Unisys Payment Services Limited Pension Scheme (iPSL Section) MARCH 2023

A Note from the Trustee

Welcome to our 2022 Trustee newsletter regarding your defined benefit pension scheme, bringing you the latest news on the Unisys Payment Services Limited Pension Scheme ("the Scheme"), the iPSL Section ("the Section") and the wider world of pensions.

In this edition you can find our usual summary of the Trustee's annual report and accounts showing the money coming into and going out of the Section over the year ended 31 March 2022.

There is a Section investment update on page 3 and we also discuss the changes to the Trustee board during the period ended 31 March 2022. As you will have seen from the previous communications, on 1 January 2022, Unisys UK Pension Trustee Limited became the new corporate Trustee. In addition, there have been a number of changes to the Member and Employer nominated Trustee Directors, the majority of which were planned changes and as such have not affected the management of the Scheme. You can find a full list of these changes on page 8 of this newsletter.

As well as highlighting a new anti-scam strategy which aims to protect those who are considering a pension transfer or taking their Scheme benefits, and the change in the Minimum Pension Age, we also discuss how the Trustee is dealing with the effect of overall global market volatility and rising inflation in relation to management of the Section's investments. The Trustee along with iPSL are also looking at options to further improve member benefit security via purchasing an insurance contract and more details are given on page 7.

Going forward, we intend to send out future issues of this newsletter, and other Scheme communications, by e-mail. You can add or update your email address at Home – PRISM (upslpensionscheme.co.uk). However, should you wish to continue receiving Scheme communications through the post, please let our administrators know – their details are at the end of this newsletter.

Expression of Wish forms

In the event of your death, under certain circumstances the Trustee is required to exercise its discretion in relation to certain benefits that may become payable. It is important that you regularly review your nominated beneficiaries and complete an 'expression of wish' form to state to whom you wish benefits to be paid in the event of your death. This can help guide the Trustee in the exercise of their discretion. If you have not submitted a nomination form, or you do not believe that your nomination form accurately reflects your current circumstances and wishes, then you can change these online (via PRISM) or request a new nomination form. Please contact Hymans, the Scheme Administrator for details of how to complete a form (see contact details at the end of this newsletter).

2022 Actuarial Update

Since our last newsletter, we are pleased to report that the Trustee has now completed the 2022 actuarial update, summarising the financial position of the Section as at 31 March 2022.

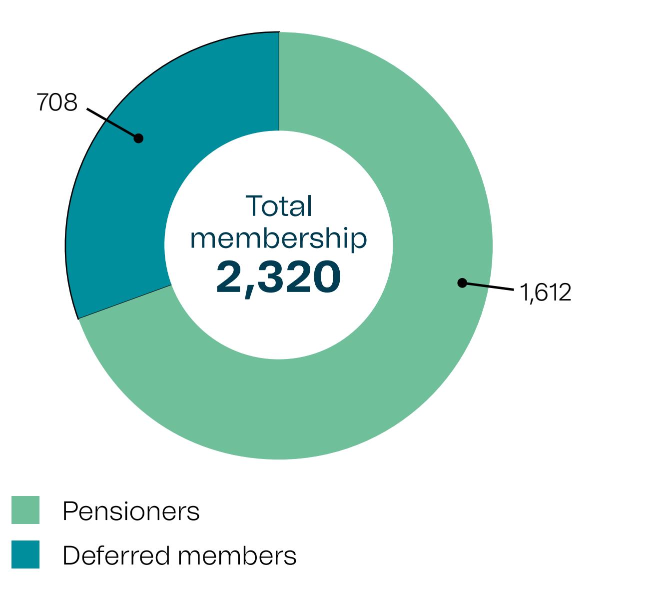
At 31 March 2022, the Section's assets stood at £432.7 million which compared to the value of the Section's liabilities of £396.7 million. This meant that there was a surplus in the Section of around £36 million at 31 March 2022.

We have provided further information on the financial position of the Section in the enclosed Q&A. This includes commentary on the movement in the position over the year and the position if the Section were to immediately wind-up, which would have potential implications for the level of benefits you receive. The Trustee's objective remains to have enough money in the Section to pay pensions now and in the future.

The Trustee will continue to update you annually on the development of the financial position but are not able to provide you with advice in relation to your own financial circumstances

Membership of the Section

As at 31 March 2022 the membership of the Scheme was made up as follows:



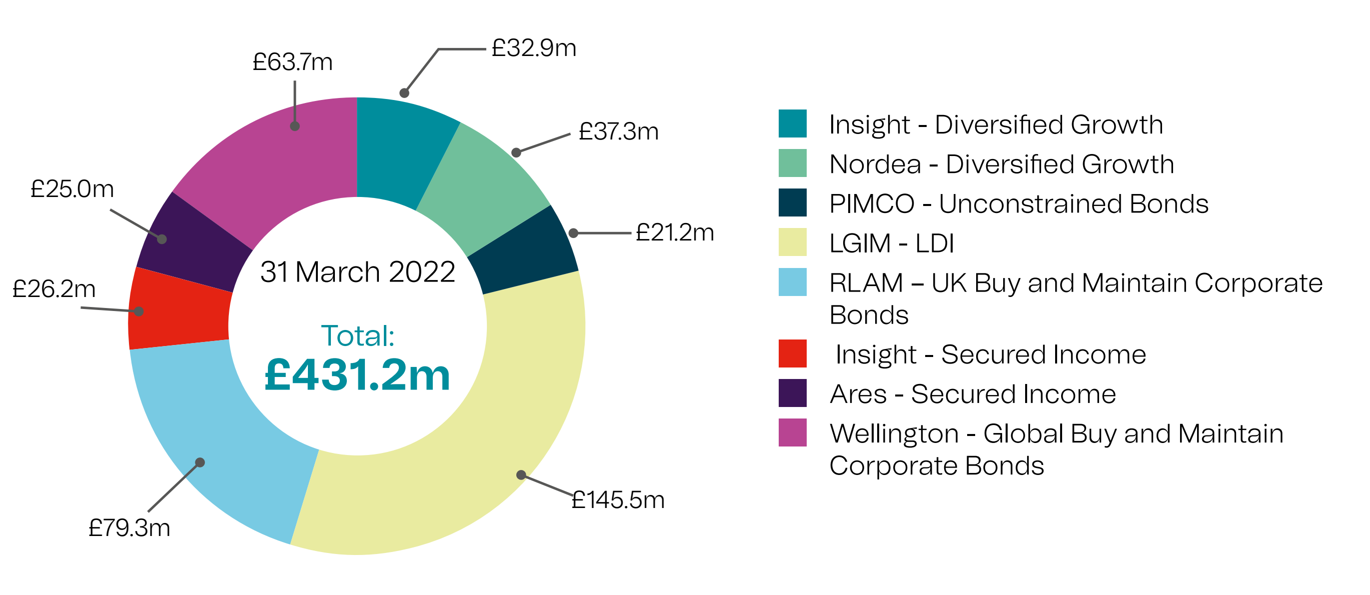
Scheme investments

At 31 March 2022, the iPSL Section's invested assets totalled £433.7m (excluding c. £0.3m held in the AVC accounts). The Trustee and its Investment and Funding Committee monitor the performance of the investment strategy and investment managers on a regular basis.

The Trustee made a number of changes to the Section's investment arrangements over the course of the Scheme year but have continued to manage the investments in line with our strategic objectives

The Section's asset allocation as at the end of the Scheme year is summarised in the charts below.

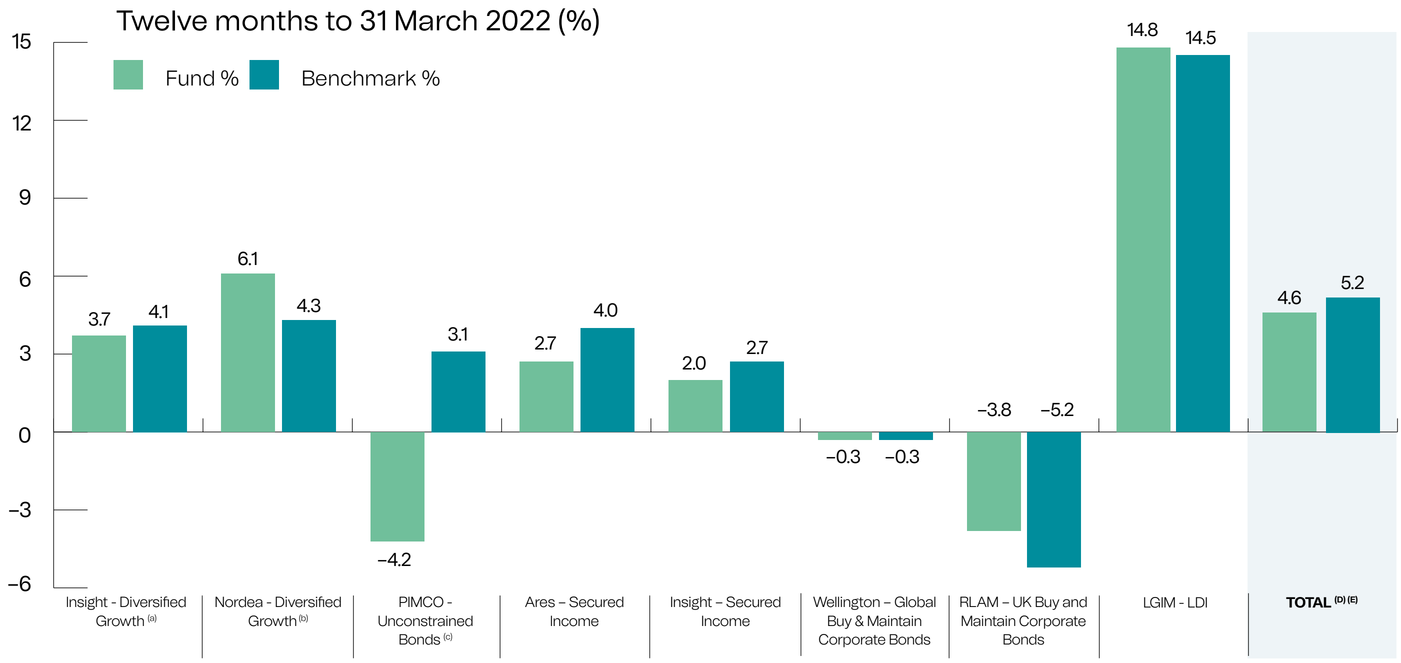
Asset Allocation

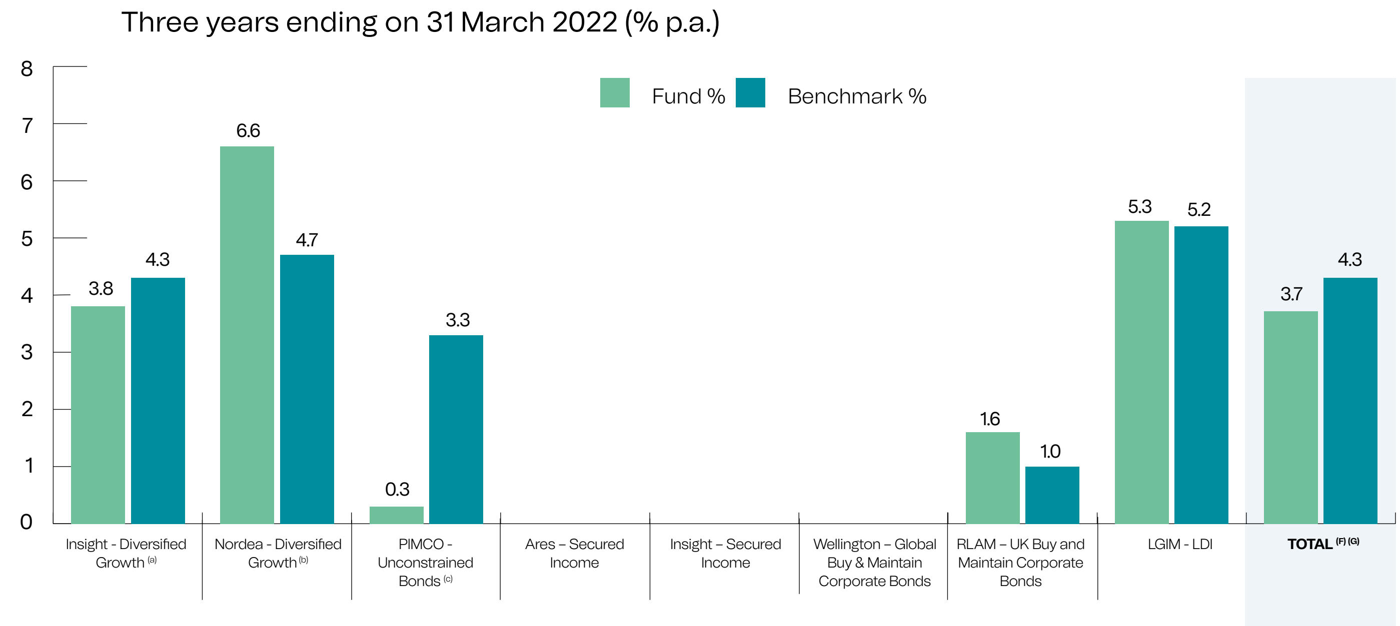


iPSL Section

Investment performance to 31 March 2022

The Trustee measures the performance of the investment managers against specified performance benchmarks. Benchmarks are used to allow the Trustee to understand how the funds have performed relative to the market as a whole for the relevant asset class, or relative to the medium-term (typically 3 to 5 year) target return for the asset class / strategy. The benchmarks are set by the investment managers of the respective funds in which the Section invests. The performance achieved by the various investment managers, compared with the relevant benchmarks, is shown here over 1 and 3 year periods, where applicable.





Figures are net of fees, based on performance provided by the investment managers, Mercer estimates and Refinitiv*.

(a) Benchmark return assumed to be SONIA **+4.5% p.a. for performance measurement purposes.

(b) Benchmark return assumed to be SONIA +5.0% p.a. for performance measurement purposes.

(c) Benchmark return assumed to be SONIA +3.0% p.a. (net of fees) for performance measurement purposes.

(d) Includes performance of terminated and newly incepted mandates.

(e) Total Scheme benchmark return assumes the Bank of England UK Base Rate +3.5% p.a. for both diversified growth funds prior to 1 April 2016, then uses a composite of the manager benchmarks thereafter.

* Refinitiv is a company which provides financial market data that is used to assess the performance of the investment managers.

** SONIA is the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors

The Engagement Policy Implementation Statement ("EPIS") sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP") has been followed during the year to 31 March 2022. This includes the Trustee's policy on Environmental, Social and Corporate Governance ("ESG") issues, Stewardship and Climate Change, as well as examples of voting activity in relation to ESG issues undertaken by the investment managers on behalf of the Scheme, and details of any engagement activity relevant to ESG issues that took place over the Scheme year.

An extract from this year's EPIS is shown below:

"The following work was undertaken during the year to 31 March 2022 relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

→ The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code.

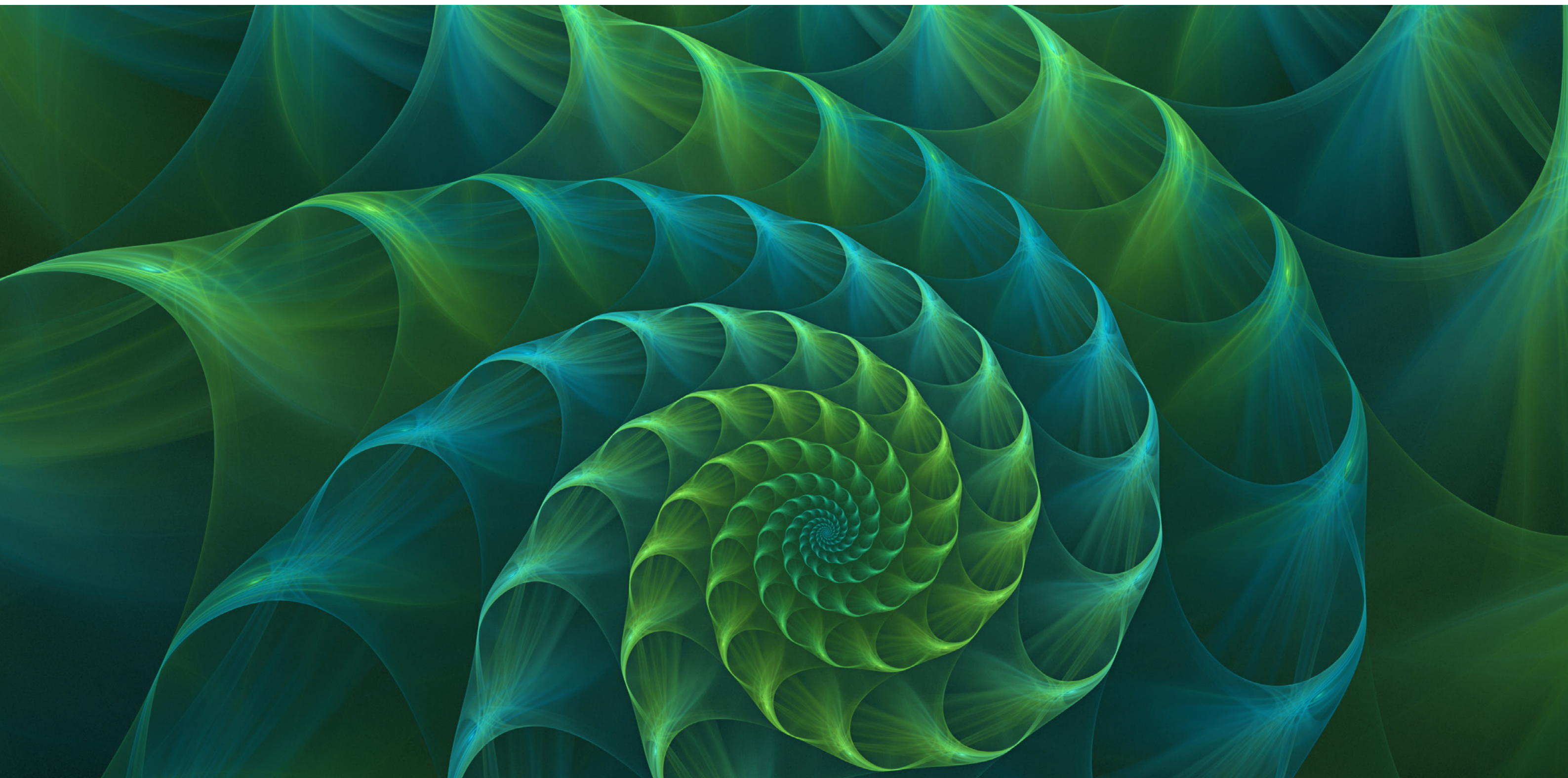
  – The majority of the Scheme's investment managers (c.91% of DB assets under management as at 31 March 2022, and the AVC assets managed by Legal & General (''LGIM'')) confirmed that they are signatories of the current UK Stewardship Code. One of the Scheme's managers (within Diversified Growth) confirmed that they are not currently signatories of the UK Stewardship Code, however they have made a submission to the Financial Reporting Council and expect a decision on their signatory status in October / November 2022.

→ The Scheme's investment performance report is reviewed by the Trustee on a quarterly basis. This includes ratings (both general and specific to ESG) from the investment consultant. All of the managers remained generally highly rated during the year. Where managers may not be highly rated from an ESG perspective, the Trustee continues to monitor and engage with those managers where appropriate. The investment performance report includes how each investment manager is delivering against their specific mandates.

→ The Trustee also requested details of relevant engagement activity over the year from each of the Scheme's investment managers.

  – The Scheme's investment managers engaged with companies over the year on a wide range of different issues, including ESG factors. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (i.e. those linked to the Paris agreement).

  – The Scheme's managers provided examples of instances where they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives were driven mainly through regular engagement meetings with the companies that the managers invest in, or by voting on key resolutions at companies' Annual General Meetings."



Financial development of the Scheme

Please find below a summary of the Scheme's formal annual Report and Accounts, outlining the main transactions in the Scheme over the years ending 31 March 2021 and 31 March 2022. If you'd like to see a copy of the full Report, please contact the Secretary to the Trustee – you can find details on page 8 of this newsletter.

Scheme account	Year ended 31 March 2022 (£000s)	Year ended 31 March 2021 (£000s)
Scheme value at start of period (A)	**426,980**	**422,193**
Income		
Employer contributions	11	19
Employee contributions	-	-
Other income	3	11
Total income (B)	**14**	**30**
Expenditure		
Benefits paid	11,875	11,227
Transfer values paid	2,365	2,919
Other payments	21	31
Total expenditure (C)	**14,261**	**14,177**
Net returns on investments (D)	**20,300**	**18,934**
Scheme value at end of the period (E) = (A) + (B) – (C) + (D)	**433,033**	**426,980**

Investment Markets in 2022

2022 has been a very challenging year to date for investment markets, impacted by the concerns over the cost of living, inflation and the effects of the Russia/ Ukraine crisis.

Whilst the Trustee is conscious of the impact of changes in financial markets on the Section's funding position, it is important to remember that pension schemes are long-term arrangements. Our view is that there is no need to overreact to short-term fluctuations where these are not expected to significantly affect the security of members' benefits.

If you are concerned about the potential impact of market volatility and rising inflation on your pension, we would like to reassure you that the Section is being carefully managed to minimise risks. The Trustee regularly reviews the funding and investment arrangements with its advisers, to respond to market conditions and wider economic factors.

As a reminder, your pension benefits in this Section are not directly affected by market movements as you have a "defined benefit" pension. We want to reassure members that during this uncertain time, the Section's funding position remains broadly similar to that shown in the Summary Funding Update.

Impact of the Government's "mini-budget"

You have likely seen media reports, highlighting the financial market reaction to the Government's mini-budget, which was announced on 23 September 2022 – particularly around the impact on Liability Driven Investments (LDI); a risk management strategy which aims to match planned future benefit payments from the Section with income from the Section's assets.

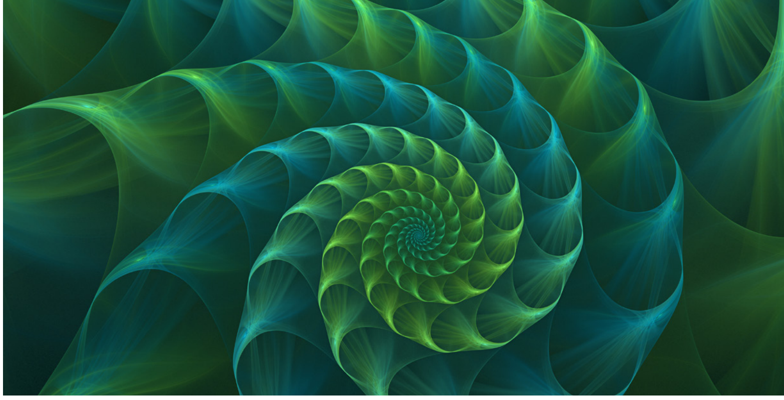
The Section does invest in LDI and the Trustee has been working closely with Mercer to manage the impact of the recent financial market volatility. The situation is being closely monitored and steps have been taken to help manage the Section through the period of market turbulence.

Rising inflation and your pension

You may have seen in the news that the rate of inflation has reached its highest level for 40 years. The Bank of England has moved to control inflation by increasing its base rates – it predicts this will bring inflation below the target set by HM Treasury of 2%, within three years. However, in reality, there is a wide range of views on the potential outcome.

Depending on their category of membership, some members of the Scheme will have some elements of their pension linked to inflation – for example, for some pensioners, the majority of your pension may increase each year in line with the Retail Prices Index. However, for some pensioner members, the majority of your pension may increase each year by 5%.

For further information about your benefits, please contact our administrator, Hymans Robertson LLP (please see the back page for their contact details).



Changes in the minimum pension age

The minimum pension age is the earliest age you can take your pension benefits without incurring any adverse tax charges (it does not apply to early retirements due to ill-health). The minimum pension age is currently 55, however, the Government has confirmed that this will increase to age 57 on 6 April 2028. If this affects you because you have plans to retire early, you may wish to consider independent financial advice.

Pension savers to benefit from free guidance on their retirement options

Pension Wise is a government service set up to help people understand the pension options available to them. It offers guidance to help empower people to make informed decisions about their pension which are best for their individual circumstances.

Pension Wise are now offering individuals who have Defined Contributions (DC) benefits (such as AVCs within the Scheme) a free appointment with a Government service to help you make informed decisions about your retirement.

The Department for Work and Pensions brought in the 'stronger nudge' rule on 1 June 2022 to help prevent pension scams and to encourage more savers to take up free, impartial guidance before accessing their pension pots. The aim of this extra step (or 'Nudge') is to help to prevent Pension Scams, by ensuring that your pension benefits are being received by a legitimate firm.

Pension scams can literally rob you of your future and can be hard to spot. Clone firms, which are fake firms pretending to be real, are on the rise. Modern technology unfortunately makes it easy for scammers to make it look like they are a real firm, so it's crucial that you make sure you are dealing with the right people.

In this new step you'll be given a 'nudge' if you are:

- Aged over 50;
- A member of a Defined Contribution (DC) scheme, a cash balance scheme or a non-DC scheme with attaching DC or Additional Voluntary Contribution (AVC) benefits; and
- Seeking to access your pension savings.

The free appointment will be with Pension Wise, which is a Government service from MoneyHelper that offers free, impartial guidance about your DC pension options.

If you are considering accessing your scheme benefits and may be eligible for a Pension Wise appointment, we will include a Pension Wise declaration form in the options pack, which will need to be completed and returned before requests can be processed. If you are thinking about accessing pension benefits from a previous employer, please contact the administrator connected with that scheme.

For more information or to book your appointment with Pension Wise, go to:

https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

or call **0800 138 3944**.

Financial advice and guidance

We strongly suggest that you speak to an Independent Financial Adviser (IFA) before making any decisions on changes to your pension benefits. If your DB transfer value (as calculated by the Trustee) is more than £30,000, you are required by law to take financial advice from a Financial Conduct Authority (FCA) regulated adviser before you are able to transfer your pension benefits out of the Scheme. We recommend that you always seek such financial advice whenever you are considering a transfer.

Please go to: **https://www.fca.org.uk/consumers/finding-adviser** to find out more and ensure that you are not caught out if you are considering a transfer.

Improving security of members pension

Defined benefit pension schemes like the Section which are closed to further accrual (meaning there are no active members accruing additional pension entitlement) can adopt a number of long-term strategies for securely delivering members their full benefits. Larger (usually multi-billion pound) schemes with a very strong employer may choose to run the scheme on for decades ahead and pay benefits as they become due. This isn't cost-effective for relatively smaller schemes such as the Section and so instead, Trustees can carry out an insurance company buy-out, which broadly means handing over the scheme assets (the premium) to an insurance company in return for the insurance company taking over responsibility for paying the benefits due to the members.

An insurance buy-out is seen as the "gold standard" for schemes as it secures members' benefits in full with an insurance company regulated by the Prudential Regulation Authority and the Financial Conduct Authority. In particular, at the point of a buy-out, schemes are no longer dependant on the sponsoring employer to financially support the delivery of members' benefits. The Insurance companies takes on this responsibility and they are legally required to hold significant reserves or capital to mitigate against adverse market or demographic experience. This capital also helps protect against the risk of the insurance company itself failing.

It is pleasing that the Section is in a healthy financial position and, on a trajectory, to achieve the strategic aim of a full insurance buy-out in the short to medium term. In light of this, the Trustee along with iPSL have formed a joint working group to investigate this further. The investment strategy of the Section is also being de-risked significantly since the 31 March 2022 year end in light of the Section's financial position.

The Trustee and its Advisers

Running the Scheme is a complex and challenging job, and that is why we have a group of people who work together to help look after your interests.

Your Trustee Board

The Trustee is ultimately responsible for looking after the Scheme and making sure the Scheme complies with pensions law and is run in accordance with the Scheme's rules.

On 1 January 2022, Unisys UK Pension Trustee Limited became the new corporate Trustee as part of a project to have one Trustee Board across all the Defined Benefit Schemes Unisys participate in. As part of this project, there have been a number of changes to the Member and Employer nominated Trustee Directors. The majority of these were planned changes – a number of Trustee Directors stayed on to help with the transition of three different Trustee boards into one corporate Trustee but these have since resigned.

The following table provides details of the Trustee as at 31 March 2022 and any subsequent changes:

Trustee
Unisys Payment Services Pension Scheme Trustee Limited (until 15/12/21)

Unisys UK Pension Trustee Limited (from 15/12/2021)

Employer nominated Trustee Directors
Independent Trustee Services Limited (represented by Hetal Kotecha) - Chair

Ros Constantine

David Buddery (appointed 21/06/2021)

Justin Lilley (appointed 01/01/2022)

Laura Szreider (resigned 23/09/22)

Ema Urlic (appointed 23/09/2022)

Member nominated Trustee Directors
Neil Southworth

Dave Watling

Robin McCarthy (appointed 01/01/2022)

Cheryl Bates (resigned 31/03/2022)

Alistair Schofield (appointed 01/01/2022 and then resigned 23/09/2022)

Steve Pink (appointed 23/09/22)

Our Advisers

To help us fulfil our duties, we appoint a number of professional advisers.

Over the year, the Scheme Actuary changed from Andy Cook to Matt Farraker as a result of Andy's role at Mercer changing. This change was carefully managed by the Trustee.

The Trustee also undertook an exercise to consolidate Scheme Secretarial services across all three schemes Unisys participate in. This involved a rigorous tender process with the Trustee receiving external advice. As a result of the tender process, Pi Consulting were appointed from 1 April 2022.

Scheme Actuary:
A Cook, F.I.A. Mercer Limited (resigned 31/12/21)

M Farraker, F.I.A Mercer Limited (appointed 01/01/22)

Independent Auditor
Ernst & Young LLP

Administrator
Hymans Robertson LLP

Investment Consultant
Mercer Limited

Pension Consultant
Mercer Limited

Covenant Adviser
Cardano (previously known as Lincoln Pensions Ltd)

Legal Advisers:
Gowling WLG (UK) LLP

Secretary to the Trustee
(for general enquiries about the Scheme)

Up to 31/03/2022 - Mercer Limited
(represented by N Wesson)

From 01/04/2022 - Pi Consulting Limited
2nd Floor, Tuition House, 27-37 St. George's Road,
Wimbledon London, SW19 4EU.
Email: UUPTL.client@pipg.co.uk

Keeping in contact

Please remember to notify the Scheme administrator if you change address. Otherwise we may not be able to contact you about your benefits. You can now do this online (via PRISM) or write to the Scheme Administrator; quoting your National Insurance number, at the following address:

Hymans Robertson LLP
Administration Practice
One London Wall
London EC2Y 5EA

Tel: 020 7082 6031
Fax: 020 7082 6082
Email: unisys@hymans.co.uk

NB. This document provides summary information only. It is not intended to be comprehensive, and it does not create rights or constitute advice. In the event of any conflict between (a) this document and (b) the Scheme's Trust Deed and Rules and/or overriding legislation, the latter will prevail.