

IBM Pension Plan ('the Plan')

Annual Chair's Statement for the year ended 31 December 2024

Governance requirements apply to defined contribution (DC) pension schemes, to help members achieve a good outcome from their pension savings. The Trustee of the IBM Pension Plan (the 'Plan') is required to produce a yearly statement (which is signed by the Chair of the Trustee) to describe how these governance requirements have been met in relation to:

- The investment options in which members' funds are invested during the year – this means the 'default arrangements' and other funds members are able to select (including those used historically that still hold assets), such as self-select 'Freestyle' funds
- The requirements for processing financial transactions
- The charges and transaction costs borne by members, including an illustration of the cumulative effect of these costs and charges
- The net return on investments for each default arrangement and Freestyle fund (including those used historically that still hold assets)
- Assessing the asset-allocation in relation to the investments in each default arrangement
- Assessing the 'value for members' in relation to charges and transaction costs borne by members, and
- Trustee Knowledge and Understanding (TKU) in relation to individual Trustee Directors and the Board as a whole.

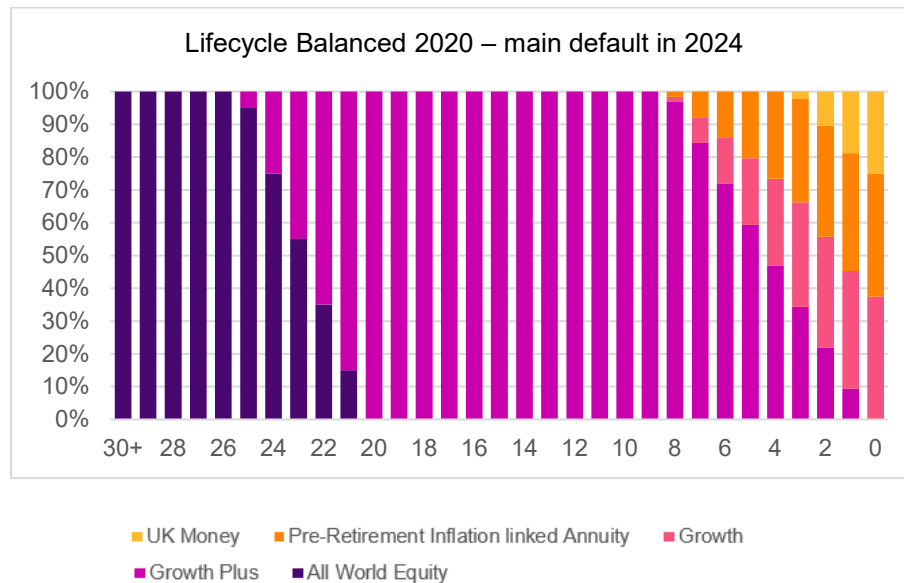
This statement covers the period from 1 January 2024 to 31 December 2024.

It is a regulatory requirement to publish certain parts of this statement online and for members' attention to be drawn to it in annual benefit statements. The entire Chair Statement can be found on [IBM Pensions Trusts > Governance Documentation \(smartpensionsuk.co.uk\)](https://www.ibm.com/uk/en/pensions-trusts/governance-documentation).

Default arrangements

The Trustee has made available a range of investment options for members. The main default arrangement during the year was the 'Lifecycle Balanced 2020 Strategy' (the 'main default').

The Lifecycle Balanced 2020 Strategy incorporates a mixed annuity and drawdown target in addition to a 25% allocation to the UK Money Fund in the expectation that most members will take 25% of their DC savings as tax free cash on retirement. It is known as a 'lifecycle' strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. The structure of the main default strategy is shown below:



The Trustee is responsible for the Plan’s investment governance, which includes setting and monitoring the investment strategy for the Plan’s default arrangements.

The Trustee’s principal mission is to help members to maximise their retirement outcomes with an appropriate level of investment risk, by providing an investment framework which represents value for members, considers climate-related risks and opportunities where feasible, and which is in line with recognised market ‘good practice’, taking into account guidance from the Pensions Regulator and other appropriate industry and regulatory bodies.

The Statement of Investment Principles (SIP) in place during the Plan year was formally adopted by the Trustee in November 2023. A subsequent review was undertaken in 2025, during which the Trustee received formal advice from its investment adviser, WTW. The most recent version of the SIP, dated July 2025, incorporates updates including changes to the default investment arrangements. This SIP is attached to this document and has been prepared in accordance with Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

The Trustee has produced an Implementation Statement for the Plan year to 31 December 2024.

The Trustee seeks to:

- Offer default investment strategies that are suitable for the profile of defaulting members based on their expected risk tolerances and retirement objectives, and which embed climate change risk and opportunity considerations in their design;
- Offer a range of self-select (‘Freestyle’) investment options which are appropriate for the profile of most members and offer options for sustainable investment;
- Provide members with adequate tools and timely information to enable them to make informed contribution, investment and retirement decisions; and
- Ensure that the operational structure of the Plan’s DC Section is suitable and cost effective.

The performance and strategy of the default arrangements are formally reviewed at least every three years (or immediately following any significant change in investment policy or the Plan's membership profile) and were last reviewed during the period covered by this statement.

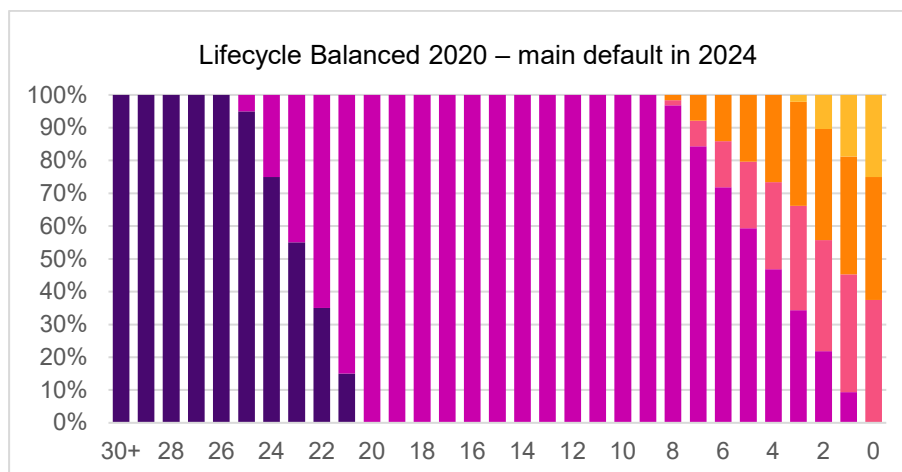
In conjunction with its investment advisers (WTW), the Trustee undertook a review of the Plan's investment strategies which included detailed analysis of the Plan's membership profile and expected member retirement choices.

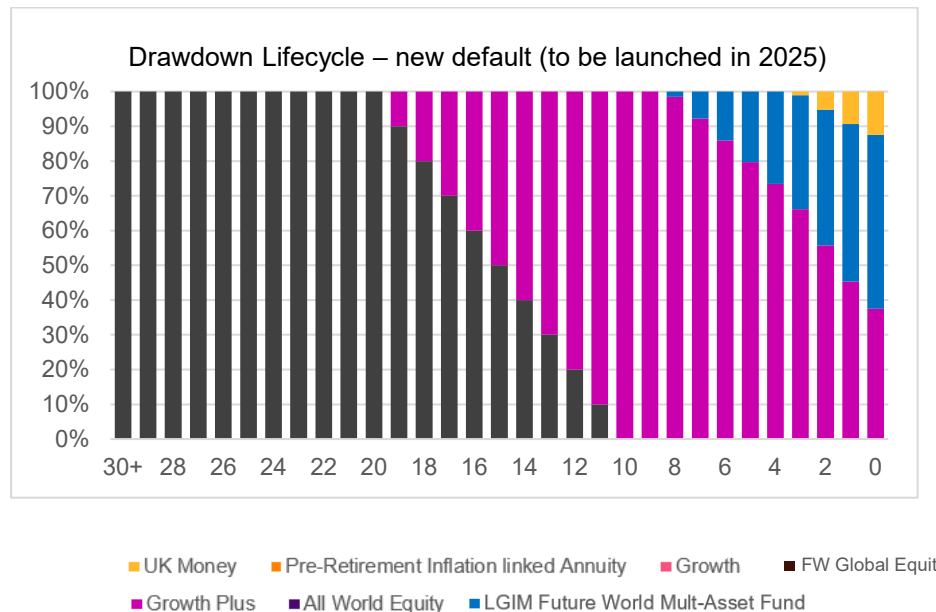
Following the review, the Trustee agreed to make changes to the Plan's lifecycle strategies, including the main default arrangement. The review of the Plan's default arrangements was concluded on 28 October 2024, although it was acknowledged that implementation would need to take place in 2025, including appropriate member communications. The Plan's next investment strategy review is scheduled to take place before 28 October 2027.

The Trustee agreed the following changes to the Plan's main default arrangement and renamed it the 'Lifecycle to Drawdown Strategy'. These changes are due to be implemented during the 2025 Plan year:

- To change the main default arrangement from a 'balanced' strategy, which incorporates a mixed annuity and drawdown target, to a strategy targeting an income drawdown objective at retirement.
- To shorten the de-risking period so that the lifecycle moves away from 100% equities 20 years from retirement (instead of the current 25 years from retirement), and to take a more gradual, 10 year transition into the Growth Plus Fund, in place of the current 5 year transition.
- Amend some of the underlying fund components of the lifecycle.

These changes will result in fundamental structural changes to the default lifecycle glidepath, which are displayed in the charts below:





The Trustee has also agreed changes to the Plan's Lump Sum and Annuity lifecycle strategies. Both will broadly mirror the agreed changes to the default Drawdown Lifecycle strategy, i.e. delaying the beginning of the switch away from equities to 20 years from retirement, with a more gradual transition out of equities into funds which respectively target cash and annuity retirement objectives.

The Trustee has also agreed to some changes to the Freestyle fund range which are to be communicated to members in 2025, alongside the above changes to the Plan's default strategies.

No performance-based fees were incurred in relation to the default arrangements over the Plan year.

Additional Default Arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustee has identified the following investment options as 'default arrangements'. These are in addition to the main default arrangement referenced above:

- Lifecycle to Annuity 2020
- Lifecycle to Drawdown 2020
- Lifecycle to Lump Sum 2020
- Lifecycle Balanced 2020 (DSL)
- Lifecycle 2012 (no longer open to new selections)
- Lifestyle 2002 (no longer open to new selections)
- Growth Plus Fund (DSL)
- **UK** Money Fund

These have been identified as 'default arrangements' as members' pension savings have been directed to these funds without members instructing the Trustee where their pension savings are to be invested. This was due to historic fund mapping exercises.

Default asset allocations

Trustees or managers of relevant occupational pension schemes are required to disclose their full asset allocation of investments from their default arrangements. The underlying fund information has been provided by the investment platform provider, Legal & General, as follows:

Lifecycle Balanced 2020 Strategy (Main Default)					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0%	0.0%	0.0%
20 years to retirement (age 45)	12.3%	62.3%	0%	23.8%	1.6%
10 years to retirement (age 55)	12.3%	62.3%	0%	23.8%	1.6%
5 years to retirement (age 60)	38.3%	41.8%	0%	18.8%	1.1%
At retirement (age 65)	57.2%	8.9%	25%	8.7%	0.2%
Lifecycle to Annuity 2020 Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%
20 years to retirement (age 45)	12.3%	62.3%	0.0%	23.8%	1.6%
10 years to retirement (age 55)	12.3%	62.3%	0.0%	23.8%	1.6%
5 years to retirement (age 60)	48.0%	37.0%	0.0%	14.1%	0.9%
At retirement (age 65)	75.0%	0.0%	25.0%	0.0%	0.0%
Lifecycle to Drawdown 2020 Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%
20 years to retirement (age 45)	12.3%	62.3%	0.0%	23.8%	1.6%
10 years to retirement (age 55)	12.3%	62.3%	0.0%	23.8%	1.6%
5 years to retirement (age 60)	28.6%	46.6%	0.0%	23.6%	1.2%
At retirement (age 65)	39.4%	17.8%	25.0%	17.4%	0.4%
Lifecycle to Lump Sum 2020 Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%

20 years to retirement (age 45)	12.3%	62.3%	0.0%	23.8%	1.6%
10 years to retirement (age 55)	12.3%	62.3%	0.0%	23.8%	1.6%
5 years to retirement (age 60)	9.5%	48.3%	22.5%	18.5%	1.2%
At retirement (age 65)	0.0%	0.0%	100.0%	0.0%	0.0%

Lifestyle Balanced 2020 (DSL) Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%
20 years to retirement (age 45)	12.4%	62.5%	0.0%	23.5%	1.6%
10 years to retirement (age 55)	12.4%	62.5%	0.0%	23.5%	1.6%
5 years to retirement (age 60)	38.3%	41.9%	0.0%	18.7%	1.1%
At retirement (age 65)	57.2%	8.9%	25.0%	8.7%	0.2%
Lifestyle 2012 Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%
20 years to retirement (age 45)	12.3%	62.3%	0.0%	23.8%	1.6%
10 years to retirement (age 55)	52.5%	23.7%	0.0%	23.2%	0.6%
5 years to retirement (age 60)	54.9%	22.5%	0.0%	22.0%	0.6%
At retirement (age 65)	75.0%	0.0%	25.0%	0.0%	0.0%
Lifestyle 2002 Strategy					
	Bonds	Listed Equities	Cash	Alternatives	Property
40 years to retirement (age 25)	0.0%	100.0%	0.0%	0.0%	0.0%
20 years to retirement (age 45)	0.0%	100.0%	0.0%	0.0%	0.0%
10 years to retirement (age 55)	0.0%	100.0%	0.0%	0.0%	0.0%
5 years to retirement (age 60)	5.0%	95.0%	0.0%	0.0%	0.0%
At retirement (age 65)	75.0%	0.0%	25.0%	0.0%	0.0%

Individual funds					
	Bonds	Listed Equities	Cash	Alternatives	Property
Growth Plus Fund (DSL)	12.4%	62.5%	1.6%	23.5%	0.0%
UK Money Fund	0.0%	0.0%	100.0%	0.0%	0.0%

Definitions

Bonds – loans made to the bond issuer, usually a government or a company, to be repaid at an agreed later date. The term refers generically to corporate bonds or government bonds (such as gilts).

Listed Equities – shares in companies that are listed on a stock exchange and can be bought and sold on that stock exchange. Owning shares makes shareholders a part owner of the company, and usually entitles them to a share of the profits (if any) payable as dividends.

Cash – cash and assets that behave similarly to cash, e.g. treasury bills. It only includes invested cash and not the cash balance held by the Plan or accounting values such as net current assets.

Alternatives – a financial asset that does not fall into one of the conventional investment categories. Alternative investments can include private equity or venture capital, hedge funds, managed futures, art and antiques, commodities and real estate.

Property – real estate, potentially including offices, warehouses, retail buildings which are rented out to businesses.

Security of assets

On an annual basis, the Trustee commissions its legal advisers, Sacker & Partners LLP, to revisit the position on the security of members' assets against loss. The most recent review concluded that the overall position on asset security under the bundled arrangement with Legal & General was acceptable relative to the security available in the wider market.

Net investment returns

The Trustee is required to report on the net investment returns for their default arrangement(s) and for each Freestyle fund in which members have assets invested during the Plan year. Net investment returns refer to the returns on funds minus all transaction costs and member-borne charges (see below).

The figures for net investment returns used in the table below are based on those provided by Legal & General over the period 1 January – 31 December 2024. There is no missing data.

For the arrangement(s) where returns vary with age, such as lifecycle strategies, returns are shown over a 1-, 3- and 5-year basis for a member aged 25, 45 and 55 at the start of the period over which the returns are shown.

Main default

Lifecycle Balanced 2020

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.2	7.2	10.9
45	15.3	5.2	8.2
55	15.3	5.2	8.2

Additional defaults

Lifecycle to Annuity 2020

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.2	7.2	10.9
45	15.3	5.2	8.2
55	15.3	5.2	8.2

Lifecycle to Drawdown 2020

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.2	7.2	10.9
45	15.3	5.2	8.2
55	15.3	5.2	8.2

Lifecycle to Lump Sum 2020

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.2	7.2	10.9
45	15.3	5.2	8.2
55	15.3	5.2	8.2

Lifecycle to Balanced 2020 (DSL)

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.1	13.0	7.6
45	15.4	5.4	8.4
55	15.4	5.4	8.4

Lifecycle 2012

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	20.2	7.2	10.9
45	15.3	5.2	8.2
55	6.1	-0.9	2.4

Lifestyle 2002

Age of member at the start of the period	1y (%)	3y (%p.a.)	5y (%p.a.)
25	10.3	6.1	6.9
45	10.3	6.1	6.9
55	10.3	6.1	6.9

Individual funds

Fund name	1y (%)	3y (%p.a.)	5y (%p.a.)
Growth Plus Fund (DSL)	15.4	5.4	8.4
UK Money Fund	5.3	3.8	2.3

Freestyle fund range

Freestyle fund net returns over the periods to 31 December 2024

Fund name	1y (%)	3y (%p.a.)	5y (%p.a.)
UK Money Fund	5.3	3.8	2.3
All World Equity	20.2	7.2	10.9
Emerging Market Debt	2.4	0.2	-0.6
Growth Fund	6.1	-0.9	2.4
Corporate Bonds	1.6	-3.1	-1.1
World ex UK Developed Equity	20.9	8.2	12.4
Future World Fund	14.0	4.9	N/A
Growth Plus Fund	15.3	5.2	8.2
Infrastructure Equity	9.9	2.1	3.3
Pre-Retirement Inflation-Linked (Annuity Target) Fund	-6.2	-13.6	-6.4
Pre-Retirement Fund (Annuity Target)	-4.0	-9.8	-5.0
World Emerging Markets Equity	13.9	2.6	4.1
Ethical Global Equity	21.6	8.7	12.4
Global Real Estate Equity	3.1	-4.1	0.1
Ethical UK Equity	10.1	6.4	4.6
UK Equity	9.4	5.9	4.8
Over 15 Year Gilts	-10.3	-18.3	-10.5
Index-Linked Gilts	-8.5	-15.0	-6.6
Sustainable Corporate Bond	1.9	N/A	N/A
Sustainable Global Equity Index	21.2	N/A	N/A
Sustainable Emerging Markets Equity Index	10.6	N/A	N/A
HSBC Shariah	30.0	N/A	N/A
Sustainable Developed (ex-UK) Equity Index	22.7	N/A	N/A
Sustainable UK Equity Index	9.3	N/A	N/A
Global Equity 70:30	12.4	6.7	7.0
Global Equity 60:40	10.3	6.1	6.9
Growth Plus Fund (former Consensus)	15.3	5.2	8.2
Annuity Protection	-10.8	-17.9	-8.9

** Where performance is marked as 'N/A', it is because these funds have been launched in the last 2 to 3 years.*

When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns'.

Financial transactions

The Trustee has a specific duty to ensure that core financial transactions in relation to DC benefits are processed promptly and accurately. Core financial transactions include (but are not limited to):

- Receipt and investment of contributions;
- Transfers of member assets into and out of the Plan;
- Transfers of member assets between different investments within the Plan; and
- Payments from the Plan to or in respect of members and beneficiaries.

Service Level Agreements

A Service Level Agreement ('SLA') is in place between the Trustee and the administrator of the DC Section of the Plan (Legal & General Assurance Society Limited 'LGAS') for the administration services that are provided to assist the Trustee in fulfilling its regulatory duties. The services in scope include:

- Financial services (including the provision of timely and accurate processing of core financial transactions);
- Member administration;
- Service levels and timelines in respect of the administration service; and
- The preparation and provision of regulatory reporting requirements.

Pensions Trust is also responsible for delivering key regulatory information and services on behalf of the Trustee. This includes the preparation of the Annual Report and Financial Statements, the provision of secretarial and trustee governance services, and the oversight and management of the Plan's day-to-day operations.

The Trustee reviews its SLA with LGAS on a triennial basis to determine whether the scope of responsibilities and tasks remains appropriate, and whether the targets set meet or exceed regulatory requirements. The Trustee last reviewed its SLAs with LGAS in the April 2024 Trustee Management Meeting.

LGAS join weekly Operations calls with IBM Pensions Trust to maintain a continued dialogue around operational performance and matters arising.

In addition, the Trustee's Governance Committee met during the Plan year to review the LGAS quarterly governance reports. LGAS were invited to 3 out of 4 meetings in 2024 (though LGAS submit a governance report before every Governance Committee meeting). The LGAS governance reports provide an update on performance against the SLA and any significant issues that may have arisen in the previous quarter as well as other key operational milestones.

Timeliness of Financial Transactions

During the Plan year, the timeliness of financial transactions was reported via the quarterly governance reports provided by LGAS. A summary of the SLA performance is reported to the full Trustee Board each quarter. In addition, monthly service calls are also held between the IBM Pensions Trust and LGAS where SLAs are discussed. The Pension Trust also has access to real-time SLAs via Legal & General's My Scheme Intelligence online portal.

A summary of performance against SLAs is included below:

- The Governance Committee and LGAS have agreed a 95% SLA target for all the processes, including several services such as transfer payments, processing of members' contributions, divorce quotes, surrenders, investment management switches etc.
- For the Plan as a whole, total performance against SLAs over the 2024 Plan year has been very strong – well exceeding the 95% target.
- In Q3 and Q4 2024 there were instances where the 95% SLA target was not met for certain processes. IBM Pensions Trust have weekly meetings with LGAS to resolve any issues, with any significant issues being subsequently reported in the quarterly Governance Committee meetings where there are opportunities for the Committee to raise questions and consider further.

Business Continuity, GDPR and Cyber Security

The Trustee maintains a Business Continuity Plan ('BCP') to ensure that asset management and benefit management processes can be successfully restarted if a disaster were to occur that would compromise the running of the Plan's administration. Arrangements are in place for routinely reporting the results of the BCP revalidation and testing exercises to the Governance Committee, including inputs from both LGAS and XPS.

The Trustee continues to monitor the requirements around General Data Protection Regulation ('GDPR'), with data minimisation and retention being the key areas to address.

Summary

Overall, the Trustee is satisfied that all core financial transactions have been processed promptly and accurately during the Plan year. The Trustee is also satisfied that, given the processes and monitoring procedures noted above, it would be able to identify and respond to any material administration issues if they were to arise in the future.

Charges and transaction costs

Member-borne charges and transaction costs

The Trustee has a regulatory requirement to report on the charges for the default and self-select Freestyle arrangements and their assessment of the extent to which these charges and costs represent good value for members. Ongoing fund charges include both the investment management charge ('IMC'), which is applied by Legal & General as a percentage of the assets held within each fund to cover the cost of managing these investments, and other ongoing charges such as indirect fees. Taken together, these are known as the 'total expense ratio' (or 'TER') and are deducted via the unit price of each fund.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds.

These charges and transaction costs have been supplied by Legal & General which is the Plan's Money Purchase Section investment platform provider. There are additional funds held by members as AVCs that are invested with Aviva Life & Pensions UK Limited ('Aviva'). The charges and transaction costs in relation to these additional funds have been provided by Aviva and are detailed in Appendix 2.

Other than these ongoing fund charges and transaction costs, the employer, IBM United Kingdom Limited, covers the cost of all other expenses related to pensions management and administration services.

When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for Trustees and managers of occupational pension schemes'.

Default arrangement charges and transaction costs

The core default arrangement is the Lifecycle Balanced 2020, which has been set up as a lifestyle approach, meaning 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 date and in which fund they are invested.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below. The member-borne charges for the Plan's default arrangement complied with the charge cap.

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.09	0.06
15 years to retirement	0.17	0.03
10 years to retirement	0.17	0.03
5 years to retirement	0.15	0.03
At retirement	0.10	0.02

Additional defaults

In addition to the Lifecycle Balanced 2020 strategy, members also have the option to invest in three other lifestyles, targeting annuity purchase, drawdown and cash withdrawal. The annual charges for these alternative lifestyles during the period covered by this Statement (1 January 2024 – 31 December 2024) are set out in the tables below.

Lifecycle to Annuity 2020

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.09	0.06
15 years to retirement	0.17	0.03
10 years to retirement	0.17	0.03
5 years to retirement	0.13	0.02
At retirement	0.07	0.00

Lifecycle to Drawdown 2020

Years to target retirement date	TER (%)	Transaction costs (%)
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Over 25 years to retirement	0.09	0.06
15 years to retirement	0.17	0.03
10 years to retirement	0.17	0.03
5 years to retirement	0.16	0.04
At retirement	0.13	0.03

Lifecycle to Lump Sum 2020

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.09	0.06
15 years to retirement	0.17	0.03
10 years to retirement	0.17	0.03
5 years to retirement	0.15	0.02
At retirement	0.06	0.00

Lifecycle to Balanced 2020 (DSL)

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.00	0.06
15 years to retirement	0.00	0.03
10 years to retirement	0.00	0.03
5 years to retirement	0.00	0.03
At retirement	0.00	0.01

Lifecycle 2012

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.09	0.06
15 years to retirement	0.17	0.03
10 years to retirement	0.15	0.04
5 years to retirement	0.15	0.04
At retirement	0.07	0.00

Lifestyle 2002

Years to target retirement date	TER (%)	Transaction costs (%)
Over 25 years to retirement	0.06	0.03
15 years to retirement	0.06	0.03
10 years to retirement	0.06	0.03
5 years to retirement	0.06	0.03
At retirement	0.05	0.04

Freestyle fund range

Freestyle fund range and transaction costs

The level of charges for each self-select fund (including those used in the default arrangement) and the transaction costs over the period covered by this statement are set out in the following table. The underlying funds used within the default arrangement are shown in bold.

Fund name	TER (%)	Transaction costs (%)
UK Money Fund	0.06	0.00
All World Equity	0.09	0.06
Emerging Market Debt	0.18	0.06
Growth Fund	0.15	0.04
Corporate Bonds	0.07	0.01
World ex UK Developed Equity	0.07	0.04
Future World Fund	0.23	0.11
Growth Plus Fund	0.17	0.03
Infrastructure Equity	0.34	0.09
Pre-Retirement Inflation-Linked (Annuity Target) Fund	0.07	0.00
Pre-Retirement Fund (Annuity Target)	0.07	0.00
World Emerging Markets Equity	0.21	0.00
Ethical Global Equity	0.18	0.02
Global Real Estate Equity	0.20	0.03
Ethical UK Equity	0.15	0.02
UK Equity	0.05	0.02
Over 15 Year Gilts	0.04	0.05
Index-Linked Gilts	0.04	0.04
Sustainable Corporate Bond	0.10	0.00
Sustainable Global Equity Index	0.13	0.02
Sustainable Emerging Markets Equity Index	0.23	0.01
HSBC Shariah	0.32	0.00
Sustainable Developed (ex-UK) Equity Index	0.11	0.01
Sustainable UK Equity Index	0.08	0.07
Global Equity 70:30	0.06	0.02
Global Equity 60:40	0.06	0.03
Growth Plus Fund (former Consensus)	0.17	0.03
Annuity Protection	0.04	0.05

Value for members

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. There is no precise legal definition of 'good value', which means that determining this is subjective. However, the Trustee's approach is to incorporate current best practice within the DC marketplace and split its assessment into three distinct areas which broadly mirror the latest DWP guidance as those most likely to drive value for members: investment returns, services, and costs and charges.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for their money. The date of the last review was June 2025. Value for members does not necessarily mean the lowest fee, and investment performance as well as the overall quality of the service received has been considered in this assessment. This year's review has confirmed that the Plan offers **good value for money**, and that the investment performance and charges remain competitive when compared to a peer group of similar plans.

The value for members assessment was undertaken in line with the DWP's and Pensions Regulator's latest guidance and considered the following areas:

- Benchmarking the level of charges members pay in comparison to those pension schemes of a similar type and size and other types of pension vehicles;
- The investment performance net of charges of the Plan's default option and alternative freestyle funds against their performance objectives and wider market comparators; and
- The services provided to members. These were assessed by benchmarking the services offered to members against those seen via schemes offering a best practice approach. This element of the assessment considered a range of areas including:
 - The oversight and governance, including ensuring the Plan is compliant with relevant legislation and how risk is managed;
 - The design of the default arrangements and how this reflects the interests of the membership as a whole;
 - The range of alternative investment options to the default arrangement;
 - The quality of communications delivered to members;
 - The quality of support services in place to help members with their savings and retirement decisions; and
 - The efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

The Plan has been assessed as offering good value overall against these areas, for the following reasons:

Investment returns

- When compared against master trust providers' standard default arrangements, fund performance for both the growth phase of the Plan's default fund, and at 10 years to retirement, was top quartile.
- For the Plan's self-select funds, 93% performed broadly in line with or above their benchmark.

Services

- Overall, the Plan offers key service features that would be expected to be present in a leading DC arrangement.

Charges

- The charges for the growth phase of the Plan's default investment strategy (0.09% p.a.) have been compared against other trust-based pension schemes and are deemed to be highly competitive.

Trustees' knowledge and understanding (TKU)

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Plan, the Plan's SIP and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Plan generally.
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustee, with the help of its advisers, regularly considers training requirements to identify and address any knowledge/skills gaps. The Trustee's investment advisers, WTW, proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers would typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this statement, the Trustee received training on the following topics:

Training Topic	Conducted by	Date
General Code & Risk Management	WTW	April 2024
Dashboard requirements	Sacker & Partners LLP	October 2024
Climate reporting – ESG targets	WTW	December 2024
Investment beliefs and stewardship	WTW	December 2024

All the Trustee Directors are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures that relate to the governance and administration of the Plan. In particular, the Trustee Directors refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases.

The SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments.

Further, the Trustee considers that they 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 their duties.

All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from the Pensions Regulator aimed at trustees of occupational pension

schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law).

Additionally, the Plan has in place a structured induction process for new Trustee Directors:

- An induction education session with the IBM Pensions Trust Manager;
- A requirement for all Trustee Directors to undertake and complete The Pensions Regulator's Trustee Toolkit course within six months of taking up office; and
- Attendance at various sub-committees as an observer to build knowledge and understanding of specific issues.

A training log is maintained and the training and development programme is reviewed at least annually to ensure it is relevant and up to date for individual Trustee Directors and the Trustee Board as a whole.

A questionnaire is used to carry out a regular evaluation of the Trustees' knowledge and to help to identify training needs. The Trustee also carry out a regular evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the Plan's business plan. The last effectiveness review took place in 2024, with the following activities executed to assess the Trustee's overall effectiveness:

- A Trustee Effectiveness Questionnaire in Q2 2024, with recommendations agreed at the July Trustee Management Meeting;
- A Trustee Knowledge and Understanding Questionnaire in Q3 2024, which would form the basis of 2024/2025 education requirements;
- A review of key decisions was undertaken in October 2024;
- The results of the Trustee Effectiveness Questionnaire, TKU Questionnaire, Key Decisions, Trustee Training Record and meeting attendance records were presented during a Governance Committee Meeting, and an overall assessment agreed.
- A final assessment of Trustee Effectiveness was given at the April 2025 Trustee Management Meeting by the Governance Committee.

Taking into account the knowledge and experience of the Trustee with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee Directors believe they are well placed to exercise their functions as Trustee of the Plan properly and effectively.

Signed by the Chair on behalf of the Trustee of the Plan:

Date: 22 July 2025

Appendix 1: Cost and charges illustrations

The following tables give a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 65. The figures are presented using six member examples: youngest active member, average active member, youngest deferred member, average deferred member, youngest deferred DSL member and an average deferred DSL member. Additionally, the tables include the performance of the funds over different time periods depending on the age of the member.

Example Member	Years	Lifecycle Balanced 2020		Lifecycle Annuity 2020	
		Before charges	After charges	Before charges	After charges
Youngest active member (aged 32)	1	£126,400	£126,200	£126,400	£126,200
	3	£146,900	£146,300	£146,900	£146,300
	5	£168,700	£167,600	£168,700	£167,600
	10	£227,100	£224,200	£227,100	£224,200
	15	£275,800	£270,200	£275,800	£270,200
	20	£325,800	£316,800	£325,800	£316,800
	25	£379,700	£366,400	£379,800	£366,600
	30	£445,600	£427,600	£454,200	£436,400
	33	£487,600	£466,900	£506,700	£486,400
Average active member (aged 54)	1	£386,200	£385,400	£386,200	£385,400
	3	£419,400	£417,000	£419,500	£417,200
	5	£455,400	£451,300	£457,400	£453,400
	10	£556,900	£548,600	£574,500	£567,000
	11	£577,200	£568,100	£599,300	£591,200
Youngest deferred member (aged 32)	1	£120,700	£120,500	£120,700	£120,500
	3	£129,100	£128,500	£129,100	£128,500
	5	£138,000	£137,100	£138,000	£137,100
	10	£161,000	£158,600	£161,000	£158,600
	15	£174,800	£170,600	£174,800	£170,600
	20	£187,900	£181,600	£187,900	£181,600
	25	£202,100	£193,400	£202,200	£193,500
	30	£221,500	£210,200	£225,900	£214,600
	33	£233,800	£221,000	£243,300	£230,600
Average deferred member (aged 54)	1	£375,400	£374,700	£375,400	£374,700
	3	£386,600	£384,300	£386,700	£384,400
	5	£399,700	£395,800	£401,500	£397,700
	10	£439,600	£432,100	£454,200	£447,500
	11	£447,100	£439,000	£465,300	£458,100

Projected fund values are rounded to the nearest hundred.

Example Member	Years	Lifecycle Lump Sum 2020		Lifecycle Drawdown 2020	
		Before charges	After charges	Before charges	After charges
Youngest active member (aged 32)	1	£126,400	£126,200	£126,400	£126,200
	3	£146,900	£146,300	£146,900	£146,300
	5	£168,700	£167,600	£168,700	£167,600
	10	£227,100	£224,200	£227,100	£224,200
	15	£275,800	£270,200	£275,800	£270,200
	20	£325,800	£316,800	£325,800	£316,800
	25	£379,500	£366,200	£379,600	£366,300
	30	£427,600	£410,400	£437,200	£419,000
	33	£442,300	£424,200	£469,100	£448,100
Average active member (aged 54)	1	£386,200	£385,400	£386,200	£385,400
	3	£419,200	£416,800	£419,300	£416,900
	5	£451,700	£447,600	£453,400	£449,200
	10	£516,600	£509,300	£539,800	£530,700
	11	£524,700	£517,200	£555,800	£545,800
Youngest deferred member (aged 32)	1	£120,700	£120,500	£120,700	£120,500
	3	£129,100	£128,500	£129,100	£128,500
	5	£138,000	£137,100	£138,000	£137,100
	10	£161,000	£158,600	£161,000	£158,600
	15	£174,800	£170,600	£174,800	£170,600
	20	£187,900	£181,600	£187,900	£181,600
	25	£202,000	£193,300	£202,100	£193,400
	30	£212,300	£201,500	£217,200	£205,800
Average deferred member (aged 54)	33	£211,300	£200,000	£224,500	£211,700
	1	£375,400	£374,700	£375,400	£374,700
	3	£386,400	£384,100	£386,500	£384,200
	5	£396,300	£392,500	£397,900	£394,000
	10	£406,100	£399,600	£425,300	£417,200
	11	£404,100	£397,400	£429,400	£420,600

Projected fund values are rounded to the nearest hundred.

Example Member	Years	Lifecycle 2012 (Legacy)		Lifestyle 2002 (Legacy)	
		Before charges	After charges	Before charges	After charges
Average deferred member (aged 54)	1	£375,400	£374,700	£382,600	£382,300
	3	£386,500	£384,300	£409,200	£408,100
	5	£397,900	£394,200	£437,600	£435,600
	10	£441,400	£434,400	£511,500	£507,000
	11	£452,100	£444,700	£524,000	£518,900

Projected fund values are rounded to the nearest hundred.

Example Member	Years	Lifecycle Balanced DSL 2020	
		Before charges	After charges
Youngest DSL deferred member (aged 32)	1	£120,700	£120,600
	3	£129,100	£128,900
	5	£138,000	£137,700
	10	£161,000	£160,100
	15	£174,800	£173,500
	20	£187,900	£186,300
	25	£202,100	£200,100
	30	£221,500	£219,000
	33	£233,800	£231,000
Average DSL deferred member (aged 54)	1	£375,400	£375,300
	3	£386,600	£386,200
	5	£399,700	£399,100
	10	£439,600	£438,400
	11	£447,100	£445,800

Projected fund values are rounded to the nearest hundred.

Example Member	Years	IBM Pension Plan Infrastructure Equity		IBM Pension Plan UK Money Fund	
		Before charges	After charges	Before charges	After charges
Average active member (aged 54)	1	£397,200	£395,600	£378,900	£378,600
	3	£455,200	£449,800	£396,500	£395,800
	5	£518,300	£508,400	£413,900	£412,700
	10	£702,200	£676,500	£456,800	£454,300
	11	£744,000	£714,200	£465,200	£462,500
Average deferred member (aged 54)	1	£386,200	£384,700	£368,200	£368,000
	3	£420,900	£415,700	£364,600	£364,000
	5	£458,700	£449,300	£361,100	£360,000
	10	£568,600	£545,700	£352,300	£350,200
	11	£593,600	£567,300	£350,600	£348,300

Projected fund values are rounded to the nearest hundred.

Example Member	Years	IBM Growth Plus Fund DSL	
		Before charges	After charges
Average DSL deferred member (aged 54)	1	£375,400	£375,300
	3	£386,500	£386,100
	5	£397,900	£397,300
	10	£427,900	£426,500
	11	£434,100	£432,600

Projected fund values are rounded to the nearest hundred.

Assumptions and notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Contributions are paid halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be applied at the end of the year.
4. Charges and costs are deducted before the application of investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 32 to 65 for the youngest active member and from age 54 to 65 for the average active member and increase in line with assumed earnings inflation of 0% per year.
8. The values shown are estimates and are not guaranteed.
9. The real projected growth rates for each fund are as follows:

Fund	Real projected growth rate (p.a.)
Lifecycle Balanced 2020	1.463% - 3.415% (adjusted depending on term to retirement)
Lifecycle Annuity 2020	1.463% - 3.415% (adjusted depending on term to retirement)
Lifecycle Lump Sum 2020	-0.488% - 3.415% (adjusted depending on term to retirement)
Lifecycle Drawdown 2020	0.976% - 3.415% (adjusted depending on term to retirement)
Lifecycle 2012 (Legacy)	1.463% - 2.439% (adjusted depending on term to retirement)
Lifestyle 2002 (Legacy)	2.439% - 3.415% (adjusted depending on term to retirement)
Lifecycle Balanced DSL 2020 (<i>no IMCs</i>)	1.463% - 3.415% (adjusted depending on term to retirement)
IBM Pension Plan Infrastructure Equity	4.390%
IBM Pension Plan UK Money Fund	-0.488%
IBM Growth Plus Fund DSL (<i>no IMCs</i>)	1.463%

10. Transactions costs and other charges have been provided by LGIM and covered the period 1 January 2024 to 31 December 2024. Transaction costs have been averaged by WTW using a time-based approach. The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
11. Pension scheme's normal retirement age is 65.
12. Example member:

Youngest active: age 32, total annual contribution: £5,635, starting fund value: £116,700.

Average active member: age 54, total annual contribution: £10,700, starting fund value: £370,000.

Youngest deferred: age 32, total annual contribution: nil, starting fund value: £116,700.

Average deferred: age 54, total annual contribution: nil, starting fund value: £370,000.

Youngest DSL deferred: age 32, total annual contribution: nil, starting fund value: £116,700.

Average DSL deferred: age 54, total annual contribution: nil, starting fund value: £370,000.

Values are estimates only and are not guaranteed. Members are reminded of the objective of the illustrations which is to demonstrate the compounding effect of charges and costs on projected DC pension savings. It is not intended to demonstrate the merits of different investment strategies or investment funds. Before making any changes to your investment choices, you should consider the financial risk associated with the different types of investment. Please refer to the "Guide to Investing" section on our client microsite <https://www.legalandgeneral.com/workplace/i/ibm/on-your-way/guide-to-investing/>. If you wish to review your investment decision, or are starting to plan your retirement, you should speak to a financial advisor. For help with choosing a financial advisor in your area, please contact the Money Helper (formerly the Money Advice Service) <https://www.moneyhelper.org.uk/en>. If you are aged 50 or over you have the right to contact 'Pension Wise', a free and impartial Government service, that helps you understand your pension options. You can find more information at www.pensionwise.gov.uk.

Appendix 2: Information on AVC arrangements

Net returns of AVC investments

Fund name	1 year (%)
Aviva	
With Profits	7.6
With Profits (Pre Demutualisation)	7.4

The With Profits Funds investment returns are not directly applied to members' fund values - instead they are used to calculate Market Value Adjustments and/or Terminal Bonuses that apply to members' non-guaranteed fund values. However, investment returns are not the only factor used to determine current With Profits values. Each member's With Profits fund value is also linked to the timing of their contributions, guaranteed bonuses already added to their accounts, inflows and outflows from the With Profits Fund, and the level of reserves held to back the With Profits Fund.

With Profits Funds are designed to smooth the returns members receive over their investment term, whilst aiming to ensure members receive their fair share of the With Profits return. As such, members' With Profits Fund values may not closely mirror the returns of the underlying assets.

Additional Voluntary Contributions ('AVC') fund charges and transaction costs

The level of charges for each AVC fund and the transaction costs during the Plan Year (to 31 December 2024) are set out in the table below:

Fund name	TER (%)	Transaction costs (%)
Aviva		
With Profits	0.50	0.09
With Profits (Pre Demutualisation)	0.50	0.09

¹ Charges on the With-Profits Funds are implicit and allowed for in the allocation of bonus rates