DXC Pension Plan – LPC & CSC Section

Defined Contribution Assets - Statement of Investment Principles

1. **Introduction**

1.1 The purpose of this Statement of Investment Principles ("the Statement") is to document the principles and policies governing decisions about the investment of the assets of the LPC Defined Contribution Section of the DXC Pension Plan ("LPC DC Section"). This statement has been prepared by the Trustee of the DXC Pension Plan ("the Trustee").

It sets out the Trustee's policy for complying with

- The Pensions Act 1995, as amended by the Pensions Act 2004;
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and,
- Subsequent legislation.

1.2 The Trustee has consulted DXC Technology ("the Company") on the Statement, and the Trustee has received written advice from the Plan's investment consultants, Mercer Limited ("Mercer"), which is regulated by the Financial Conduct Authority ("FCA") in relation to investment services.

1.3 The Trustee maintains an Investment Policy Implementation Document ("IPID"), which contains more detail on the Plan's investment arrangements. This document, whilst complementing the Statement, does not form part of the Statement and therefore the principal employer is not consulted in relation to changes to this document.

1.4 The Trustee is committed to review the Statement at least once every three years and without delay upon a material change to the Plan or the Company.

2. This Statement also covers the various Additional Voluntary Contribution ("AVC") arrangements for the Defined Benefit sections in the DXC Pension Plan. A separate Statement of Investment Principles has been prepared in respect of the Defined Benefit arrangements.

3. **Objectives of the Plan**

The Trustee recognises that individual members have differing investment needs and that these may change during the course of a member's working life. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should be allowed to make their own investment decisions based on their individual circumstances.

In order to encompass these factors the Trustee has agreed the following objectives:

- To make available a range of investment options that should enable members to tailor their own investment strategy to meet their own individual needs.

- To offer funds which allow diversification of risk and long-term capital growth.

- To provide a default investment option for members who do not make their own investment decisions. This is designed to be broadly appropriate for the needs of the majority of the membership.

The Trustee undertakes to review the Plan's fund choices offered to members and the investment manager arrangements on a regular basis.

4. Investment Policies

The Trustee has made available a range of individual self-select fund options for investment in addition to the default investment option. A range of asset classes has been made available; for the LPC DC Section this includes: equities, gilts and cash.

In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable based on member demand. In addition, assets are mainly invested on regulated markets.

The Trustee's policy in relation to the balance between the different kinds of investment is set out in the 'Investment Options' section. Further details of the funds and lifestyle strategies used in the Plan are set out in the IPID. Members also have the option to combine the funds in any proportion in order to determine the expected return on a member's assets and should relate to the member's own risk appetite and tolerances.

The Trustee's policy in relation to expected return is to make funds available to members that are spread across the expected risk/return spectrum. Each fund used in the Plan has an associated benchmark or target return which the Trustee views as the expected return. The expected return targeted by each is shown in the IPID. This includes assets that target long term growth in real terms and assets that are expected to be less risky and more defensive in nature.

The Trustee recognises that "risk" in the context of a defined contribution pension plan is multi-faceted. In broad terms, it's regarded as the likelihood of failing to achieve the objectives set out in the previous section and have, on the advice of Mercer, taken several measures which are set out in this Statement to mitigate these risks, so far as is possible. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	The Trustee provides members with a limited range of funds, across key asset classes, with the equity funds offered expected to keep pace with inflation over the longer term. Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.

Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.	The Trustee makes available a single lifestyle strategy, targeting cash. Lifestyle strategies automatically switch member assets as they approach retirement into investments that are expected to be less volatile. The lifestyling strategy increases the proportion of assets that more closely match the chosen retirement destination (i.e. cash investments) as members approach retirement. This aims to reduce the risk of a substantial fall in their accumulated savings near retirement.	Considering the returns of the funds used within the switching phase of the lifestyle strategy both in absolute terms as well as relative to cash .
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The Trustee provides members with a limited range of funds, across key asset classes. Members are able to set their own investment strategy in line with their risk tolerances.	Monitoring the performance of investment funds on a quarterly basis.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Delegated to investment managers. Members are able to set their own investment allocations, in line with their risk tolerances.	Monitoring the performance of investment funds on a quarterly basis.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustee provides investment options that invest in local as well as overseas markets and currencies.	Monitoring the performance of investment funds on a quarterly basis. Consideration to the movements in foreign currencies relative to pound sterling.
Operational Risk A lack of robust internal processes, people and systems.	Trustee considers manager research which includes operational aspects from their investment consultant.	Consideration to the ratings of investment strategies from their investment consultant and monitoring these on a quarterly basis.

Liquidity Risk Assets may not be readily marketable when required.	The Trustee accesses daily dealt and daily priced pooled funds.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Plan e.g. extreme weather events, poor governance.	The Trustee's policy on ESG risks is set out in Section 4 of this Statement.	Section 4 of this Statement also covers how the Trustee monitors the extent to which managers integrate ESG factors and active ownership into their core processes.

The risks identified in the above table are considered by the Trustee to be 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a lifestyle option has been made available to members.

Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments.

5. **Responsible Investment and Corporate Governance**

The Trustee believes that environmental, social and corporate governance ("ESG") factors may have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit consideration. Details on how these are considered are set out in separately in the Trustee's ESG Beliefs Statement.

Having considered its fiduciary duty, the Trustee has delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, to the appointed investment managers in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code. The manager's engagement polices are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes when appointing new managers and monitoring existing managers. These issues are monitored by the Trustee which takes advice from the investment consultant's assessment of how the fund managers incorporate ESG. Monitoring is undertaken on a regular basis and is documented at least annually to assess the effectiveness of applied approaches.

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 future.

6. Arrangements with Asset Managers

6.1 The Trustee appoints investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The Trustee look to its investment advisor for their forward looking assessment of a manager's ability to outperform over a full market cycle. The advisor's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

6.2 As the Trustee invests in pooled investment vehicles they accept that they have limited ability to influence investment managers to align their decisions with the Trustee policies set out in this statement. However, appropriate mandates can be selected to align with the Trustee's overall investment strategy.

6.3 The Trustee expects investment managers to incorporate the consideration of longer term factors, such as ESG factors, into their decision making process where appropriate. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Trustee also considers the investment adviser's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.

6.4 The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee also relies upon Mercer's manager research capabilities. The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for members assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee may request further action be taken, including a review of fees.

6.5 Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is currently limited by the availability of data and the lack of industry-wide benchmarks. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.

6.6 The Trustee is a long term investor. All funds are open-ended and therefore there is no set duration for manager appointments. The Trustee is responsible for the selection, appointment, monitoring and removal of the investment managers. The available fund range and default options are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategies or general fund range.

7. **Investment Options**

7.1 The Trustee offers a limited range of investment options to the members. The Trustee believes that this range of options is suitable for meeting the investment objective and risk considerations detailed in Sections 2 and 3 respectively.

<u>LPC DC Section</u>

7.2 The range of investment options available includes a Lifestyle investment option. The Lifestyle option has been designed to be suitable for members wishing to take their retirement savings in the Plan as single or multiple cash withdrawals and involves investments being switched gradually over an individual's lifetime in the Plan from assets that target long term real growth to assets that are considered less risky as members near retirement. If members wish to do this, then they will also need to select their target retirement age.

7.3 Where members do not choose their investment option when joining the Plan (or when there is a later need to make a choice), the Trustee will invest their contributions in the default lifestyle option, the LPC Lifestyle Option (set out below and detailed in section 8).

7.4 In addition, the Trustee has made available four self-select funds with various expected risk levels.

7.5 Further details of the funds available in both Sections and their objectives are set out in the IPID.

8. **LPC DC Section - Default Option – Statement of Investment Principles**

8.1 ***Aims and Objectives***

The aims of the default option, and the ways in which the Trustee seeks to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

  The default option's growth phase invests 100% in equities. These investments are expected to provide long-term growth above inflation.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's account grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.

  The default option therefore aims to reduce volatility near retirement via automated switches over a 7-year period to a member's selected retirement date. Investments are gradually switched from equities into a cash fund for capital preservation purposes.

- To provide exposure at retirement to assets that are broadly appropriate for an individual planning to withdraw their savings in the Plan as cash at retirement.

At the member's selected retirement date, 100% of the member's assets will be invested in a cash fund.

8.2 ***Policies in relation to the default option***

The Trustee's policies in relation to the default option are:

- A range of asset classes are included within the default investment option, including: equities and money market investments. All funds are daily-dealt pooled investment arrangements. It is the Trustee's policy to utilise both active and passive management within the default investment option, depending on the asset class.

- The pooled funds are commingled investment vehicles. The selection, retention and realisation of securities within the pooled funds are delegated to the manager in line with the mandates of the funds.

- In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with the expected investment returns and outcomes for members. The Trustee took advice from their investment consultant when deciding on this asset allocation. The asset allocation is consistent with the expected amount of risk that is appropriate given the age of a member and when they expect to retire.

- In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable based on member demand. In addition, assets are mainly invested on regulated markets.

- The Trustee has also taken into account the needs of members with regards to security, quality, liquidity and profitability of a member's portfolio as a whole. The Trustee has designed the default option taking account of the assets in the default.

- The default option manages investment risks and other risks through a strategic asset allocation consisting of equities and cash. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.

- The Trustee has considered risks from a number of perspectives. Policies relating to risk, financially material considerations, members' views on non-financial considerations are consistent with those set out in section 3 of this Statement.

- If members wish to, they can opt to choose their own investment options from the self-select range available. Members are supported by clear communications in the form of an investment guide regarding the aims of the default option and the access to alternative funds, albeit the Trustee will not provide advice to members on their individual choice of investment options.

8.3 ***Illiquid Assets***

The Trustee considers illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Plan's default arrangement includes no direct allocation to illiquid investments or to investments via a collective investment scheme. In addition, the funds used in the default do not invest in any underlying illiquid assets.

The Trustee understands the potential for higher returns and benefits of diversification benefits relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these potential benefits are recognised by the Trustee, it is also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management; the Trustee considers direct investment into an illiquid asset fund as not currently suitable for members of the Plan. The Trustee remains comfortable with the funds used in the default, and annually assess whether the funds used provide value for members.

In selecting investments for the default arrangement, the Trustee uses both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustee carefully considers whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustee's policy to review the allocation of the default investment strategy on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

8.4 ***Suitability of Default Investment Strategy***

Based on its understanding of the LPC DC Section's membership, the Trustee believes that the above objectives and policies reflect the best interests of the majority of members.

The Trustee intends to monitor members' decisions and other inputs from time to time to ensure that the default option remains suited to their needs. A strategic review will take place at least triennially, or after significant changes to the LPC DC Section's demographics, if sooner.

9. **Switching**

Members are responsible for reviewing their investment choices in light of their own circumstances.

Members may redirect future contributions or transfer their accumulated account between funds at any time prior to setting up their retirement benefits.

There are no administrative charges for switching, but members may incur transaction costs on selling and buying units.

10. **Additional Voluntary Contribution ('AVC') arrangements**

The Plan permits members to provide additional benefits for themselves through the defined contribution investment options available by paying AVCs.

CSC (Defined Benefit) Section

Members have the option of a number of funds with Legal & General Investment Management ('LGIM') and a SEI actively managed fund. Further details of the funds available are set out in the IPID.

LPC (Defined Benefit) Section

Members' AVC assets are invested in funds with Prudential and ReAssure. Further details of the funds available are set out in the IPID.

11. Monitoring the Investment Manager

11.1 The investment managers provide details of performance of the relevant funds in which the Plan invests.

11.2 The Trustee retains an investment consultant to assist the Trustee in fulfilling its responsibility for monitoring the investment managers.

12. Investment Adviser Fee Structures

12.1 A full fee breakdown of Manager fee scales can be found in the Plan's IPID.

13. Compliance with this Statement and Review of this Statement

We, the Trustee and Mercer, our consultant who has been appointed by the Trustee, each have distinct duties that are designed to ensure compliance with this Statement.

These are:

- The Trustee will review this Statement at least once every three years, or more frequently if required, upon a material change to the Plan or the Company.
- Our investment consultant will provide the advice needed to allow us to review and update this Statement.

As part of the service provided by LGIM (the "manager"), they meet, when required, with the Trustee to review their performance, at which time they will also provide written reports specific to the Plan's investments. Additionally, the managers will supply the Trustee with a general written report about the overall performance of the underlying funds on a quarterly basis.

This statement was adopted by the Trustee of the DXC Pension Plan on 27 September 2024