IBM Pension Plan

Investment Policy Implementation Document – October 2021

This document sets out the detailed day-to-day implementation of the investment policy of The IBM Pension Plan ("the Plan") as determined by the Plan's Trustee and delegated to the Defined Benefit ("DB") and Defined Contribution ("DC") Investment Committees ("the ICs"). It should be read in conjunction with the Plan's Statement of Investment Principles ("SIP"), which outlines the broader framework of the principles governing decisions about investment of the Plan's assets.

Schedules

Schedule A	Current DB Investment Strategy
Schedule B	Day-to-Day Management of DB Assets
Schedule C	DC and Additional Contributions (AVCs and ASCs)

This document is amended as necessary by the Trustee, to reflect any changes to the Plan's investment arrangements.

October 2021

e-Signed by paul butler
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SIGNED FOR THE TRUSTEE by P Butler, Pensions Trust Manager & Company Secretary

2021-11-04
DATED ....

Schedule A

Current DB Investment Strategy

Asset Allocation Policy

The Trustee has set the asset allocation below as the target appropriate to meet the Plan's objectives and control the investment risks identified in the SIP. The allocation below excludes the buy-in policy which was implemented in December 2020 with Rothesay Life plc.

The Plan's target investment strategy is kept under review periodically, with a full review expected alongside each triennial actuarial valuation. The Plan's current strategic target allocation is set out below:

Asset Class	Current Strategic Target Allocation (%)
Growth Assets	**9.3**
Private equity	7.0
UK property	2.3
Other	-
Matching Assets	**90.7**
Global bonds	5.7
Global credit	5.7
Long-term UK core credit	24.3
Liability matching assets	53.5
Cash	1.5
Total	**100.0**

The Plan's actual asset allocation may differ from the target allocation primarily due to the impact of market movements and / or the time taken to implement changes or build up (or wind down) allocations to specific asset classes, for example private equity and UK property. The Trustee is comfortable with some level of divergence from the current target allocation and will review such divergence from time to time to ensure that the asset allocation remains suitable for the Plan, whilst still allowing the investment managers sufficient flexibility to seek out-performance against their benchmarks.

Rebalancing Policy

The IC will typically seek to rebalance back towards the target allocation following the processes detailed below. Where the IC decides to deviate from this policy, for example where exceptional market conditions prevail, the reasons for such deviation will be documented. Rebalancing (drift) ranges are not set at a total growth and total matching assets level as Growth assets are in run off mode for the Main Plan. Instead, rebalancing ranges are set at individual asset class levels as per the below:

Allocation	**Rebalancing Range around Target Allocation**
Individual asset class (target allocation of more than 50%)	+/- 3%
Individual asset class (target allocation of between 10% and 50%)	+/- 2%
Individual asset class (target allocation is less than 10%)	+/- 1%

Cashflow Management Policy

The Trustee has a cashflow management policy process, which is reviewed regularly, if action is required to source cash from the Plan's assets to meet cashflow needs.

Currency Hedging Policy

In order to mitigate the increased risk associated with investing in overseas assets, a currency hedging program is in place. Overseas currency exposure across all investments is assessed periodically and the IC aims to set the currency hedge at a level which limits the overall unhedged currency exposure to a maximum of 10% of the Plan's total assets (excluding buy-in assets). This is achieved through the use of a currency overlay managed by Russell which hedges 35% of overseas exposure that isn't hedged at the individual mandate level. The Trustee has agreed to maintain this approach until long-term strategic targets are met.

Liability Hedging Policy

The Trustee has agreed to target a 105% interest rate and inflation liability hedge ratio on a gilts +0.5% p.a. basis. In order to achieve this, the Trustee allows the liability hedging ("LDI") manager to use leverage to achieve the desired level of hedging in a cost effective manner. The day-to-day monitoring of counterparty risk is delegated to the LDI manager but is subject to the limits on counterparty exposure and creditworthiness agreed between the Trustee and the LDI manager.

Schedule B

Day-to-Day Management of Assets

Details of the Plan's current holdings, including the managers, vehicles, investment approach and benchmarks are set out in the table below.

Asset Class	Manager	Vehicle	Investment Approach	Benchmark/Index
Private equity	Various	Pooled	Active	Internally benchmarked
UK Property	CBRE	Segregated	Active	MSCI UK Annual Property Index (GBP)
Reinsurance (Current holdings*)	Nephila	Pooled	Active	3mth (USD) LIBOR + 3%
	Securis	Pooled	Active	
Global bonds	Northern Trust	Pooled	Active	Barclays Global Aggregate Customised (20% Treasuries/40% Corporates/40% Securitised)
Global credit	PIMCO	Segregated	Active	Barclays Global Aggregate Corporate Customised (1% issuer cap) GBP hedged
	Wellington	Segregated	Active	
Long-term UK core credit	PIMCO	Segregated	Active	Bloomberg Barclays Sterling Aggregate 10+ Non-Gilt 50% / Non-Gilt (Excl. BBB) 50%
	Western	Segregated	Active	
	Goldman Sachs Asset Management	Segregated	Active	
LDI	BlackRock	Segregated	Passive	Liability benchmark
Cash	Northern Trust	Segregated	Passive	Unbenchmarked
Currency overlay	Russell	Segregated	Passive	Currency overlay benchmark

* *Current holdings are derived from historic investments in Reinsurance which have resulted in trailing investments due to side pockets from historic losses.*

The Trustee has considered and is comfortable with the guidelines and restrictions of each of the mandates in which the Plan invests in.

Unless expressly agreed in writing by the Trustee, the investment managers of segregated assets are not permitted to borrow money (or to act as guarantors in respect of the obligations of another person) where the borrowing is liable to be repaid (or liability under a guarantee is liable to be satisfied) out of the assets of the Plan; this does not preclude borrowing made only for the purpose of providing liquidity for the Plan and on a temporary basis. Nor does it preclude investment in leveraged pooled funds, providing the Trustee is comfortable with the maximum leverage allowed under the strategy. Some short-term borrowing for settlement is also allowed but is strictly limited and for the purpose of trade settlement only (which is standard practice in investment management).

Custodian

The Trustee has appointed Northern Trust as global custodian of the Plan's segregated assets. For the Plan's pooled fund investments, the Trustee has no direct ownership of the underlying assets within the pooled funds. The policies, proposal forms, prospectuses and related principles of operation set out the terms on which the assets are managed. The safekeeping of the assets within the pooled funds is performed on behalf of the representative investment managers by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the managers.

Performance Measurement

The Trustee uses the services of an independent performance measurement company (currently the Plan's custodian) to assess the managers' performance relative to the benchmark returns. The Trustee reviews this on a regular basis along with consideration versus outperformance targets.

Schedule C

DC and Additional Contributions (AVCs and ASCs)

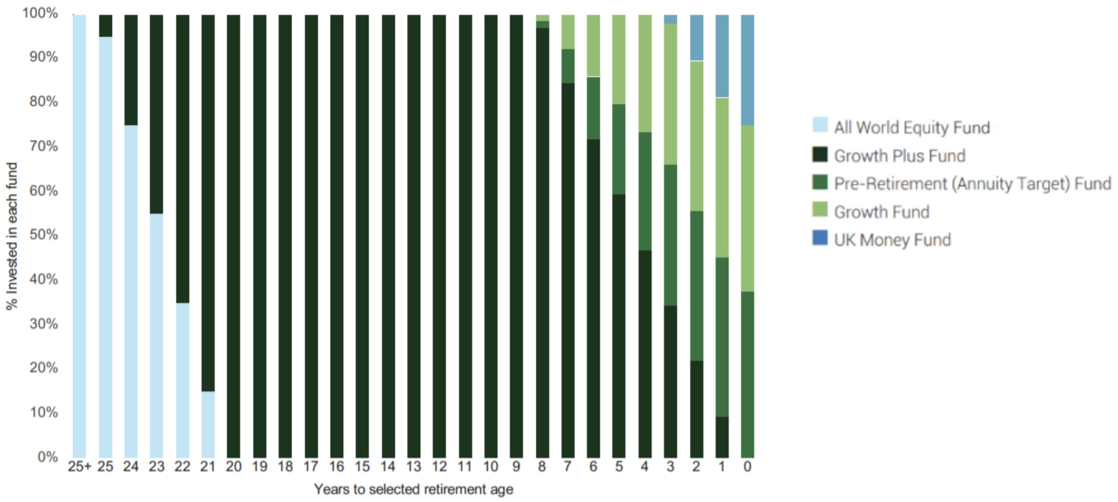
The Plan's DC and AVC/ASC investment arrangements are managed by Legal & General Investment Management Limited ("Legal & General") and provided by Legal & General Assurance Society Limited ("LGAS") under a bundled[1] arrangement.

There are currently four Lifecycle investment strategies in place for members to choose from; the Lifecycle Balanced 2020 (default investment strategy), Lifecycle to Annuity 2020, Lifecycle to Drawdown 2020, or Lifecycle to Lump Sum 2020. There are also seven legacy Lifecycle / Lifestyle investment strategies. Each member's circumstances are unique and as such how they will take their retirement benefits will differ depending on those circumstances. The legacy Lifecycle / Lifestyle investment strategies are no longer open to new member elections; however, members close to retirement, may remain invested in these strategies and can opt to increase their allocations.

There is also a range of 22 Self-Select Freestyle funds for members to choose from (of which four funds are closed to new member elections).

Lifecycle Balanced 2020 (Default Investment Strategy)

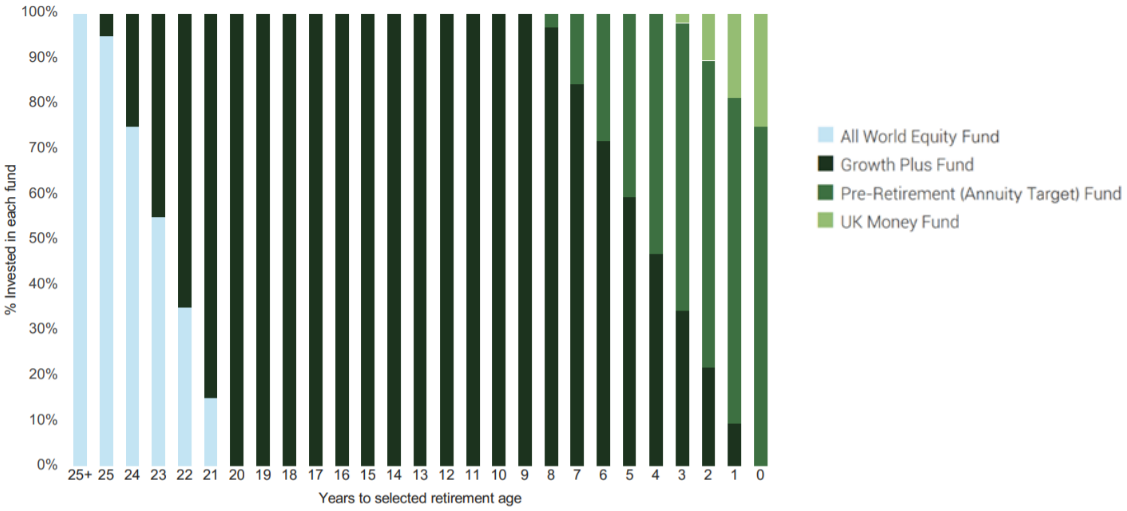
The Lifecycle Balanced 2020 strategy is the default investment strategy and is designed to give members a 'balanced' investment strategy that incorporates a mixed annuity and drawdown target (in addition to the 25% cash target). There is a 100% allocation to the All World Equity Index Fund until 25 years to retirement. Then between 25-20 years from retirement, funds are progressively switched to the Growth Plus Fund. At 8 years to retirement, the Pre-Retirement (Annuity Target) and the Growth Funds are introduced. At 3 years to retirement the UK Money Fund is introduced with the final allocation being 37.5% to both the Pre-Retirement (Annuity Target) Fund and Growth Fund, and 25% to the UK Money Fund. Actual switches are undertaken on a quarterly basis.



[1] A 'bundled' arrangement is where the administration and investment of the Plan's assets are provided by one provider – for the Plan this will be LGAS.

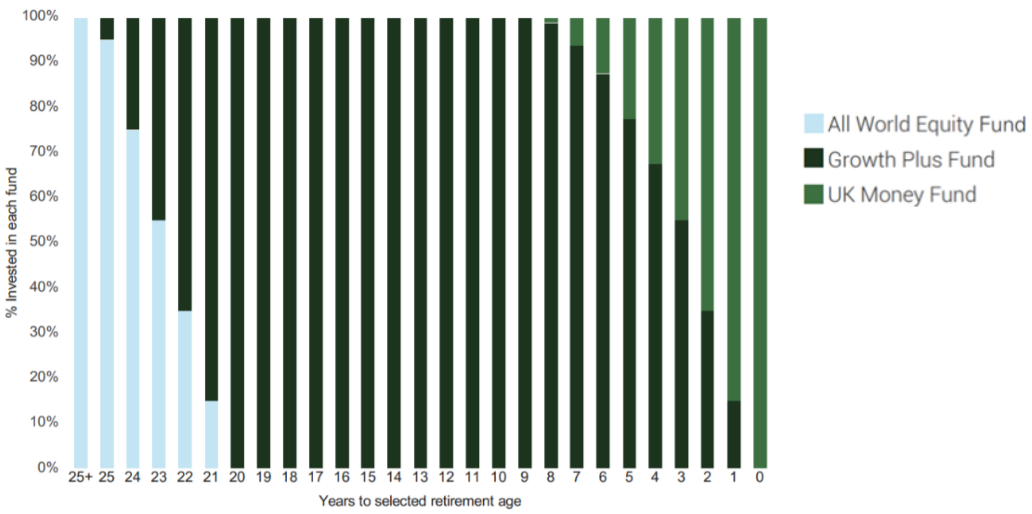
Lifecycle to Annuity 2020

The Lifecycle to Annuity 2020 strategy is designed for members who intend to take 25% of their DC benefits as tax free cash and use the remainder to purchase an annuity at retirement. There is a 100% allocation to the All World Equity Index Fund until 25 years to retirement. Then between 25-20 years from retirement, funds are progressively switched to the Growth Plus Fund. The Pre-Retirement (Annuity Target) and UK Money Funds are introduced at 8 and 3 years to retirement respectively. At retirement, there is a 75% and 25% allocation to the Pre-Retirement (Annuity Target) Fund and UK Money Fund respectively. Actual switches are undertaken on a quarterly basis.



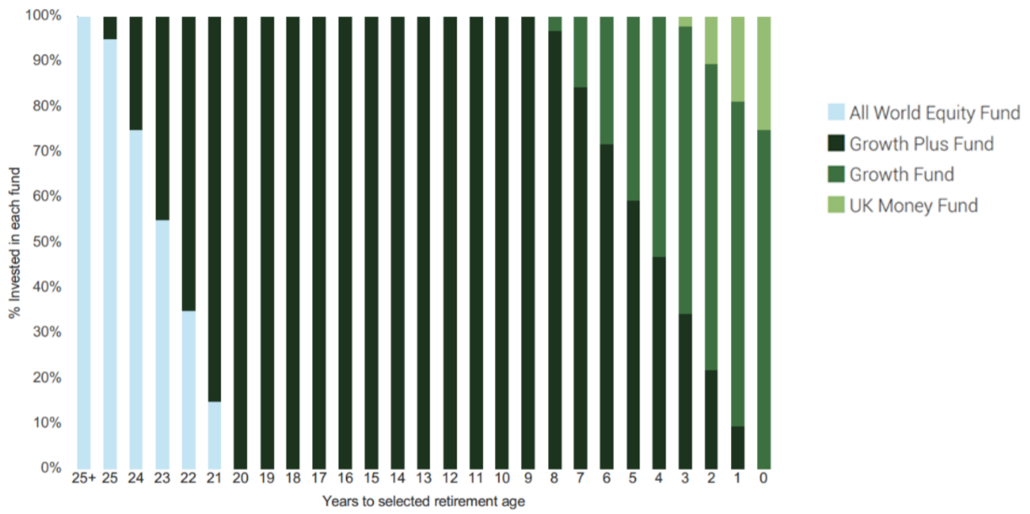
Lifecycle to Lump Sum 2020

The Lifecycle to Lump Sum 2020 strategy is designed for members who will take their benefits via cash at retirement. There is a 100% allocation to the All World Equity Index Fund until 25 years to retirement. Then between 25-20 years from retirement, funds are progressively switched to the Growth Plus Fund. At 8 years to retirement, the UK Money Fund starts to be introduced targeting a final 100% allocation to the UK Money Fund at retirement. Actual switches are undertaken on a quarterly basis.



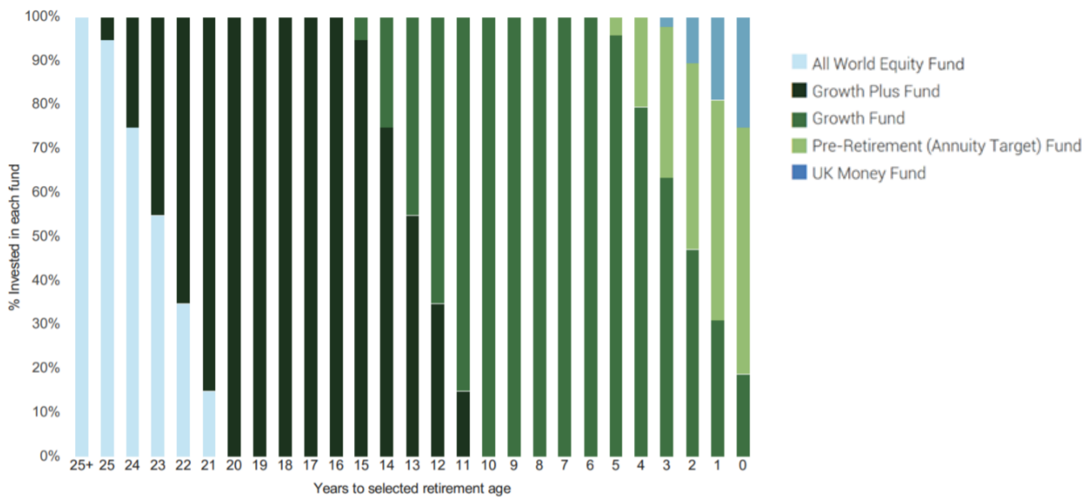
Lifecycle to Drawdown 2020

The Lifecycle to Drawdown 2020 strategy targets an allocation which aims to provide a suitable retirement position for members wishing to transfer into a flexi-access income drawdown product at retirement. There is a 100% allocation to the All World Equity Index Fund until 25 years to retirement. Then between 25-20 years from retirement funds are progressively switched to the Growth Plus Fund. At 8 and 3 years from retirement the Growth Fund and UK Money Fund start to be introduced, targeting final allocations of 75% and 25% respectively. Actual switches are undertaken on a quarterly basis.



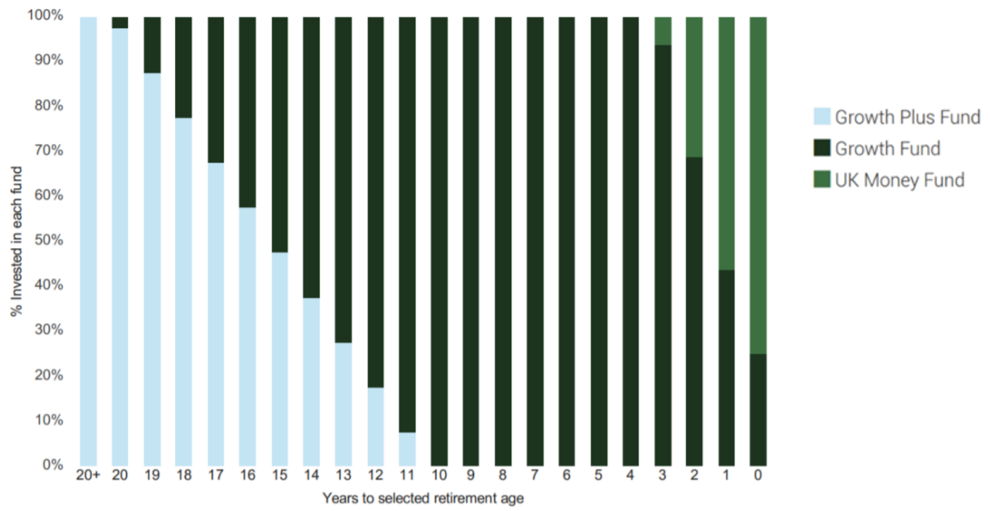
Lifecycle to Annuity*

The Lifecycle to Annuity strategy targets an allocation which aims to provide a suitable position for members wishing to purchase an annuity at retirement and take their tax-free pension commencement lump sum. There is a 100% allocation to the All World Equity Index Fund, then between 25-20 years from retirement, funds are switched to the Growth Plus Fund. At 15 years, the Growth Fund starts to be added and then at 5 and 3 years from retirement, the Pre-Retirement (Annuity Target) and the UK Money Funds are introduced with final targets on retirement of 19%, 56% and 25% respectively. Actual switches are undertaken on a quarterly basis.



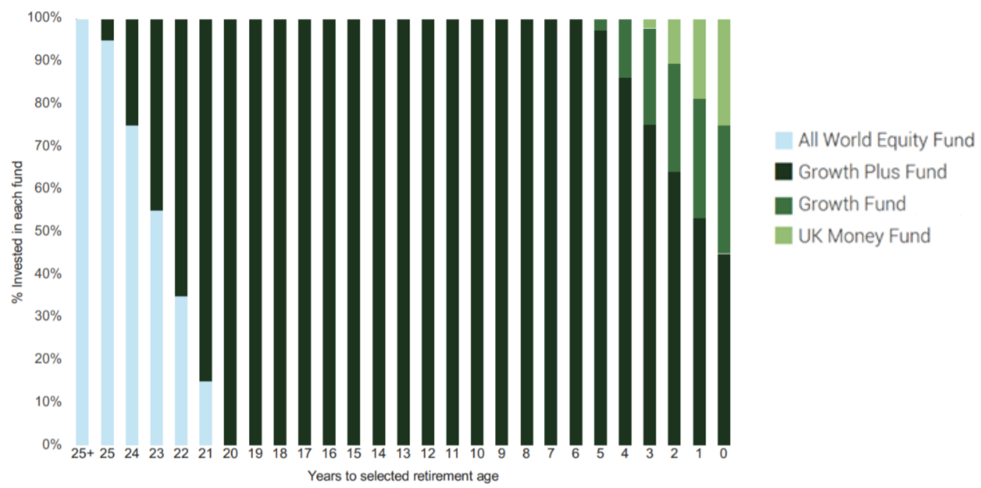
Lifecycle to Lump Sum*

The Lifecycle to Lump Sum strategy aims to provide a suitable match for a member who is targeting taking cash as a lump sum at retirement. The strategy is 100% invested in the Growth Plus Fund until 20 years from retirement, then between 20-10 years from retirement the funds are progressively switched to the Growth Fund. From 3 years from retirement, funds are gradually switched to the UK Money Fund with a final allocation of 75% invested in the UK Money Fund and 25% in the Growth Fund. This strategy seeks to provide a compromise between additional returns from growth assets and the capital preserving characteristics of cash, particularly in the years immediately prior to retirement. Actual switches are undertaken on a quarterly basis.



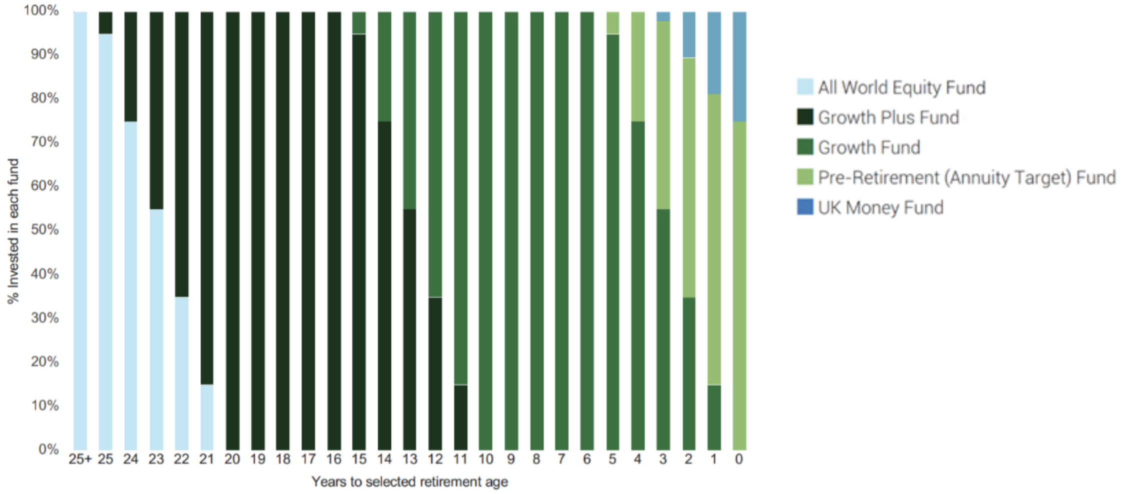
Lifecycle to Drawdown*

The Lifecycle to Drawdown strategy targets an allocation which aims to provide a suitable retirement position for members wishing to transfer into a flexi-access income drawdown product at retirement. There is a 100% allocation to the All World Equity Index Fund until 25 years to retirement. Then between 25-20 years from retirement funds are progressively switched to the Growth Plus Fund. At 5 and 3 years from retirement the Growth Fund and UK Money Funds start to be introduced targeting final allocations of 30% and 25% respectively, with the balance of 45% remaining invested in the Growth Plus Fund. Actual switches are undertaken on a quarterly basis.



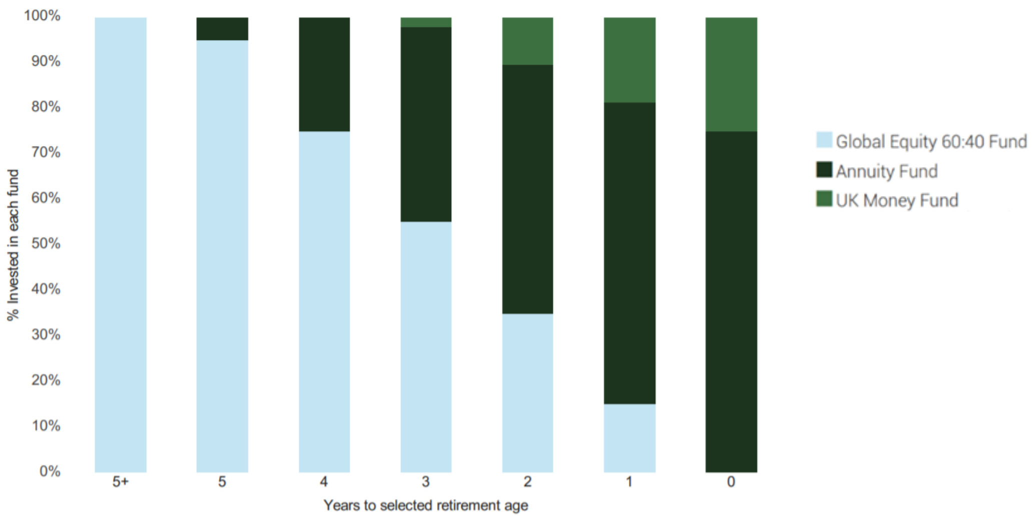
Lifecycle 2012*

There is a 100% allocation to the All World Equity Index Fund until 25 years from retirement at which point funds are progressively switched to the Growth Plus Fund over the next 5 years. At 15 years from retirement, the Growth Fund is added and then at 5 and 3 years from retirement, the Pre-Retirement (Annuity Target) and UK Money Funds are gradually introduced with final allocations of 75% and 25% respectively. Actual switches are undertaken on a quarterly basis.



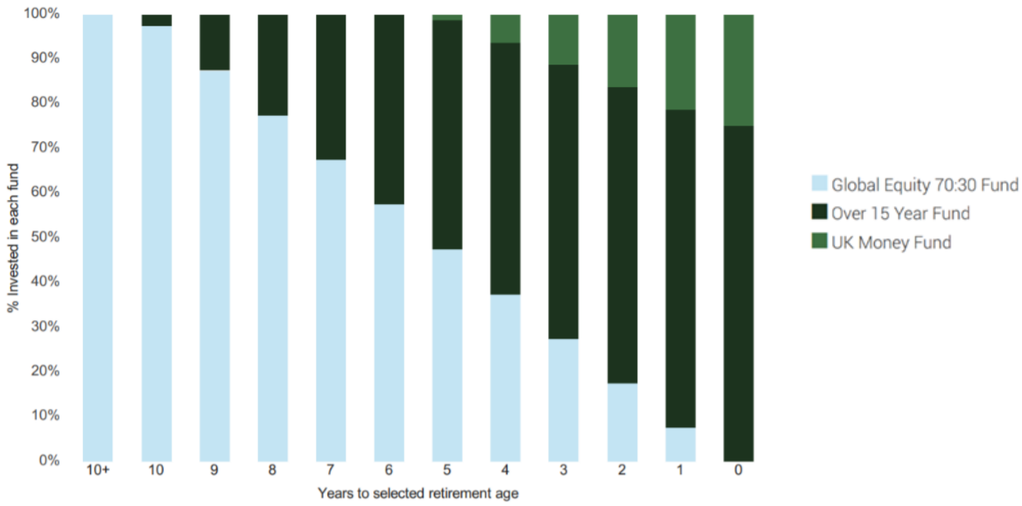
Lifestyle 2002*

There is a 100% allocation to the Global Equity Fixed Weights (60:40) Index Fund until 5 years from retirement at which point the Annuity Protection Fund is introduced. The UK Money Fund is then introduced at 3 years to retirement with exposure progressively increased until final allocations of 75% and 25% respectively are achieved. Actual switches are undertaken on a quarterly basis.



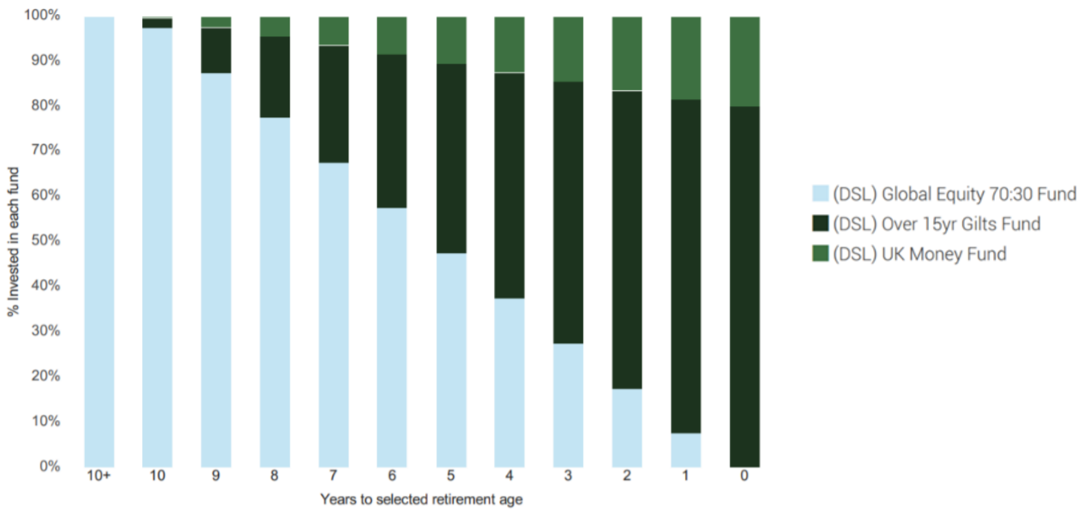
Lifestyle 1997*

There is a 100% allocation to the Global Equity (70:30) Index Fund until 10 years from retirement at which point the Over 15 Year Gilts Fund is introduced. The UK Money Fund is then introduced at 5 years to retirement with exposure progressively increased until final allocations of 75% and 25% are achieved respectively. Actual switches are undertaken on a quarterly basis.



Lifestyle 1997 (Data Science Limited members only)*

There is a 100% allocation to the Global Equity (70:30) Index Fund until 10 years from retirement at which point the Over 15 Year Gilts Fund and the UK Money Fund are introduced. Exposure is progressively increased until final allocations of 80% and 20% are achieved respectively. Switches are undertaken quarterly.



* Closed to new member elections.

Freestyle Fund Range

Some of the individual funds listed under the Freestyle Fund Range are used as building blocks for the Lifecycle and Lifestyle investment strategies. Descriptions of the Freestyle Funds are shown below.

Manager	Fund	Description	Benchmark
LGIM	UK Equity Index	This fund invests in the shares of UK companies and aims to achieve a return that is consistent with the return of the FTSE All-Share Index.	FTSE All-Share Index
LGIM	World (ex-UK) Developed Equity Index	This fund invests in the shares of overseas companies (Europe, Japan, Far East, US and Canadian markets) according to market capitalisation weightings. It aims to achieve a return in line with the FTSE All-World Developed ex-UK index. In addition, there is a currency hedge of 50% of the fund to reduce the volatility associated with foreign exchange movements.	FTSE Developed World (ex UK) Index (50% GBP hedged)
LGIM	All World Equity	This fund invests in shares of companies across the globe (including emerging markets). The Fund aims to provide a return in line with the FTSE AW All World Index. 90% of the currency exposure to certain markets is hedged back to Sterling reducing the impact of currency movements.	FTSE All-World (90% GBP hedged)
LGIM	World Emerging Markets Equity Index	This fund aims to capture the returns of the world's emerging markets. It tracks the FTSE AW All-Emerging Markets Index. Currency exposure in the fund is not hedged.	FTSE Emerging Index
LGIM	Ethical Global Equity Index	This fund aims to capture the returns of the FTSE4Good Global Index and is aimed at investors who wish to take account of ethical, environment or social principles. 90% of the Developed Markets currency exposure is hedged back into sterling reducing the impact of currency movements.	FTSE4Good Global Equity (90% GBP hedged)
LGIM	Ethical UK Equity Index	This fund aims to capture the returns of the FTSE4Good UK Index and is aimed at investors who wish to take account of ethical, environmental or social principles.	FTSE4Good UK Equity Index
LGIM	Future World Fund	This fund invests in a diversified range of global equities and targets better risk-adjusted returns than a traditional index strategy, through factor based investing. It also incorporates a climate 'tilt' to address the investment risks associated with climate change, and seeks to raise the standards of companies that are critical to the transition to a low-carbon economy. The fund aims to replicate the performance of the index and will ensure the fund has similar characteristics as the index whilst not necessarily holding all the constituents of the index.	FTSE ALL-World ex CW Climate Balanced Factor Index

Manager	Fund	Description	Benchmark
		90% of the Developed Markets currency exposure is hedged back into sterling reducing the impact of currency movements.	
LGIM	Global Equity Fixed Weights (60:40) Index*	This fund aims to achieve the returns consistent with a 60% allocation to the FTSE All Share Index (UK) and 40% allocation to FTSE overseas regional Indexes. Specifically, the 40% overseas allocation is divided - 14% in FTSE Developed Europe (ex-UK), 14% in FTSE World North America, 7% in FTSE Japan and 5% in FTSE World Asia Pacific (ex-Japan). Currency exposure in the fund is not hedged.	Composite of 60/40 distribution between UK and overseas
LGIM	Global Equity (70:30) Index*	This fund aims to achieve the returns consistent with a 70% allocation to the FTSE All Share Index (UK) and 30% allocation to the FTSE AW All-World (ex-UK) Index. Currency exposure in the fund is not hedged.	Composite of 70/30 distribution between UK and overseas
LGIM	Infrastructure Equity	This fund aims to provide diversified exposure to global listed infrastructure markets and to produce a return broadly comparable to the MFG Core Infrastructure Index - GBP Hedged. All of the developed market currency exposure is hedged.	MFG Core Infrastructure (100% GBP hedged)
LGIM	Global Real Estate Equity	The investment objective of the fund is to track the performance of the FTSE EPRA/NAREIT Developed Real Estate Index – GBP Hedged (less withholding tax where applicable) to within +/ 1.0% p.a. for two years out of three. All of the developed market currency exposure is hedged.	FTSE EPRA/NAREIT Developed Real Estate Index (100% GBP hedged)
LGIM	Growth	This fund tracks a composite index consisting of global equities, global real estate securities, infrastructure equity, emerging market debt, commodities, corporate and government bonds. Approximately 25% of the Fund invests in global equities and broadly tracks the FTSE All World Index with 90% of the developed currency exposure being hedged back into sterling. In addition, around 45% of the Fund is invested in corporate bonds, fixed interest and index-linked gilts with a further 7.5% being invested in emerging market debt (half of this also being sterling hedged). There is an additional 7.5% allocation to both global real estate securities and Infrastructure related investments with the developed currency exposure in these being hedged. Lastly, there is a 7.5% allocation to commodities. The Trustee keeps the asset allocation of this fund under review.	Weighted composite Growth Fund benchmark (Approx. 15% unhedged currency exposure - hedge levels in line with underlying building blocks)
LGIM	Growth Plus / Growth Plus (formerly Consensus)*	This fund tracks a composite index consisting of global equities, global real estate securities, infrastructure equity, emerging market debt, commodities, corporate and government bonds. Approximately 65% of the Fund invests in global equities and tracks the FTSE All World Index with	Weighted composite Growth Plus Fund benchmark (Approx. 22% unhedged currency

Manager	Fund	Description	Benchmark
		90% of the developed currency exposure being hedged back into sterling. In addition, around 5% of the Fund is invested in corporate bonds with a further 7.5% being invested in emerging market debt (half of this also being sterling hedged). There is also a 5% allocation to Infrastructure related investments and a 10% allocation to global real estate securities with the developed currency exposure in these being hedged. Lastly, there is a 7.5% allocation to commodities. The Trustee keeps the asset allocation of this fund under review.	exposure - hedge levels in line with underlying building blocks)
LGIM	Over 15 Year Gilts Index	This fund aims to capture the returns of the UK gilt market. It tracks the FTSE-A Government (Over 15 year) Index and invests in long-term gilts.	FTSE Actuaries UK Conventional Gilts Over 15 Years Index
LGIM	All Stocks Index Linked Gilts	This fund aims to capture the return of the UK index-linked gilt market. It tracks the FTSE A Government Index-Linked (All Stocks) Index and invests in both short and long-term index-linked gilts.	FTSE Index Linked
LGIM	Investment Grade Corporate Bond – All Stocks Index	This fund aims to capture the return of the iBoxx Sterling Non-Gilts Index and invests primarily in long-dated sterling-denominated investment grade corporate bonds.	Markit iBoxx £ Non-Gilts Index (All Stocks)
LGIM	Emerging Markets Debt	This fund provides exposure to the yields offered by Emerging Market Debt. The Fund is split equally between securities denominated in local currencies and securities denominated in USD with both elements tracking the JP Morgan Emerging Market Bond indices. Exposure to securities dominated in USD is hedged back to Sterling.	JPM Em Global Div. 50% Local / 50% USD hedged
LGIM	Pre-Retirement (Annuity Target)	This fund aims to invest in assets that reflect the investments underlying a typical traditional non-inflation linked pension annuity. This fund is following an annuity price aware strategy and given that objective, the benchmark evolves over time as annuity price drivers change. For reporting purposes benchmark comparison will be the target strategy which the Legal & General Strategic Investment & Risk Management (SIRM) team set and which the Legal & General Index Funds team manage against.	Composite of gilts and corporate bond funds
LGIM	Pre-Retirement Inflation Linked (Annuity Target)	The fund aims to provide diversified exposure to sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical inflation-linked annuity product.	A composite of gilts and corporate bonds
LGIM	Annuity Protection Index*	This fund aims to reflect the way that annuities are priced which reduces the impact on your pension if your retirement is at a time of high inflation. It invests 70% in the Over 5 Year Index-Linked Gilts	Composite of 70% Index Linked Gilts > 5 yrs / 30% Gilts > 15 yrs

Manager	Fund	Description	Benchmark
		Index Fund and 30% in the Over 15 Year Gilts Index Fund.	
LGIM	UK Money	This fund is actively managed and predominantly invests in a portfolio of high quality short term money market instruments.	Sterling Overnight Index Average (SONIA)

* These Freestyle Funds are closed to new member elections. Members already invested in these funds may remain invested.

With Profits Policies (closed to future contributions)

Aviva Life & Pensions UK Limited ("Aviva")	These funds are invested in the Aviva With-Profits Fund which may in turn be invested in a broad range of asset classes. Investment returns depend on the underlying investment performance, company specific and actuarial considerations. These policies are closed to new contributions.