Fujitsu Comparable Pension Scheme ("the Scheme")

Implementation Statement

Introduction

This Statement sets out how the Statement of Investment Principles ('SIP') for the Scheme excluding AVCs has been followed during the year to 31 March 2023. This Statement has been produced in accordance with the regulatory requirements in force and the guidance published by the Pensions Regulator.

The investment managers have been assessed according to policies set out in the SIP. **In summary, the Trustee believes that:**

a) **the policies outlined in the SIP have been adhered to over the Scheme year; and**

b) **the investment managers are adhering to the Trustee's policies on ESG, engagement and voting**.

Review of the SIP

During the year, the Trustee reviewed the SIP for the Scheme. Revisions were made to reflect the following:

1. Amendments to the Additional Voluntary Contributions ("AVCs"). The Scheme provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered a range of investment options via Aviva in which to invest any future AVC payments or accrued AVC savings. A legacy AVC arrangement is held with Utmost but no further contributions or switches of existing assets can be paid to this arrangement.
2. Changes to the investment Objective such that an expected return sufficient to reach full funding 31 October 2024, with a tolerable level of risk, should be targeted for the Scheme.
3. The introduction of stewardship priorities for the Scheme, agreed by the Trustee and in line with the guidance from the Department for Work and Pensions (DWP). These are included in further detail on page 3. The Investment Executive ("IE") will report on the impact of stewardship and engagement activity in respect of these priorities going forward.

Investment Objectives and Investment Strategy

The primary objective of the Scheme Trustee is to invest the Scheme's assets in the best interest of the members and beneficiaries.

The financial objective of the Scheme Trustee is to target an expected return that is sufficient to support the requirements of the Technical Provisions and the current Deficit Recovery Plan, and to adopt an investment strategy which is consistent with the financial objective.

The investment strategy is highly diversified across a range of asset classes, in both public and private markets and is implemented using a number of investment managers.

The investment strategy is kept under regular review. Earlier in the year, revisions were made to the timeframe of the Investment Objective, such that it was expected that full funding on the Technical Provisions basis would be achieved by 31 October 2024.

Collateral Resilience

Following the turmoil in investment markets as a result of the gilt crisis in September and October 2022, several changes were made to the investment policy to ensure a sufficient level of collateral resilience was achieved to support the liability hedging portfolio.

This included capital being raised by trimming the allocation to liquid credit assets and the termination of several asset mandates. In addition, the liability hedge ratios were reduced, and the liability hedging arrangements were restructured to ensure a sufficient level of collateral resilience was achieved. The liability hedge ratios were subsequently increased, albeit not to the levels achieved pre-gilt crisis.

Post the events of the gilt-crisis, it was agreed that a sufficient level of collateral in cash and gilts should be held to withstand rises in interest rates of at least c.400bps. At year-end, the collateral held in cash and gilts were able to withstand rises in interest rates above c.700bps.

Rebalancing Framework

In March 2023, the legacy framework used for rebalancing was amended to reflect the limited scope to realign the allocations following the changes to the investment policies that took place during and after the gilt crisis. In particular, it was agreed that the Scheme would no longer maintain a strategic 'target' allocation and instead, rebalancing decisions would be made based on a qualitative basis. Factors such as expected excess return, tracking against the funding target, and collateral headroom would be considered, and rebalancing decisions made accordingly.

Sustainable Investment, ESG and Stewardship

The Trustee considers sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework. The Trustee has set the following ESG factors representing the Scheme's stewardship priorities:

- Climate Change with a focus on disclosure and reporting;
- Modern Slavery; and
- Diversity and Inclusion.

Whilst the Scheme's investment managers are given full discretion in exercising stewardship obligations relating to the Scheme's investments, they are expected to prioritise stewardship and engagement activities in relation to the Scheme's stewardship priorities. Further detail on the implementation of these priorities is included on the following page.

The Trustee believes that integrating sustainability into its processes and decision making, with a focus on the Scheme's stewardship priorities, should lead to better outcomes for Scheme members, including by helping to manage regulatory and reputational risks. The information below provides some key highlights:

All

Of the managers are signatories to the United Nations Principles of Responsible Investment

(as at May 2023)

7

Out of 9 managers are signatories to the UK Stewardship Code

(as at May 2023)

100%

of the managers are adhering to the Trustee's policies on ESG and engagement, as set out in the SIP

Implementation of the Statement of Investment Principles for year ended 31 March

The table below outlines the policies in the SIP and explains how these have been implemented for the year to 31 March 2023.

Sustainable Investment, ESG and Stewardship

Policy	Implementation
The Scheme Trustee and the JIC consider sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework. *The Scheme Trustee and the JIC believe that integrating sustainable investment into its processes and decision making should lead to better outcomes for Scheme members, including by helping to manage regulatory and reputational risks.* *The JIC's policy is that day-to-day decisions relating to the selection, retention and realisation of Scheme assets are left to the discretion of its investment managers. Furthermore, the JIC expects the investment managers to consider ESG issues and explores these issues with its managers to understand how they exercise these duties in practice and receive reports on how these issues are addressed.* *While the Scheme's investment managers are given full discretion in exercising stewardship obligations relating to the Scheme's investments, they are expected to prioritise stewardship and engagement activities in relation to the following ESG factors, which represent the Scheme's priorities in relation to stewardship:* • *Climate Change with a focus on disclosures & reporting;* • *Modern Slavery; and* • *Diversity & Inclusion.* *If a concern is identified, this will be reported to the JIC and will be considered on a case-by-case basis. If a manager's level of engagement was viewed to be unsatisfactory, this would be escalated in the first instance by the Investment Executive, who would feed back to the manager that their current level and/or depth of engagement was not satisfactory, and encourage them to improve this, taking into account the Scheme's stewardship priorities. If this did not result in an improvement in the level of engagement, the next level of escalation would be for the JIC to voice their dissatisfaction to the manager on their level and/or depth of engagement. If this still did not result in any improvement, the JIC would consider whether the specific circumstances justified the termination of the mandate.* *When considering the appointment of new managers, and reviewing existing managers, the JIC, together with the IE, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.*	The evaluation of how the investment managers identify and manage material ESG risks including climate change, along with the quality of their stewardship activities, form part of the ongoing appraisal of the manager's appointment. In addition, the JIC discuss ESG issues with the investment managers during their annual review meeting. The Trustee has prepared the first TCFD report for the Scheme over the period under review. This detailed report covered five key areas: Governance, Strategy, Scenario Analysis, Risk Management, and Metrics & Targets. As part of the data collection process for the report, a range of ESG metrics were collected across all of the Scheme's mandates. In addition, the Trustee has set a target to increase the number of climate-related engagements over the next 3 years, relative to the baseline set for engagements over the calendar year 2021, by 25%. The IE provide an annual Stewardship & Engagement Report to the JIC with an assessment of the investment managers' ESG policies and how these have been implemented over the year and summarising the engagement and voting activity (where relevant) for each manager to be assessed by the JIC. The IE regularly reviewed the engagement activities of the Scheme's managers through both annual meetings with managers alongside the production of the Stewardship and Engagement report. The Scheme has zero exposure to listed equities and as such no votes have been cast on behalf of the Scheme over the year. The engagement activities of the managers are summarised in the annual Stewardship & Engagement Report.

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