

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 Unisys 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.

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.

As always, we are keen to hear your feedback about the newsletter so please let us know by contacting Pi Consulting Services Limited, as the new Secretary to the Trustee, using the contact details on page 8.

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 £430.0 million which compared to the value of the Section's liabilities of £494.3 million. This meant that there was a deficit in the Section of around £64.3 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 Unisys Section's invested assets totalled £421.4m (excluding c. £1.1m 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.

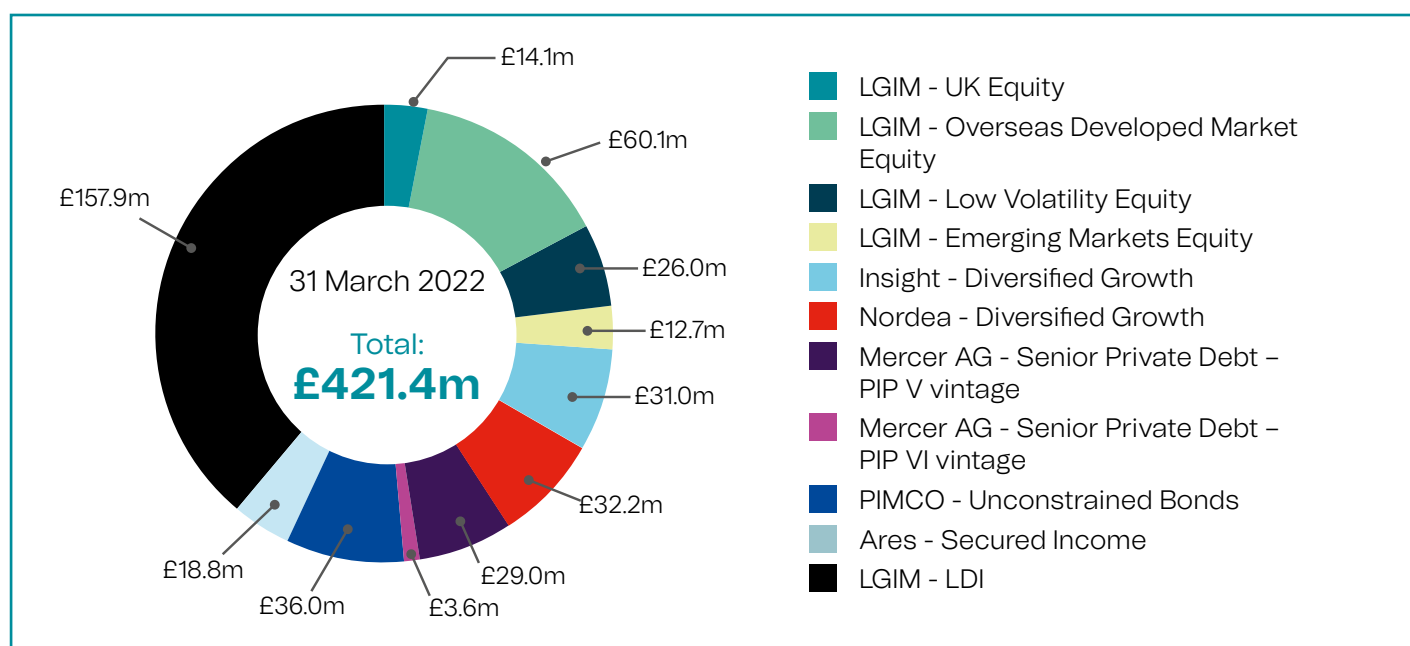
The Trustee made a number of changes to the Section's investment arrangements over the course of the Scheme year but have continued to manage the investments in line with our strategic objectives.

On 3 March 2022, Cardano Risk Management Limited were appointed as Investment Consultant to provide advice and investment management to the Trustee (replacing Mercer Limited – who remained in place until 31 March 2022). Cardano are what is known as a fiduciary investment manager and select investment managers on behalf of the Trustee. They

are responsible for making active asset allocation decisions which they can do more dynamically on the Trustee's behalf in response to changes and expected changes in financial market conditions. However, the Trustee is still responsible for setting the overall investment strategy of the Section. Assets are being transferred to Cardano and during the transition phase, the Trustee is committed to protecting the funding level of the Section as far as possible. This could result in deviations from the portfolio composition outlined in this report until such time as the transition to the new approach with Cardano is complete. Full detail on the revised investment strategy is expected to be reflected in the next report and accounts for the year to 31 March 2023.

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

Asset Allocation

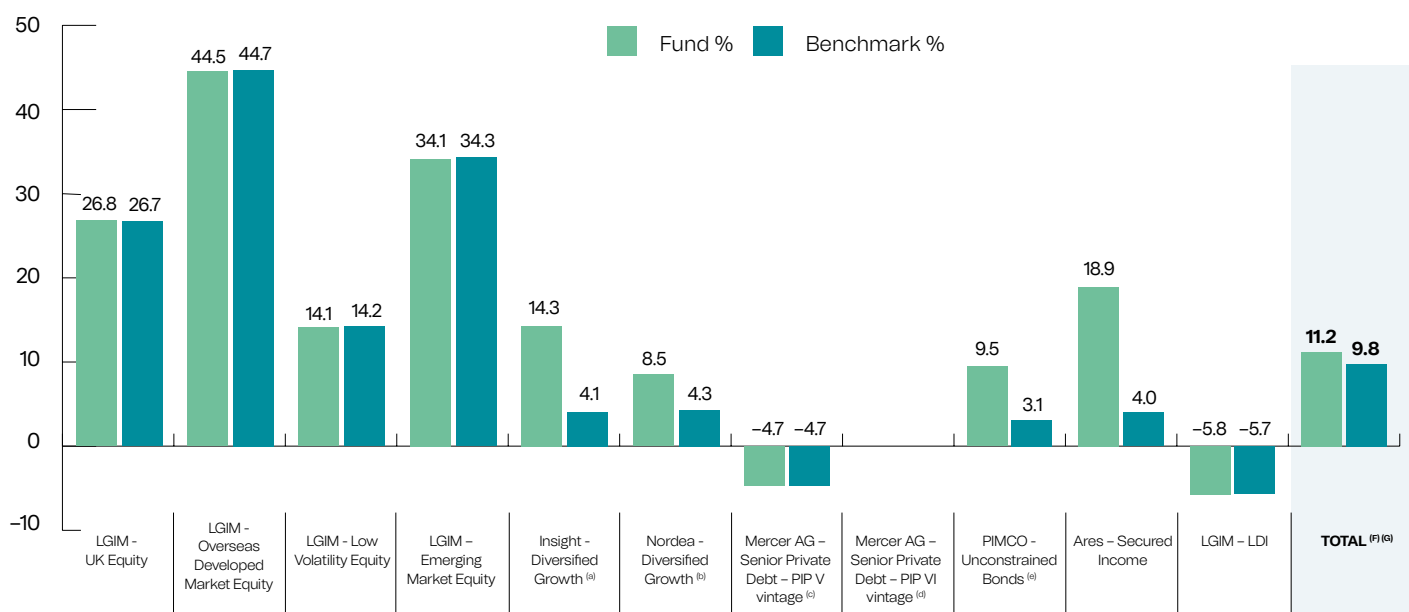


Unisys Section

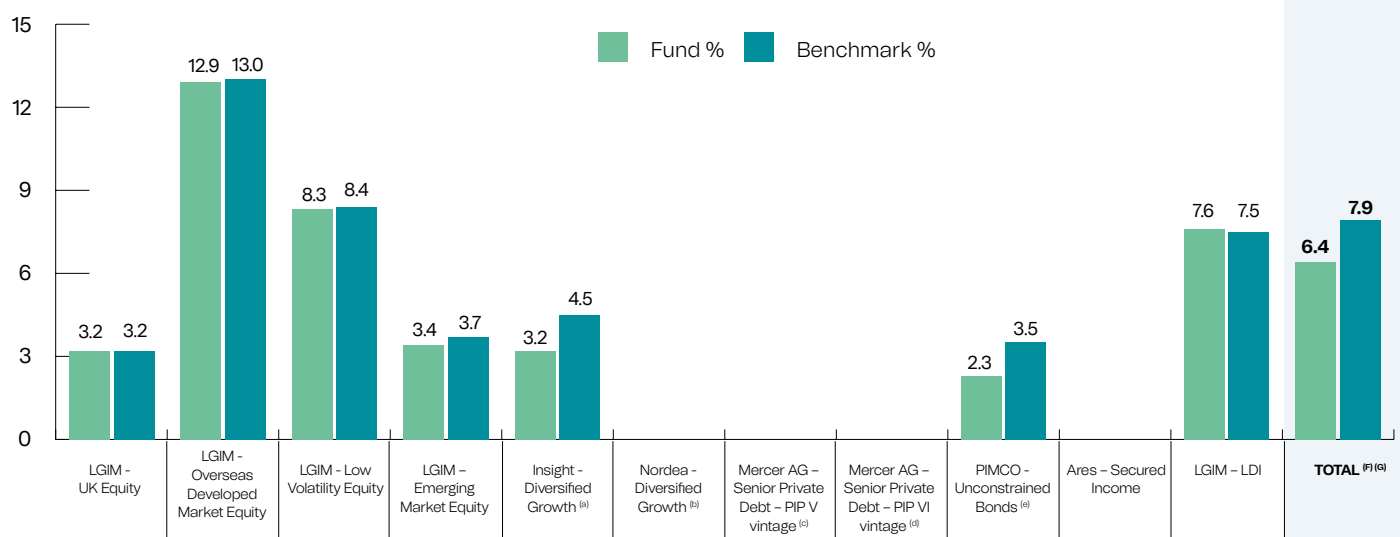
Investment performance to 31 March 2022

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.

Twelve months to 31 March 2022 (%)



Three years ending on 31 March 2022 (% p.a.)



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) Calculated by Mercer using a Modified Dietz approach over each period and based on data provided by Mercer AG. Benchmark performance assumed to be the same as net of fees performance

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

(e) Includes performance of terminated and newly inception mandates.

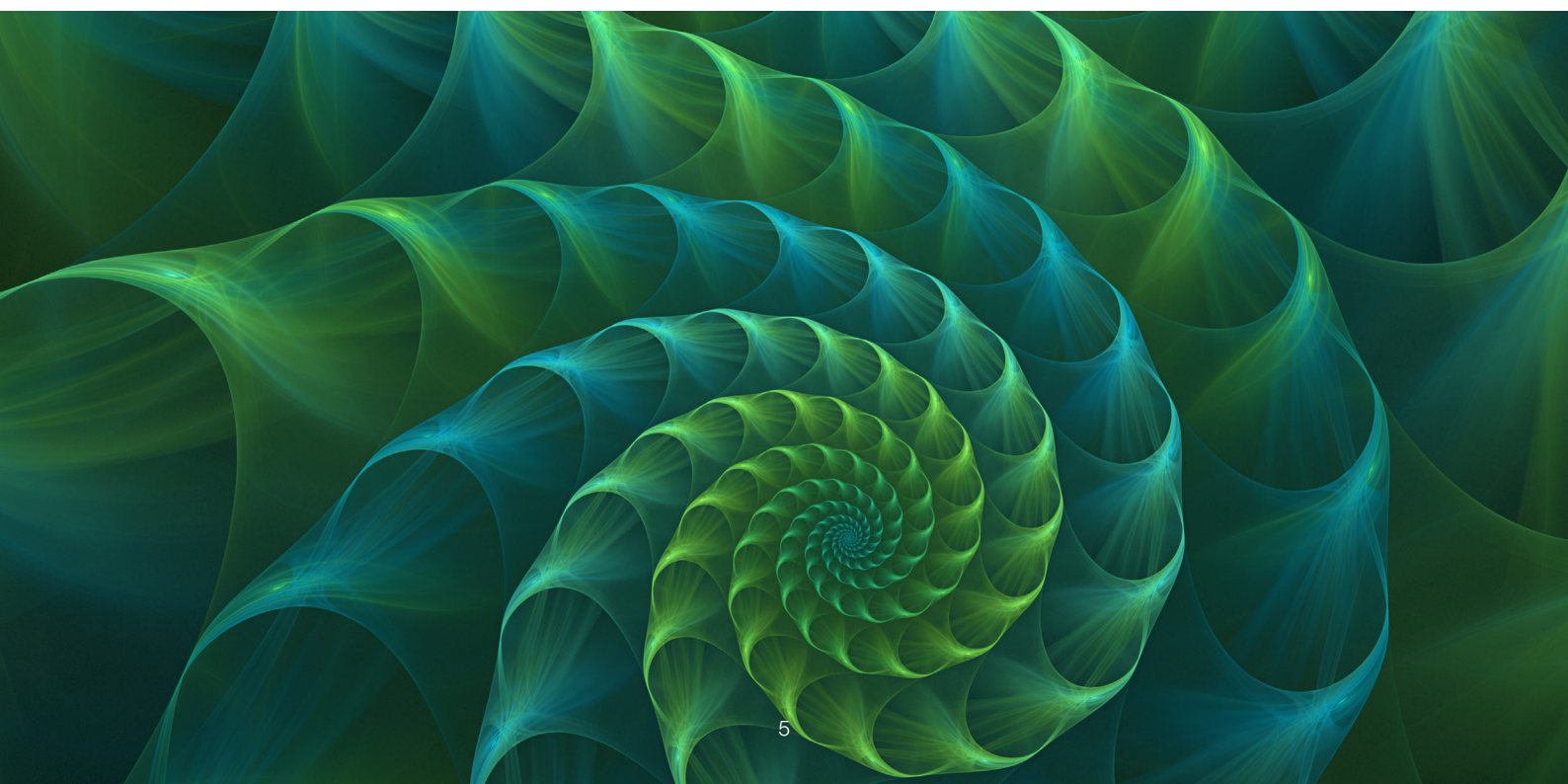
(f) Total Scheme benchmark return assumes the Bank of England UK Base Rate +3.5% p.a. for both diversified growth funds prior to 1 April 2016, then uses a composite of the manager benchmarks thereafter. Total Scheme benchmark return calculations use the current allocation to Senior Private Debt rather than the strategic benchmark allocation, with the allocation to Unconstrained Bonds adjusted accordingly, as it will be a number of years before the desired allocation to Senior Private Debt is achieved.

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

In the table below we've given a summary of the Section's formal annual Report and Accounts, so that you can see the money going into and coming out of the Section over the years to 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 their details at the back of this newsletter.

The PPF levy and the other levies are initially paid by the Section which are then reimbursed by the Company (so the PPF levy and other levies are included in both the contributions and the expenses figures).

Scheme account	Year ended 31 March 2022 (£000s)	Year ended 31 March 2021 (£000s)
Scheme value at start of period ^(A)	414,245	379,151
Income		
Employer contributions	5,814	5,871
Employee contributions	-	-
Other income	7	5
Total income ^(B)	5,821	5,876
Expenditure		
Benefits paid	8,027	7,385
Transfer values paid	356	4,113
Other payments	1,050	1,050
Total expenditure ^(C)	9,433	12,548
Net returns on investments ^(D)	20,505	41,766
Scheme value at end of the period (E) = (A) + (B) – (C) + (D)	431,138	414,245

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.

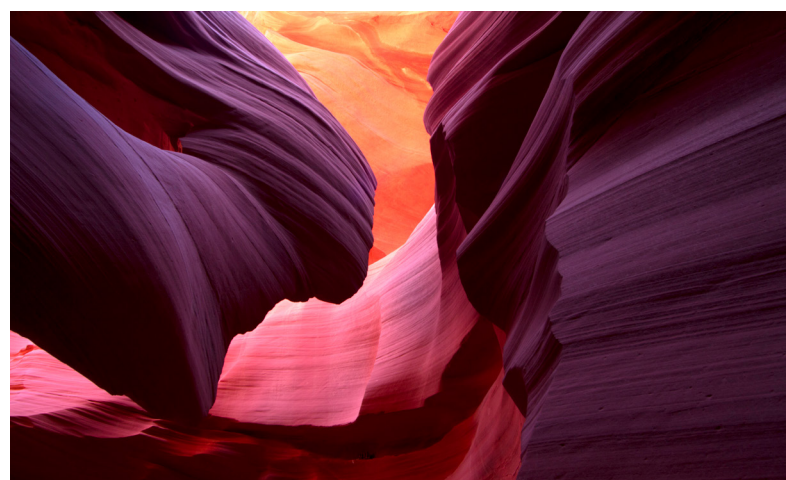
If you are concerned about the potential impact of market volatility and rising inflation on your pension, we would like to reassure you that the Section is being carefully managed to minimise risks. The Trustee regularly reviews the funding and investment arrangements with its advisers, to respond to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

Most members will have some elements of their pension linked to inflation – for example, if you are a pensioner, some of your pension may increase each year in line with an inflation index. However, there is a cap on the annual increase, in most cases 2.5% or 5%, which means your pension increase will be limited to this cap during periods of high inflation.

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

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.

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**.

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.

As mentioned previously, on 3 February 2022, Cardano Risk Management Limited were appointed as Investment Consultant to provide advice and investment management to the Trustee (replacing Mercer Limited – who remained in place until 31 March 2022). Again, the Trustees undertook a rigorous tender process receiving external advice. Cardano also provide covenant advisory services to the Trustee.

Our current advisers and providers are:

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 (resigned 31/03/22)

Cardano (appointed 03/02/22)

Pension Consultant

Mercer Limited

Covenant Adviser

Cardano (previously known as Lincoln Pensions Ltd)

Legal Advisers

Gowling WLG (UK) LLP

Bank

Barclays Bank plc

Additional Voluntary Contribution (AVC) Providers

Utmost Life and Pensions

Legal & General Assurance Society Limited

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