Section. The inception of the DC Tier of the DXC Section occurred during the Scheme year on 1 October 2023. As such, this Statement covers the period from 1 October 2023 to 31 December 2023.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the period covered by this Statement, and we remain comfortable with the administrator's performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are competitive given the circumstances of the Scheme and represent value for the benefits members obtain.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

#### 2. Default arrangements

The Scheme is used as a qualifying scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees of DXC who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the Scheme and who do not choose an investment option are placed into the Sustainable Multi Asset Universal Strategic Lifestyle Profile (SLP), (the "Default"). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided in July 2023 to make the Default a lifestyle strategy ahead of the inception of the DC Tier, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and our policies regarding the default arrangements are set out in a document called the 'Statement of Investment Principles' ("SIP"). The

# DXC UK PENSION SCHEME

Scheme's SIP covering the default arrangements is attached to this Statement as an Appendix.

The Default was not reviewed during the period covered by this Statement. We regularly monitor the performance of the Default and will formally review the strategy at least every three years. The next formal triennial review is intended to take place in 2026 or immediately following any significant change in investment policy or the Scheme's member profile.

In addition to triennial strategy reviews we will also review the performance of the default arrangements against their objectives on a quarterly basis. This review includes performance analysis to check that the risk and return levels meet expectations. Due to the Scheme being established from 1 October 2023, the first performance review was carried out following the Scheme Year end, covering the period to 31 March 2024, and will be conducted quarterly going forwards.

## Asset allocation breakdown

We are required to calculate the percentage of the scheme assets within the default arrangements allocated to key asset classes. When preparing this calculation, we have taken account of the relevant statutory guidance. In line with DWP's guidance we have also shown this asset allocation for different ages as at the Scheme Year end.

### Sustainable Multi Asset Universal SLP

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0	0.0	0.0	5.0
Corporate bonds (UK and overseas)	8.5	8.5	26.0	40.8
Overseas government bonds	6.0	6.0	12.0	15.6
Listed equities	83.2	83.2	59.7	36.3
Property (direct)	2.3	2.3	2.3	2.3

Figures may not sum due to rounding.

## 3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the DC benefits in the Scheme, Standard Life. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

We recognise that delay and error can cause significant issues for members. We have received assurance from Standard Life that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Scheme has a Service Level Agreement ("SLA") in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The key administrative tasks are listed below, with a standard SLA in place to complete 95% within the timescale, unless stated otherwise.

Task	Target Timescale
Straight through processing	Same day
Process Transfer Payments In	Within 5 business days
Process Single Payments	Within 5 business days
Member Phone calls answered	80% within 120 seconds
Process Personal Updates (including address changes)	Within 3 business days
Process Fund Switches	Within 2 business days*
Provide Information Requested by Member / authorised Third Party	Within 5 business days
Secure Message (acknowledge/respond)	90% within 1 business day
Change of target retirement date	Within 3 business days
Change Beneficiary	Within 5 business days
Member complaints – initial response	Within 3 business days
Issue Leavers Options	Within 5 business days
Issue Retirement Quotation	Within 5 business days
Settle Transfer Out	Within 10 business days
Settle Divorce	Within 5 business days
Settle Death In Service	Within 10 business days



# DXC UK PENSION SCHEME

\*Unit prices declared two working days following receipt of a complete instruction will apply, as long as the instruction is received before 5pm by Standard Life (Edinburgh). If the switch is received after 5pm the prices three working days later will apply.

Standard Life has an internal controls statement which outlines information about the processing of core financial transactions and achieving the stated SLA targets, including, but not limited to, the following actions:

- automated systems are designed to ensure consistent, timely and accurate receipt and allocation to the correct funds for regular and single payments;
- regular monitoring of process and people performance, including control self-assessment reviews;
- reconciliations are carried out between Finance and Customer Operations to ensure contributions are accurately recorded;
- documented business procedures are in place for contributions processes;
- compliance with processes is supported by an automated workflow system that ensures work is enabled, tracked and managed;
- a dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator; and
- an automated quotes system, which ensures the consistent application of calculations.

A quality assurance framework is in place to ensure that payments are processed in line with the defined processes and service levels. To help us monitor whether service levels are being met, we receive quarterly reports about the administrator's performance and compliance with the SLA. Any issues identified as part of our review processes would be raised with the administrators immediately, and steps would be taken to resolve the issues.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Scheme Year.

Between the inception date of the DC Tier, 1 October 2023, and Scheme Year end of 31 December 2023, 100% of tasks were completed within the agreed SLAs.

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## 4. Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure and include any administration charges, since members incur these, and the figures are after deduction of the Scheme discount applying to the funds available.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by Standard Life. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and when it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

We have sought charges and transaction costs data for AVC funds for the Scheme Year but this was not available as at the date of this Statement. We will work with our investment advisers and the AVC providers to include the charges and transaction cost data for AVC funds in next year's Statement.

# DXC UK PENSION SCHEME

## Default arrangement

The Default arrangement is the Sustainable Multi Asset Universal SLP. The Default has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

### Default charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
15 years or more to retirement	0.14	0.04
10 years to retirement	0.14	0.09
5 years to retirement	0.14	0.13
At retirement	0.14	0.16

The default arrangement does not have any performance based fees associated with it.

## Self-select and AVC options

Members also have the option to invest in three alternative strategic lifestyle profiles targeting specific retirement outcomes (annuity purchase, cash lump sum and drawdown) and have the option to invest in several other self-select funds. Some members also have assets invested in AVC funds, which are held with Standard Life (Rebus) and Mobius Life (1994 Section). We have sought charges and transaction costs data for AVC funds for the Scheme Year but this was not available as at the date of this Statement. We will include further details of the AVC funds available to members in next year's Statement.

The annual charges for the lifestyles during the period covered by this Statement are set out in the tables below.

### Sustainable Multi Asset Annuity SLP charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
15 or more years to retirement	0.14	0.04
10 years to retirement	0.14	0.09
5 years to retirement	0.14	0.11
At retirement	0.14	0.19

### Sustainable Multi Asset Lump Sum SLP charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
15 or more years to retirement	0.14	0.04
10 years to retirement	0.14	0.09
5 years to retirement	0.14	0.08
At retirement	0.15	0.06

### Sustainable Multi Asset Drawdown SLP charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
15 or more years to retirement	0.14	0.04
10 years to retirement	0.14	0.09
5 years to retirement	0.15	0.10
At retirement	0.15	0.10

The level of charges for each self-select fund and the transaction costs over the period covered by this Statement are set out in the following table.



# DXC UK PENSION SCHEME

## Self-select fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
<b>Sustainable Focus</b>		
Standard Life Future Advantage 1	0.15	0.18
Standard Life Future Advantage 2	0.15	0.12
Standard Life Future Advantage 3	0.14	0.09
Standard Life Future Advantage 4	0.14	0.05
Standard Life Future Advantage 5	0.14	0.01
<b>Bonds</b>		
Standard Life Active Corporate Bond	0.17	-0.26
Standard Life Active Gilt	0.17	0.15
Standard Life Annuity Purchase	0.17	0.21
Standard Life Passive Corporate Bond	0.18	0.14
Standard Life Passive Gilt	0.18	0.05
<b>Global Equities</b>		
Standard Life Active Emerging Markets Equity	0.95	0.08
Standard Life Global Equity 50:50	0.17	0.18
Standard Life Overseas Equity	0.17	0.22
Standard Life Passive Emerging Markets Equity	0.38	0.12
Standard Life Passive Global Equity 50:50	0.17	0.05
Standard Life Passive Overseas Equity	0.16	0.04
Standard Life Shariah Global Equity	0.46	0.00
Standard Life Sustainable Index World Equity	0.16	0.07
<b>Money Market</b>		
Standard Life Deposit & Treasury	0.17	0.08
<b>UK Equities</b>		
Standard Life Active UK Equity	0.17	0.15
Standard Life Passive UK Equity	0.18	0.08
Standard Life Sustainable Index UK Equity	0.16	0.38
<b>Multi Asset</b>		
Standard Life Ethical	0.17	-0.15
<b>Property</b>		
Standard Life Property	0.19	-1.60

## Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the Scheme Year, subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the Default (the Sustainable Multi Asset Universal SLP) and two funds from the Scheme's self-select fund range. The two self-select funds shown in the illustration are:
  - the fund with highest annual member borne costs (TER plus Scheme Year transaction costs) – this is the **Standard Life Active Emerging Markets Equity Fund**
  - the fund with lowest annual member borne costs – this is the **Standard Life Property Fund**

# DXC UK PENSION SCHEME

## Projected pension pot in today's money

Years invested	Default option		Standard Life Active Emerging Markets Equity Fund		Standard Life Property Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£4,800	£4,700	£4,800	£4,700	£4,600	£4,600
3	£12,500	£12,500	£12,500	£12,300	£11,700	£11,700
5	£20,700	£20,600	£20,700	£20,200	£18,600	£18,600
10	£43,000	£42,600	£43,000	£40,800	£35,000	£34,700
15	£68,300	£67,300	£68,300	£63,000	£50,200	£49,500
20	£96,800	£95,000	£96,800	£86,800	£64,300	£63,100
25	£129,100	£126,000	£129,100	£112,500	£77,300	£75,600
30	£165,700	£160,600	£165,700	£140,100	£89,400	£87,000
35	£201,200	£193,400	£207,000	£169,800	£100,600	£97,600
40	£229,200	£218,000	£253,800	£201,700	£111,000	£107,200

### Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £1,000.

- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- The starting salary is assumed to be £46,000. This is the approximate median salary for active members in the Scheme.
- Total contributions (employee plus employer) are assumed to be 8.0% of salary per year. This is the automatic enrolment rate for those members who do not make a pension contribution election on joining the Scheme.
- The projected annual returns used, based on Trustees' assumptions derived under Actuarial Standard Technical Memorandum 1: Statutory Money Purchase Illustrations, are as follows:
  - Default option: 2.5% above inflation for the initial years, gradually reducing to a return of 0.5% above inflation at the ending point of the lifestyle.
  - Standard Life Active Emerging Markets Equity Fund: 2.5% above inflation
  - Standard Life Property Fund: 1.5% below inflation
- No allowance for active management outperformance has been made.

# DXC UK PENSION SCHEME

## 5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Scheme Year. Given the inception date of the DC Tier was 1 October 2023, we have only provided the net returns over the 1-year period but will look to include returns over the longer term in future statements. We have had regard to the statutory guidance in preparing this Section.

For arrangements where returns vary with age, such as for the default strategy, returns are shown over the Scheme Year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

### Sustainable Multi Asset Universal SLP net returns over periods to Scheme Year end

Age of member at the start of the period	1 year (%)
25	12.7
45	12.7
55	11.4

### Sustainable Multi Asset Annuity SLP net returns over periods to Scheme Year end

Age of member at the start of the period	1 year (%)
25	12.7
45	12.7
55	11.2

### Sustainable Multi Asset Lump Sum SLP net returns over periods to Scheme Year end

Age of member at the start of the period	1 year (%)
25	12.7
45	12.7
55	11.2

### Sustainable Multi Asset Drawdown SLP net returns over periods to Scheme Year end

Age of member at the start of the period	1 year (%)
25	12.7
45	12.7
55	11.4

### Self-select fund net returns over periods to Scheme Year end

Fund name	1 year (%)
<b>Sustainable Focus</b>	
Standard Life Future Advantage 1	TBC
Standard Life Future Advantage 2	TBC
Standard Life Future Advantage 3	11.3
Standard Life Future Advantage 4	12.7
Standard Life Future Advantage 5	13.8
<b>Bonds</b>	
Standard Life Active Corporate Bond	8.4
Standard Life Active Gilt	4.0
Standard Life Annuity Purchase	3.7
Standard Life Passive Corporate Bond	7.9
Standard Life Passive Gilt	2.4
<b>Global Equities</b>	
Standard Life Active Emerging Markets Equity	1.8
Standard Life Global Equity 50:50	6.3
Standard Life Overseas Equity	10.5
Standard Life Passive Emerging Markets Equity	1.8
Standard Life Passive Global Equity 50:50	11.6
Standard Life Passive Overseas Equity	16.3
Standard Life Shariah Global Equity	25.9
Standard Life Sustainable Index World Equity	15.1



# DXC UK PENSION SCHEME

Fund name	1 year (%)
<b>Money Market</b>	
Standard Life Deposit & Treasury	3.7
<b>UK Equities</b>	
Standard Life Active UK Equity	2.1
Standard Life Passive UK Equity	6.8
Standard Life Sustainable Index UK Equity	7.8
<b>Multi Asset</b>	
Standard Life Ethical	10.1
<b>Property</b>	
Standard Life Property	3.8

## 6. Value for members assessment

We are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available), with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last assessment was 7 June 2024 and we discussed this in detail at our Trustee meeting on 17 June 2024. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the fund charges are competitive for the types of funds available to members.

Our assessment included a review of the performance of the Scheme's investment funds (after applying all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this Statement have been consistent with their stated investment objectives.

In carrying out the assessment, we also consider the other benefits members receive from the Scheme, which include:

- our oversight and governance, including ensuring the Scheme is compliant with relevant legislation, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Scheme website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

Using the criteria described above, we ranked as **very good**, **good**, **fair**, or **poor** the benefits members receive from the Scheme but do not pay for, as summarised below, together with brief details of our rationale for each rating.

### Charges – Very Good

Our investment advisers have confirmed that the charges borne by members (excluding transaction costs) are very competitive across both the default lifestyle and the self-select investment range.

### Default investment arrangement – Good

The Scheme currently uses Standard Life's default investment strategy which we believe is a reasonable offering compared to other Master Trust default strategies, providing members with a good balance of risk/return based on their proximity to retirement age

### Self-select investment range – Good

The alternative lifestyles and self-select funds provided by Standard Life are broad, covering different asset classes and at-retirement targets.

### Administration – Good

Standard Life's service levels over Q4 2023 were very good and in line with agreed targets.

### Governance – Very good

The Trustee is committed to the DC section of the Scheme and ensures governance is of a high standard, which includes operation of a Defined Contribution Committee to oversee the DC Tier of the Scheme.

# DXC UK PENSION SCHEME

## Communications – Good

There have been limited communications to members over the Scheme Year covered by this statement, given the short timeframe since the Scheme launch.

## At-retirement support – Very good

Members have access to Standard Life's telephony guidance and at retirement support services, and can transfer to Standard Life's Retirement Master Trust.

## Scheme design – Good

The Company and Trustee's commitment to the Scheme is strong, as demonstrated in the Scheme design and contribution structure.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Scheme are receiving good value for money for the charges and cost that they incur, for the reasons set out in this section. We aim to improve value for members in future by taking the following steps:

- Continuing to monitor funds where future fee adjustments may be possible.
- Continuing to monitor Standard Life's performance over the next Scheme Year to ensure this is in line with agreed service levels.
- Carrying out the planned Trustee Knowledge and Understanding gap analysis.
- Monitoring member feedback of communications and considering whether any Scheme updates or reminders should be communicated to members.
- Launching an option for members to access drawdown at retirement via a transfer to the retirement section of the Standard Life Master Trust.

## 7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. We have measures in place to comply with the

legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they were material. In relation to DC matters we received training on the following topics over the course of the year to 31 December 2023:

Training topic	Delivered by	Date
<b>DC investments – fund selection and strategy</b>	XPS	February 2023
What makes an excellent Trustee Board	Chair of Trustee	April 2023
Compliance overview	Sackers, XPS	April 2023
Bulk transfers	Sackers, XPS	April 2023
Task Force on Climate-Related Financial Disclosures (TCFD)	Mercer	April 2023
Choosing a DC provider	Sackers, XPS	May 2023
DC investments, lifestyling and statement of investment principles	Standard Life, XPS	September 2023
Investment liquidity	Aon	September 2023
Communications and member journey	Standard Life, XPS	October 2023
DC bulk transfers	Sackers	October 2023
Effective governance	XPS	October 2023
Setting a DC communication strategy	Standard Life	October 2023
General Code of Practice	XPS	December 2023
Cyber Security	XPS	December 2023
Pensions Dashboard	EQ	December 2023



## DXC UK PENSION SCHEME

We are familiar with and have access to copies of the Scheme's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme. The SIP will be formally reviewed annually and as part of making any significant change to the Scheme's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

All Trustee Directors who served during the Scheme Year have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Scheme Year.

A training log is maintained in line with best practice and the training programme will be reviewed annually to ensure it is up to date.

The Trustee Board includes an Independent Trustee as well as two other fully accredited professional Trustees, one of whom is the Chair. Furthermore, three of the Trustee Board were trustees of the DXC Pension Plan which was transferred into the Scheme in May 2024. The Board's general pensions expertise and experience, as well as knowledge of the Scheme documents, supports the Trustee Board in fulfilling its knowledge and understanding requirements in relation to the Scheme and wider pension matters.

We believe as Trustee Directors that we have a good range of skillsets and expertise, particularly in the finance sector and through exposure on other Trustee Boards. This experience, together with the advice available to us from a range of appointed professional advisers, allows us to identify and analyse issues and recognise where further advice may be required, so as to properly exercise our functions as a Trustee of the Scheme.

In addition, we have appointed professional advisers with whom we meet regularly. Between October and December 2023, the legal advisers attended all DC Committee (DCC) meetings, which were held on a monthly basis. Since December 2023, the DCC meetings take place on a quarterly basis and are attended by the investment advisers and the legal advisers, when required. These advisers report on matters specific to the Scheme, as well as to update on developments in legislation and the industry to ensure we are kept up to date on

events. In addition, advisers are expected to take a proactive stance and raise pertinent matters as they arise.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustee Directors of the Scheme properly and effectively.

23/7/2024

Date: \_\_\_\_\_

**Signed by the Chair of the Trustee of the DXC UK Pension Scheme**



## DXC UK PENSION SCHEME

### DB IMPLEMENTATION STATEMENT

Annual Trustee Report and Financial Statements for the year ended 31 December 2023

# DXC UK Pension Scheme (the “Scheme”) – DXC Section DB Tier and 1994 Section

SIP Implementation Statement for the  
year ended 31 December 2023



# DXC UK PENSION SCHEME

DXC UK Pension Scheme ('the Scheme')

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# DXC UK PENSION SCHEME

## Section 1

### Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year running from 1 January 2023 to 31 December 2023 (the "Scheme Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Scheme Year. For the Defined Benefit ("DB") Sections, these were the SIP dated May 2022 (covering the period between 1 May 2022 and 28 March 2023), March 2023 (covering the period between 29 March 2023 and 30 September 2023) and the SIP dated October 2023 (covering the period between 1 October 2023 to 31 December 2023). There are also Additional Voluntary Contributions ("AVCs") but these are not considered to be significant relative to the DB Sections.

Section 2 of this statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year. It also sets out how, and the extent to which, the policies in the DB Sections of the SIP have been followed. **The Trustee can confirm that all policies in the SIP have been followed in the Scheme Year.**

A copy of the latest SIP for the DB Sections is available at <https://edspensions.co.uk/library/sips>

Section 3 includes information on the engagement and voting activities of the Trustee and underlying investment managers within each Section of the Scheme.

# DXC UK PENSION SCHEME

## Section 2

### Statement of Investment Principles

#### Investment Objectives of the Scheme

##### DB Sections

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

The primary objective of the Scheme is to provide, on a defined benefits basis, pension and lump sum benefits for members on their retirement, or benefits on death, before or after retirement, for their dependents.

There are also AVCs but these are not considered to be significant relative to the DB Sections.



# DXC UK PENSION SCHEME

## Review of the SIP

### DB Sections

During the Scheme Year, the Trustee reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). The SIP was reviewed a number of times, the main changes are summarised below:

Date	Summary of changes
Q1 2023 (March 2023)	<p>The changes have been made to coincide with the segregation of the assets of the Scheme into three Sections as per the Company proposal. The key changes were:</p> <ol style="list-style-type: none"> <li>1. Legacy Section to hold the insurance contracts and surplus assets.</li> <li>2. 1994 Section to hold assets for the active members (plus one deferred) and GMP liabilities. These were invested in bond assets and cash and hedged 110% of the interest rate and inflation risk associated with the accrued and prospective liabilities on a buy-out basis.</li> <li>3. DXC Section to not hold any assets at that stage.</li> </ol>
Q4 2023 (October 2023)	<p>The changes have been made to coincide with the name change of the Scheme (from EDS 1994 Pension Scheme to DXC UK Pension Scheme) and transfer of the Rebus Section of the DXC Pension Plan to the DXC Section of the DXC UK Pension Plan. Furthermore, the Legacy Section full wind up was confirmed in this SIP as the surplus assets had been transferred to the DXC Section.</p> <p>Additionally, it was amended to state that the interest rate and inflation hedging target for the 1994 Section is used to stabilise the prevailing estimated funding level of accrued and prospective liabilities on the solvency basis.</p>

## Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the Scheme Year and how this driven long-term value for beneficiaries where relevant and sets out how this work followed the Trustee's policies in the SIP in force during the Scheme Year relating to the DB Sections of the Scheme.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme Year.

# DXC UK PENSION SCHEME

## Investment Mandates



### Securing compliance with the legal requirements about choosing investments

#### Policy

As required by legislation, the Trustee consults a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 1.4, 3.8 and 5 of the SIP, which applies to the DB Sections of the Scheme.

#### DB

##### How has this policy been met over the Scheme Year?

The Scheme's investment advisors attended all Trustee and Investment Committee meetings during the Scheme Year. The investment advisors provided updates on fund performance and, where required, appropriateness of the funds used, as well as advice on asset allocation and investment risks.

Over the Scheme Year, the Trustee received formal written advice regarding the termination of the Scheme's Liability Driven Investment (LDI) mandate with Schroders and the appointment of Insight to manage the mandate. Additionally, the Trustee received formal written advice relating to the appointment of Insight to manage a buy & maintain credit mandate.

Legal and investment advice was received ahead of the transfer of the Rebus Section of the DXC Pension Plan to the DXC Section of the DXC UK Pension Plan.

The buy-in policy was converted to a buy-out policy in March 2023 with Pension Insurance Corporation.

# DXC UK PENSION SCHEME

## Realisation of Investments

### Policy

The Trustee's policy is to regularly review the liquidity of the Scheme's assets to ensure that it has sufficient cash available to meet outgoings as they fall due. The Trustee is comfortable in taking a modest degree of liquidity risk in the investment strategy where assets are expected to generate relatively secure income to help meet cash-flow requirements. The policy is detailed in Section 3.8 vii of the SIP, which applies to the DB Sections of the Scheme.

### DB

#### How has this policy been met over the Scheme Year?

The Trustee invests the assets of the Scheme in a number of pooled and segregated portfolios. The investment managers have discretion over the investment of the assets, subject to the restrictions set out in their respective investment management agreements or pooled fund guidelines, which define the funds' liquidity requirements and dealing frequency. The Trustee regularly reviews the expected cashflow requirements of the Scheme.

Where required, disinvestments were sourced from the LDI and Cash portfolios throughout the year to meet cashflow requirements, including pensioner payments. Cashflow is generated from private market assets that are returning capital, which is held in the LDI and Cash portfolios initially. All assets invested in cash are invested through a pooled fund, apart from the cash held in the Trustee bank account and the custodial account.

The buy-in policy was converted to a buy-out policy in March 2023 with Pension Insurance Corporation. It is no longer part of the Scheme's assets



# DXC UK PENSION SCHEME

## Environmental, Social and Governance (“ESG”)

### Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

#### Policy

The Scheme’s SIP outlines that the Trustee’s beliefs on ESG factors may have a material impact on investment returns, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee does not explicitly consult member views when making decisions in relation to the selection, retention and realisation of investments. Further details are provided in Section 3.8 viii of the SIP. The Trustee keeps its policies under regular review.

#### DB

##### How has this policy been met over the Scheme Year?

A number of the key investment risks identified in the SIP were measured and managed as part of reviewing investment performance at Trustee and ISC meetings. In particular, the Scheme’s exposure to liability risks, such as interest rates and inflation.

The Trustee continues to build up its understanding of ESG factors, stewardship, climate change and ethical investing. The Trustee has also sought the views of the Sponsor as part of developing their policy on ESG and engagement. The Trustee’s policy is that it has given appointed investment managers full discretion when evaluating ESG issues, including climate change, and in exercising voting rights and stewardship obligations attached to the Scheme’s relevant investments.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes when appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and engagement with managers on their ESG policies and integration into investment processes are raised.

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change. Occupational pension schemes with £1 billion or more in assets are required to have in place effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities from 1 October 2022, aligned with the Task Force on Climate-related Disclosures (“TCFD”) framework.

A TCFD Report was produced for the Scheme Year 1 January 2022 – 31 December 2022. Due to the buy-out completed in 2023, the Scheme’s assets are now less than £1 billion and a second annual TCFD report was not produced for the 2023 Scheme Year.



# DXC UK PENSION SCHEME

## Voting and Engagement Disclosures

**The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments** (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).

### Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers. The Trustee has delegated their voting rights to the investment managers. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The voting policies of each manager have been considered by the Trustee before investing and the Trustee deems each policy to be consistent with their investment beliefs.

Further details are set out in Section 3.8 viii and 4.2 of the SIP, which applies to the DB Sections of the Scheme. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

### DB

**How has this policy been met over the Scheme Year?**

During the year, there were no changes to the voting process, however the Scheme had no exposure to listed equities over 2023. The Scheme's investment managers are primarily fixed income based or privately held where it is not possible to have voting activity. The Trustee has requested key engagement activities from its investment managers during the Scheme Year to provide disclosure on the approach to stewardship. The information received is summarised in the Voting and Engagement Activity section that follows.

# DXC UK PENSION SCHEME

## Monitoring the Investment Managers

### Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

#### Policy

The Trustee's policy is set out in Section 4.1 of the SIP, which applies to the DB Sections of the Scheme.

#### DB

#### How has this policy been met over the Scheme Year?

There were no changes to the Trustee's policy on incentivising investment managers to align their investment strategies and decisions with the Trustee's policies during the Scheme Year. The Scheme's appointed investment managers are compensated with a fee based on the total assets under management.

If an investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. The Trustee met with the appointed managers during the Scheme Year to review performance and alignment to the investment strategy. The Trustee replaced the Scheme's LDI manager during the Scheme Year.

# DXC UK PENSION SCHEME

## Evaluation of asset managers' performance and remuneration for asset management services

### Policy

The Trustee's policy is set out in Section 4.3 of the SIP, which applies to the DB Sections of the Scheme.

#### DB

#### How has this policy been met over the Scheme Year?

To evaluate performance in respect of the investment managers, the Trustee received and discussed investment performance reports on a quarterly basis. The reports presented performance information and commentary in respect of the Scheme's investments. Such reports have information covering fund performance over a range of time periods for the investment managers and the total Scheme. The Trustee reviewed the absolute performance, the relative performance against a suitable index used as the benchmark, and/or against the manager's stated target performance (over the relevant time period) on a net of fees basis.

In addition, the Trustee monitored the investment and ESG ratings assigned to each manager by Mercer on a quarterly basis.

## Monitoring portfolio turnover costs

### Policy

The Trustee's policy is set out in Section 4.4 of the SIP, which applies to the DB Sections of the Scheme.

#### DB

#### How has this policy been met over the Scheme Year?

There were no changes to the Trustee's policy on portfolio turnover costs during the Scheme Year. As noted in the SIP, the Trustee has monitored portfolio turnover costs as part of its ongoing monitoring of the investment managers. The Trustee will engage with a manager if portfolio turnover is higher than expected. This may be assessed by comparing portfolio turnover across the same asset class on a year-on-year basis, or relative to the manager's expected portfolio turnover range in the investment guidelines or prospectus.



# DXC UK PENSION SCHEME

## The duration of the arrangements with asset managers

### Policy

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustee's policy are set out in Section 4.5 of the SIP, which applies to the DB Sections of the Scheme.

### DB

#### How has this policy been met over the Scheme Year?

There were no changes to the Trustee's policy on the duration of arrangements during the Scheme Year as set out in the SIP.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Investment Committee, acting on behalf of the Trustee, is dissatisfied, then they will look to replace the manager.

The Trustee is a long-term investor. For open-ended funds, there is no set duration for the manager appointments, but there is usually regular liquidity to sell the assets quickly if needed.

The private equity and private debt mandates are in closed-ended funds and the Scheme is invested in these assets for the lifetime of each individual 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 contractual documentation. During the Scheme Year Collier Capital contacted the Trustee to seek consent to a further one-year extension to the life of Collier Private Equity mandate, which the Trustee granted. The mandate was initially set to expire in July 2024, and will now last until July 2025.

# DXC UK PENSION SCHEME

## Strategic Asset Allocation



### Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

#### Policy

The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Investment Strategy (SIP Sections 3.4, 3.5 and 3.6)
- Objectives and Policy (SIP Section 3.8, ii.)

#### DB

#### How has this policy been met over the Scheme Year?

The Scheme's investment arrangements were reviewed in the Scheme Year, following which a number of changes were agreed. In particular, the following was agreed:

- A full redemption from the Schroders Liability Driven Investment (LDI) mandate was agreed in order to appoint Insight as the new LDI manager.
- The MGIE Multi Asset Credit Fund was fully redeemed in December 2023, proceeds from the fund (c.£21.6m) were transferred to the Trustee Bank Account.
- The M&G Property Fund was implemented as part of the transfer of the Rebus Section of the DXC Pension Plan to the DXC Section of the DXC UK Pension Plan.
- The Trustee approved an investment strategy for one of the DB Sections (DXC Section – DB Tier). The strategy consists of Protection Assets (50% credit and 50% LDI) and Surplus Assets (a mixture of illiquid assets and cash assets). There is also a currency hedging policy to hedge the overseas currency risk of some of the illiquid assets. The aim is to be fully funded on a buy-out basis and to have sufficient liquid assets to pay contributions for the Defined Contribution Tier of this Section.

The investment strategy was assessed to have an expected return and risk profile sufficient to achieve the funding objective applicable to both Sections of the Scheme. The Trustee regards the basic distribution and balance of the assets to be appropriate for the Scheme's objectives and liability profile.

# DXC UK PENSION SCHEME

## Risks, including the ways in which risk are to be measured and managed

### Policy

The Trustee recognises a number of risks involved in the investment of the assets of the DB Sections and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under the following section of the SIP:

Risk Management (SIP Section 3.8 v)

### DB

How has this policy been met over the Scheme Year?

The Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes.

As part of their regular quarterly investment monitoring, the Trustee monitored changes in these risks and the resulting impact on each Section. The Trustee's Investment Committee meetings monitor on a quarterly or more frequent basis interest rate, inflation risk, currency risk, liquidity risk, and the collateral adequacy of the Scheme's liability hedging arrangements. These reviews were provided by the Scheme's investment advisor.



# DXC UK PENSION SCHEME

## Section 3

### Voting and Engagement Activity

During the Scheme Year, there were no changes to the voting process, however the Scheme had no exposure to listed equities over the Scheme Year. The Scheme's investments are primarily fixed income based or privately held where there is no voting activity within the assets.

If equities were held, the policy of the Trustee is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers. Investment managers are expected to provide voting summary reporting on a regular basis where applicable, at least annually.

Further details are set out in Section 3.8 viii and 4.2 of the SIP. In addition, it is the Trustee's policy if voting was happening to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met. The Trustee has defined significant votes as those related to social and governance matters.

The Trustee meets with each investment manager as deemed appropriate, to discuss performance and other investment related matters (including integration of ESG and climate change into the investment process and voting and engagement activities). As part of this, the Trustee will challenge decisions that appear out of line with the Scheme's stated objectives and/or policies.

In relation to segregated mandates, the Trustee monitors the extent to which investment managers:

- make decisions based on assessments about medium to long-term performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Buy and Maintain Credit allocation is the largest single exposure within the Scheme where engagement is possible. Insight, who manage the Buy and Maintain Credit mandate for the Scheme, engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular meetings with the companies that the manager invests in. Insight's engagement examples are presented below from the inception point in October 2023.

# DXC UK PENSION SCHEME

## Engagement examples – Insight (DB Sections)

Name of entity	Medtronic plc – Q4 2023	Barclays PLC – Ongoing engagement
Topic for this engagement	Social - Human capital management (e.g. inclusion and diversity, employee terms, safety)	Environment - Climate change
Rationale for the engagement	<p>Medtronic plc (MDT) is one of the global leaders in the medical device industry, participating in several high-tech segments of the market from cardiovascular, medical surgical, diabetes to neuroscience.</p> <p>This engagement was an ESG deep dive into product safety and quality concerns that have contributed to their Prime ESG rating falling to a 5 towards the beginning of the quarter.</p>	<p>Barclays is a UK-based bank that operates globally. This engagement was identified as part of Insight's counterparty engagement programme. With growing operations in the US, the political environment related to ESG is directly impacting the bank. The latest engagement sought to discuss the bank's sustainable finance framework and the feedback they have provided, given some elements of their environmental programme lags behind their peers.</p>
Engagement activity	<p>Insight have had previous engagements with MDT but were approached by MDT's investor relations team and ESG analyst for a private meeting to discuss issues relating to quality and safety and supply chain management.</p> <p>MDT was rated an ESG 5 for weak scores relating to product safety and quality owing to product recalls that MSCI flagged as severe controversies.</p> <p>MDT reiterated that quality-related metrics are embedded in their employee incentive plans all the way up to their CEO. They prioritise quality and patient safety, with the goal of zero product recalls but, given the nature of their products and devices, this is not very aspirational given the business they operate in. They have been investing in this area by bringing in new leadership over recent years who have</p>	<p>Barclays' sustainable finance framework was updated in 2022 when the target was revised from \$150bn to \$1tr. However, they have yet to set accredited science-based targets. Barclays continue to engage with Science Based Targets initiative (SBTi), but they are prioritising the Net Zero Banking Alliance (NZBA) and aiming for the majority of their portfolios to have financed emissions targets.</p> <p>Impact bonds were discussed in the context of stricter policy criteria covering refinancing of old projects, maximum lookback periods, EU taxonomy alignment, use-of-proceeds investor reporting, energy efficiency, target populations, definitions (e.g., what constitutes 'sustainable protein') and overarching governance.</p> <p>Their revenue-based threshold around artic drilling is high (50%) given they recognise the different dependencies on fracking between the</p>



## DXC UK PENSION SCHEME

	<p>strengthened their enterprise quality strategy and enhanced system standardisation in their view.</p> <p>Product recall profiles started to improve in 2021 but Insight expect that continued improvements will take time to materialise through reduction in warning letters, recalls and eventually third-party rating agencies, with whom MDT are maintaining engagement but do not necessarily agree on methodology.</p>	<p>UK and US. They will remain flexible in their approach, noting that a significant proportion of their financing relates to cash flows rather than project financing.</p>
<b>Outcomes and next steps</b>	<p>Insight will continue to monitor the structural changes MDT is implementing around their product research and development programme, as well as their supply chain.</p> <p>Insight do not expect material results in the short term, particularly not around any downstream reflection in external rating agencies' ESG scores, which emphasizes the importance of ongoing engagement to form a house-view on the issuer's credit and ESG profile.</p> <p>The changes MDT are implementing will take time to take hold and translate into improvements to their ESG profile, which would be aligned to the investment time horizon of those adopting buy-and-maintain strategies.</p> <p>Fundamentally, MDT continues to perform well and Insight do not have concerns about their credit quality for now.</p>	<p>Barclays has enhanced its oil sands policy and introduced a Client Transition Framework demonstrating how the bank is evaluating its corporate clients' transition progress towards low-carbon business models. They also acknowledged their risk policy guidelines are due for an update.</p> <p>Insight recommended that Barclays continues to align its sector policies (to address exclusions relating to arctic, general oil and gas; and fracking) to International Energy Agency (IEA) guidance; provide additional details on the assessment, support of and escalation (without terminating relationships) procedures relating to clients on climate-related issues under their Client Transition Framework in their next annual report; set science-based targets to improve transparency and comparability with competitors; increase scope of assurance on scope 1, 2, 3 emissions; and improve transparency around its lobbying practices.</p>

# DXC UK PENSION SCHEME

## DC IMPLEMENTATION STATEMENT

### *Implementation Statement, covering the Scheme Year from 1 October 2023 to 31 December 2023 (the "Scheme Year")*

The Trustee of the DXC UK Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. This Statement covers the DC Tier of the DXC Section of the Scheme.

Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-10 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 11 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on the Scheme's latest and first SIP which was in place during the Scheme Year – dated October 2023. This Statement should be read in conjunction with the SIP which can be found here: <https://workplace.standardlifepensions.com/ccid-dxcuk>.

The inception of the DC Tier of the DXC Section occurred during the Scheme year on 1 October 2023. As such, given the limited time during the Scheme Year to act on policies set out in the SIP, the Statement also includes measures the Trustee has begun to undertake during the 2024 Scheme Year.

#### 1. Introduction

The SIP was drawn up by the Trustee following the inception of the DC Tier of the DXC Section on 1 October 2023. The Trustee will review the SIP at least every three years; or immediately following any significant changes in investment policy; or following any significant change in the demographic profile of the Scheme membership.

The Trustee has, in its opinion, followed all of the policies in the Scheme's SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

#### 2. Choosing investments

The Trustee has agreed an investment strategy it considers to be in the best interests of DC Tier members. In agreeing the strategy, the Trustee gave consideration to the DC Tier's membership demographics and the expected behaviour of members together with the retirement outcome needs and expected risk tolerance.

The DC Tier offers a Default Arrangement which is a standard default investment option for those members who do not choose their own investment options from the range available.

The Trustee expects to undertake a review of the strategy and performance of the Default Arrangement by the 2026 Scheme Year to ensure it remains suitable for members. Since Q1 2024, outside of the Scheme Year, the Trustee has reviewed performance of the Default Arrangement on a quarterly basis.

The Trustee began reviewing changes in member choices, behaviour, and trends using administration reports in 2024.



# DXC UK PENSION SCHEME

## 3. Types of investments

The Scheme invests through a policy with Standard Life in pooled funds accessed via the Standard Life investment platform. It offers a diverse range of pooled funds, both actively and passively managed, which can be selected by members.

## 4. Balance between different types of investments

The asset allocation and fund selection within the Default Arrangement is delegated to Standard Life. However, the Trustee acknowledges that it is responsible for the appropriateness of the Default Arrangement for DC members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for members and enable appropriate diversification. The Trustee has made available alternative lifestyle strategies and a self-select fund range to members covering all major assets classes as set out in Appendix 2 of the SIP.

The Trustee will monitor the take up of these funds as part of its ongoing governance.

The Trustee remains responsible for the establishment and ongoing governance of all these investment options. When deciding whether or not to make any new investments, the Trustee will obtain written advice which will consider suitability of the investments, the need for diversification and the principles within the SIP.

When agreeing the Default Arrangement for the DC Tier of the DXC Section, the Trustee received advice from its Investment Consultant, together with input from the Investment Platform Provider, Standard Life.

## 5. Investment risks

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register, and this is discussed at meetings.

- Inflation risk – The Trustee makes available a range of growth-orientated funds which are expected to provide positive returns above inflation over the long term.
- Market risk – The Trustee has provided a Default Arrangement that balances investment growth and market risk in a well-diversified portfolio. The Trustee regularly monitors the performance of the DC investments available within the Scheme. The quarterly report reviewed during the year showed that all Default funds have produced performance broadly in line with expectations over the long-term.
- Conversion risk – The Trustee considers the performance of the lifestyle strategies relative to the type of retirement option they target.
- Manager risk – This is covered in Section 10.
- Political risk – The Scheme offers funds invested across different countries to reduce political risk.
- Liquidity risk – This is covered in Section 7.
- Currency risk – The Trustee monitors the performance of funds and any impact of currency risk as part of its quarterly monitoring reports.
- Custodian risk – The Trustee monitors Standard Life as part of its ongoing governance. Custodial arrangements are delegated to Standard Life and its underlying managers.
- Counterparty risk – The Trustee considers the operational aspects of managers prior to any new appointment to reduce counterparty risk.
- Fraud / Dishonesty – Restrictions are applied on who can authorise transfer of cash and the account to which transfers can be made.
- Administration risk – The Trustee regularly reviews Standard Life against its service level agreements and the controls Standard Life has in place to ensure these are met.
- ESG risk – This is covered in Sections 8 and 9.

## 6. Expected return on investments

When the Trustee agreed the strategy for the DC Default Arrangement, it considered the investment risks set out in Section 5 of this Statement. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.



# DXC UK PENSION SCHEME

The Trustee agreed its investment beliefs in October 2023, and these were drawn up in the SIP. Its investment beliefs are as follows:

- A default arrangement should be in the best interests of members and their likely benefit choices at retirement. To aid planning and reduce the volatility of outcomes, default arrangements should reduce investment risk as members approach retirement.
- Members should be allowed and enabled to make their own investment decisions based on their own individual circumstances and risk appetite. Therefore, a range of other self-select arrangements should be made available.
- Members should be offered support with their retirement savings both before, at and through retirement. Therefore, consideration of decumulation options is important.

## 7. Realisation of investments

All of the DC Tier funds which the Trustee offered during the Scheme Year are daily priced. There were no issues relating to suspension of redemptions by managers during the Scheme Year.

## 8. Financially material considerations and non-financial matters

As part of its advice on the ongoing suitability of the Default Arrangement with Standard Life and its underlying investment managers, the Scheme's Investment Consultant incorporates its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations).

As part of regular performance monitoring, the Trustee will review LCP's responsible investment (RI) scores for the Scheme's existing managers. These scores cover the manager's approach to ESG factors, voting and engagement.

Further details of the Trustee's monitoring of managers to improve ESG practices is included in Section 9 below.

Within the DC Tier of the DXC Section, the Trustee considers it important to offer self-select funds to members who may choose to invest with ethical, social, cultural or environmental preferences in mind. The Trustee has therefore made available the following options to members: Standard Life Ethical (DXC UK) Pension Fund, Standard Life Sustainable Index UK Equity (DXC UK) Pension Fund and Standard Life Sustainable Index World Equity (DXC UK) Pension Fund. The Trustee has neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact when considering the selection, retention or realisation of investments. The Trustee may review this policy if any beneficiary views are raised in future.

## 9. Exercising rights and engagement activities

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as necessary.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's Investment Consultant incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2024 meeting, the Trustee discussed stewardship priorities for the Scheme. These will be agreed in the 2024 Scheme Year and will be reported on in the next IS.

The Trustee will invite the Scheme's investment managers to present periodically at Trustee meetings.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. Outside of the Scheme Year in May 2024, a call was held with a subset of the Trustee Board, Standard Life, and the Scheme's Investment Consultant to discuss how ESG integration through exclusions is evolving in the Default Arrangement. This is an area that the Trustee will continue to monitor in 2024.



# DXC UK PENSION SCHEME

## 10. Arrangements with asset managers

The Trustee invests for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship activities are aligned to the creation of long-term value and the management of long-run systemic risks.

When the Trustee agreed the Scheme's investment strategy, it received information on Standard Life's investment process and philosophy, the investment team and past performance. The Trustee also considered Standard Life's approach to responsible investment and stewardship. The Trustee obtained formal written advice from its Investment Consultant, before investing in the Standard Life Default Arrangement and made sure the investment portfolio chosen was adequately and appropriately diversified. The Trustee relies on its Investment Consultant's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

The Scheme's Investment Consultant monitors the investment managers on an ongoing basis, through regular research meetings. The Investment Consultant monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis. The report shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

In 2024, the Trustee will undertake a "value for members" assessment in respect of the Scheme Year ending 31 December 2023. This will assess a range of factors, including the fees payable to managers in respect of the DC Tier which will be compared against schemes with similar sizes of mandates. The Trustee will report on the findings of this assessment in next year's Statement.

## 11. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on a regular basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section the Trustee has sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- Standard Life Sustainable Index Emerging Market Equity Pension Fund
- Standard Life Sustainable Index Asia Pacific (ex-Japan) Equity Pension Fund
- Standard Life Sustainable Index Japan Equity Pension Fund
- Standard Life Sustainable Index UK Equity Pension Fund
- Standard Life Sustainable Index European Equity Pension Fund
- Standard Life Sustainable Index US Equity Pension Fund
- Standard Life Sustainable Global Property Securities Asset Fund, which invests primarily in the iShares Environment & Low Carbon Tilt Real Estate Index Fund, which is managed by BlackRock

The Trustee has included only the funds with equity holdings used in the default strategy given the high proportion of DC Tier assets invested in these funds. The Trustee has not included any self-select funds on materiality grounds.



# DXC UK PENSION SCHEME

## 11.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. Whilst the Trustee is comfortable that these policies align with their beliefs, a review will be carried out once the Trustee's stewardship priorities have been formalised later in 2024.

### Abrdn

Abrdn is one of the underlying investment managers for the funds used within the Scheme's Default Arrangement.

Abrdn seeks to integrate and appraise environmental, social and governance factors in its investment process. Abrdn's aim is to generate the best long-term outcomes for its clients, and it will actively take steps as stewards and owners to protect and enhance the value of its clients' assets.

Abrdn seeks to understand each company's specific approach to governance, how value is created through business success and how investors' interests are protected through the management of risks that materially impact business success. This requires Abrdn to play its part in the governance process by being active stewards of companies, dynamically involved in dialogue with management and non-executive directors, fully understanding the material risks and opportunities – including those relating to environmental and social factors and helping to shape the future success of the business.

Abrdn will:

- take into consideration, in its investment process, the policies and practices on environmental, social and governance matters of the companies in which it invests
- seek to enhance long-term shareholder value through constructive engagement with the companies in which it invests
- seek to exercise shareholder rights on behalf of its clients and engage with companies on their behalf in a manner consistent with their long-term best interests
- seek to influence the development of high standards of corporate governance and corporate responsibility in relation to environmental and social factors
- communicate its Listed Company Stewardship Principles to clients, companies and other interested parties
- be accountable to clients within the constraints of professional confidentiality and legislative and regulatory requirements
- be transparent in reporting its engagement and voting activities.

Abrdn is committed to exercising responsible ownership with a conviction that companies adopting improving practices in corporate governance and risk management will be more successful in their core activities and deliver enhanced returns to shareholders. Abrdn's fund managers and analysts regularly meet with the management and non-executive directors of companies in which it invests.

### BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure it takes into account a company's unique circumstances by market, where relevant. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock determines which companies to engage directly based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters.

## DXC UK PENSION SCHEME

They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock informs its vote decisions through research and engages as necessary.

While BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis, this is just one among many inputs into BlackRock's vote analysis process. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BlackRock Investment Stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

BlackRock publishes "voting bulletins" explaining key votes relating to governance, strategic and sustainability issues that it considers material to a company's sustainable long-term financial performance.

These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investments it undertakes on behalf of its clients. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them.

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## 11.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below. While the Scheme was only invested in these funds from Q4 2023, the voting data below covers the year to 31 December 2023, given the constraints with obtaining voting data for the specific period the Scheme was invested.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7
Manager name	Abrdn	Abrdn	Abrdn	Abrdn	Abrdn	Abrdn	BlackRock
Fund name	Standard Life Sustainable Index Emerging Market Equity Pension Fund	Standard Life Sustainable Index Asia Pacific (ex-Japan) Equity Pension Fund	Standard Life Sustainable Index Japan Equity Pension Fund	Standard Life Sustainable Index UK Equity Pension Fund	Standard Life Sustainable Index European Equity Pension Fund	Standard Life Sustainable Index US Equity Pension Fund	Standard Life Sustainable Global Property Securities Asset Fund
Total size of fund at end of the Scheme Year	£986.3m	£1,344.9m	£824.2m	£1,623.7m	£2,044.1m	£9,947.5m	£24.4m
Value of Scheme assets at end of Scheme Year	£39	£55	£35	£69	£85	£404	£35
Number of equity holdings at end of the Scheme Year	576	433	154	109	221	214	358
Number of meetings eligible to vote	1,087	788	171	133	241	243	384
Number of resolutions eligible to vote	9,695	6,128	2,067	2,641	4,821	3,367	4,264
% of resolutions voted	94.8%	99.6%	100%	99.2%	89.2%	99.5%	86.5%
Of the resolutions on which voted, % voted with management <sup>1</sup>	84.6%	86.4%	94.8%	97.7%	87.7%	76.2%	95.8%
Of the resolutions on which voted, % voted against management <sup>1</sup>	12.2%	12.9%	3.1%	2.1%	12.0%	23.8%	4.2%
Of the resolutions on which voted, % abstained from voting <sup>1</sup>	3.3%	0.7%	2.1%	0.3%	0.3%	0.0%	0.4%
Of the meetings in which the manager voted, % with at least one vote against management	43.6%	41.2%	19.9%	17.4%	74.1%	95.5%	16.9%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	3.5%	4.1%	1.8%	1.1%	6.9%	18.3%	0.0%

<sup>1</sup>Figures may not sum to 100% due to rounding.



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## 11.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten significant votes and suggested the managers could use the PLSA's criteria\* for creating this shortlist.

The Trustee has interpreted "significant votes" to mean those that:

- might have a material impact on future company performance, with a focus on acquisitions;
- the investment manager believes to represent a significant escalation in engagement;
- have a high media profile or reflect significant governance concerns regarding the company;
- are shareholder and Environmental and Social resolutions;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- the investment manager has voted contrary to custom policy following analysis.

The Trustee has selected one vote per fund from the shortlist as the "most significant" vote and reported these votes below. Once the Trustee formalises its stewardship priorities later in 2024, it will consider these priorities when it selects the most significant vote in next year's Implementation Statement. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

### Standard Life Sustainable Index Emerging Market Equity Pension Fund

- **Vodacom Group Ltd, July 2023**
- **Summary of resolution:** Approve Remuneration Policy
- **Relevant stewardship priority:** N/A
- **Approx size of the holding at the date of the vote:** 0.3%
- **Why this vote is considered to be most significant:** The manager has voted contrary to custom policy following analysis.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** Abrdn voted against this resolution because it does not agree with the remuneration policy in its current form and would like to see ROIC (return on invested capital) based metrics in the KPIs.
- **Was the vote communicated to the company ahead of the vote:** Abrdn endeavours to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Given the concentration of AGMs, Abrdn may not always be able to communicate intentions and rationale ahead of a vote.
- **Outcome of the vote:** Not available at time of writing.

*\*Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.*

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## Standard Life Sustainable Index Asia Pacific (ex Japan) Equity Pension Fund

- National Australia Bank Limited, December 2023
- Summary of resolution: Approve Transition Plan Assessments
- Relevant stewardship priority: N/A
- Approx size of the holding at the date of the vote: 0.6%
- Why this vote is considered to be most significant: The vote was on a shareholder Environmental and Social proposal where Abrdn has engaged with the proponent or company on the resolution.
- Company management recommendation: Against
- Fund manager vote: Against.
- Rationale: Abrdn voted against the resolution as the company has already committed to and publicly disclosed its climate transition plan. This includes but is not limited to joining the Net-Zero Banking Alliance, committing to achieving net zero by 2050 and setting interim targets for its lending portfolio with the most significant carbon exposure.
- Outcome of the vote: Not available at time of writing.

## Standard Life Sustainable Index Japan Equity Pension Fund

- Mitsubishi Corp, June 2023
- Summary of resolution: Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement
- Relevant stewardship priority: N/A
- Approx size of the holding at the date of the vote: 1.6%
- Why this vote is considered to be most significant: The vote was on a shareholder Environmental and Social proposal where Abrdn voted contrary to management recommendation.
- Company management recommendation: Against
- Fund manager vote: For
- Rationale: In July 2022, Abrdn engaged with Mitsubishi on Scope 3 targets, and it has since published its Scope 3 category 11 emissions in early 2023. Abrdn welcomes this progress; however, the company's net zero targets for 2030 and 2050 cover only its scope 1, 2 and scope 3 category 15 emissions, which represent less than 6 percent of its total emissions. Therefore, Abrdn voted for this resolution to support the company in its endeavour to follow a credible net zero commitment.
- Was the vote communicated to the company ahead of the vote: Abrdn endeavours to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Given the concentration of AGMs, Abrdn may not always be able to communicate intentions and rationale ahead of a vote.
- Outcome of the vote: Not available at time of writing.

## Standard Life Sustainable Index UK Equity Pension Fund

- Trainline Plc, June 2023
- Summary of resolution: Re-elect Brian McBride as Director
- Relevant stewardship priority: N/A
- Approx size of the holding at the date of the vote: 0.1%
- Why this vote is considered to be most significant: The manager has voted contrary to its usual policy following analysis.
- Company management recommendation: For
- Fund manager vote: For.



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- **Rationale:** The gender diversity of this board at 29 percent does not reach the level expected by Abrdn's voting policy. However, the shortfall is sufficiently marginal that Abrdn can support. Abrdn also notes the company's rationale and will engage on plans to strengthen gender diversity.
- **Outcome of the vote:** Not available at time of writing.

### Standard Life Sustainable Index European Equity Pension Fund

- **Carlsberg A/S, May 2023**
- **Summary of resolution:** Report on Efforts and Risks Related to Human Rights
- **Relevant stewardship priority:** N/A
- **Approx size of the holding at the date of the vote:** 0.3%
- **Why this vote is considered to be most significant:** The vote was on a shareholder Environmental and Social proposal where Abrdn has voted on management-presented proposals.
- **Company management recommendation:** Against
- **Fund manager vote:** Against
- **Rationale:** Abrdn supports the UN Guiding Principles on Business and Human Rights and encourages the companies in which it invests to align with them. Carlsberg has committed to operating in accordance with these Principles and reports on the actions it is taking to mitigate human rights risks. While we support the spirit of the resolution, the Company is already committed to addressing it.
- **Outcome of the vote and next steps:** Not available at time of writing.

### Standard Life Sustainable Index US Equity Pension Fund

- **Meta Platforms Inc, May 2023**
- **Summary of resolution:** Report on Human Rights Impact Assessment of Targeted Advertising
- **Relevant stewardship priority:** N/A
- **Approx size of the holding at the date of the vote:** 0.6%
- **Why this vote is considered to be most significant:** The vote was on a shareholder Environmental and Social proposal where Abrdn voted contrary to management recommendation.
- **Company management recommendation:** Against
- **Fund manager vote:** For.
- **Rationale:** The use of personal and behavioural data in targeted advertising exposes users to the risk of privacy violations. The algorithms used in such processes may also unintentionally encourage bias and discrimination. Revenue generated from targeted advertising is central to Meta's business model. While Meta published a human rights report in 2022 and has taken further positive steps, an independent human rights impact assessment would provide shareholders with a proportionate level assurance that the risks related to targeted advertising are appropriately managed.
- **Outcome of the vote:** Not available at time of writing.

### Standard Life Sustainable Global Property Securities Asset Fund

BlackRock has advised that there were no significant votes for this Fund over the period.