

Annual Chairperson's Statement

For the scheme year ending 30 June 2025

Introduction

Governance requirements apply to defined contribution (DC) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Software AG (UK) Limited Pension and Life Assurance Scheme (Money Purchase Section) (the 'Scheme') are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested (this means the 'default arrangement' and other funds members can select or have assets in, such as self-select funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 July 2024 to 30 June 2025.

Investment Strategy - relating to the Scheme's default investment option

The Scheme is used as a Qualifying Scheme for auto-enrolment. Members who join the Scheme and who do not choose an investment option are placed into the Balanced Risk Lifestyle Strategy (known as the 'default arrangement').

The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. Details of the objectives and the Trustees' policies regarding the default arrangement and governance can be found in a document called the Statement of Investment Principles ('SIP'). The Scheme's SIP was last updated and has been in place since December 2023, when a separate strategy was created for each of the DB & DC sections. The up-to-date SIP for the DC section is included at the end of this document. The DC SIP governs the Trustees' decisions about investments, including aims, policies and objectives for the Scheme's default arrangement. A recent value for member assessment which was carried out in 2025 by the Trustees of the Scheme, found that although the exiting DC arrangement had historically provided good value, a transfer to a Master Trust would deliver stronger long-term value for members. Further details can be found later within the Value for Members Section of this report.

The DC SIP is prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. In particular, the SIP covers the following in relation to the aims and objectives of the default arrangement pertinent to the money purchase (DC) section:

- The Scheme's assets are managed in such a way that they deliver ongoing value for money for the members with long term returns in line with expectations, as measured against agreed benchmarks.
- The Scheme's assets are invested in the best interests of the members and beneficiaries.
- The Trustees exercise their powers of investment, or delegation where these powers have been delegated to an investment manager, in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across major asset classes.
- The Scheme's assets should be invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.
- Investment in derivatives may be made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.
- The Trustees monitor risks arising through the selection or appointment of their investment manager on a regular basis via investment monitoring reports prepared by their professional advisors.
- The Trustees acknowledge that investment returns achieved outside the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher or lower level of risk than indicated.
- The Trustees meet with their investment manager on a regular basis, and at least once a year.
- The Trustees have appointed their investment manager as custodian responsible for arranging the custody and safekeeping of the assets of the Scheme. Where the investment manager holds an interest in a pooled fund, the manager of the pooled fund will be responsible for the appointment and monitoring of the custodian of the fund's assets.
- The custodian is independent of the employer.
- Returns achieved by the investment manager are assessed against performance benchmarks set by the Trustees in consultation with the advisers and investment manager.

The strategy and the performance of the default arrangement are reviewed at least every three years and have recently been reviewed by the Trustees.

For the Scheme Year ending 30 June 2025, the Trustees were satisfied that the default arrangement remained appropriate due to the following procedures which are adhered to and considered:

- The Trustees are aware of their investment powers within the rules of the Scheme and have delegated the fund management function to a specialist investment management group which manages the Scheme assets on their behalf and on behalf of members.
- The investment manager regularly undertakes reviews of the investment options available and will report to the Trustees promptly if it wishes to make any material changes to its investment approach, such as an amendment to the lifestyling strategy in light of changing withdrawal trends.

- The investment options are reviewed periodically by the Trustees, at least once every three years, in conjunction with a review of the investment strategies of the company's other pension Scheme investments.
- The Trustees are aware of the membership profile of the Scheme and have carefully considered the profile in arriving at the investment options they offer. This includes considerations of age, financial awareness, financial engagement and likely retirement strategies.
- The Trustees have been assessing the manner in which members access their funds as a result of the pension freedoms introduced in April 2015 but, given the lack of drawdown function within the Scheme, have elected to defer any changes of strategy pending the outcome of a wider ongoing review of the Scheme.
- The Trustees, in consultation with the appointed investment manager, have considered the DWP guidance on default strategies and have built their approach around this framework.
- The investment manager documented the approach taken in arriving at the default strategy and this report was discussed by the Trustees, and is updated periodically.
- The investment manager is required to review the default strategy on at least an annual basis and report any recommended changes to the Trustees. If any additional guidance is received from the Regulator or DWP, a review will be carried out immediately. This will be led by our pension consultants with final approval by the Trustees.
- The Trustees take advice from the Scheme's appointed professional investment managers. They, in turn are required to demonstrate to the Financial Conduct Authority that the investments they offer are correctly labelled with regard to risk. They have provided written evidence to the Trustees as to the methodology used to arrive at the investment strategies offered to Scheme members.
- The Trustees are aware that there are both deferred and active members of the Scheme, and this information is reported by the Scheme administrator.
- There is no difference in treatment between deferred and active members with regard to charges, or investment approach.
- All scheme decisions are taken with due consideration to both active and deferred members, and the Trustees remain confident that the Scheme therefore operates in the best interest of all members.
- The Trustees ensure that the investment manager is appropriately authorised by the Financial Conduct Authority or any such other appropriate body that may be appointed from time to time by the UK government for the purpose of regulating the UK financial sector.

In addition to the strategy, the Trustees also review the performance of the default arrangement against their aims, objectives and policies on at least an annual basis, in conjunction with the investment manager at Trustee meetings. These discussions are documented in the minutes prepared subsequent to the meeting. Such review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations.

The Scheme's investment manager is required to provide a detailed breakdown of the performance of the default investment strategies against a number of pre-agreed comparators. Any significant or sustained deviation from the expected returns is questioned by the Trustees, with comments included in minutes as appropriate.

After the year end the Trustees worked with the Principal Employer to consider an alternative defined contribution pension arrangement for employees' pension contributions. Following a selection exercise and consultation with employees the Aviva Master Trust was chosen as the new defined contribution scheme for employees. The Trustees received advice from Broadstone that it was appropriate to transfer members' accrued funds to the Aviva Master Trust and the bulk transfer will be completed at the end of January 2026.

Requirements for processing core financial transactions

The Trustees have received assurance from the Scheme's administrator, Courtiers Investment Services, and has taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members and beneficiaries.

The Scheme has a service level agreement (SLA) in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator and the Trustees to help meet the SLA are outlined as follows:

- The employer's Finance Department interacts with the scheme administrator regarding the timely payment of contributions.
- The Trustees have given the Scheme administrator a strict time limit for the investment of Scheme assets (five working days) although the expectation is that funds will be invested on the day of receipt. Any failure to adhere to this time limit must be explained. It also constitutes an internal breach within the Scheme administration firm, i.e. Courtiers. The Trustees expect the employer and Scheme administrator to act promptly to rectify any late payments or investments and to investigate whether any compensation is due to the members. Any such occurrence will be discussed in detail at a Trustee meeting, although remedial action, if required, may be taken beforehand, following discussions with the Trustees.
- The Trustees have also verified the internal procedures of the Scheme's investment managers and are confident that they are robust. The measures taken by the investment manager include daily bank reconciliations as well as regular audits by external accountants.
- Day to day internal administration of the Scheme is delegated to members of Software AG (UK) Limited's HR and Finance teams who liaise with the Scheme administrator on at least a weekly basis.
- The Scheme administrator is provided with a copy of the schedule of payments and will contact the employer directly if contributions are not paid when they fall due. This is reported to the Trustees. The administrator also cross-references each month's contribution against the previous month to identify any anomalies, which would then be raised with the employer.
- The Trustees have also appointed independent auditors to the Scheme and part of their remit is to verify that all core transactions have been completed in a timely manner.
- All other Scheme financial transactions, such as the payment of levies and professional fees, are undertaken by the Finance department under advice from the Scheme administrator.

Member-borne charges and transaction costs

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs.

The stated charges also include any costs, e.g. administration and investment costs, since members incur these costs. These are presented in the tables below.

The Trustees are 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 Scheme's fund managers buy and sell assets within investment funds. **It should be noted that all transaction costs are included within the 0.75% Annual Management Charge (AMC), which applies to all the available investment funds that are borne by the members of the scheme.**

The charges and transaction costs have been supplied by Courtiers Investment Services who are the Scheme's administrator and investment manager. Commentary by the investment manager is given on any changes within the portfolio, during Trustee meetings, and in this way the Trustees are able to see whether Scheme assets are being bought and sold excessively. Any such activity would otherwise be questioned.

Level of charges and transaction costs - Default arrangement

The default arrangement is the Balanced Risk Lifestyle Strategy. The default arrangement has been set up as a lifestyle approach, which means that members assets are automatically moved between different investment funds as they approach their target retirement date. However, this has no bearing on the overall level of charges which are always capped at the Annual Management Charge (AMC) of 0.75%.

The Trustees have taken steps to ensure that the charge applicable to the default arrangement is appropriate and conforms to the regulations concerning automatic enrolment schemes. Specifically, since April 2015, the Trustees have ensured that member funds within the Scheme are subject to the 0.75% regulatory cap and that all future contributions into the default investments will be similarly capped.

The table below shows the impact of the annualised charges of 0.75% on members' fund values from £10,000 to £200,000 for the default arrangement.

Fund Value	Annual Management Charge (AMC %)	Annual Management Charge (AMC £)	Net Fund Value
£10,000	0.75%	£75	£9,925
£50,000	0.75%	£375	£49,625
£100,000	0.75%	£750	£99,250
£200,000	0.75%	£1,500	£198,500

Notes:

- *The monetary amounts for charges are not fixed and will vary according to the fund value.*
- *Transaction costs are included within the 0.75% cap and therefore the member bears no extra cost above this cap.*

Any additional costs are borne directly by the investment manager and are not passed on to members. The member borne charges for the Scheme's default arrangement complied with the charge cap.

Returns are only considered net of charges to ensure that the effect of charges is fully considered. The investment manager is required to report the performance of the investment options to the Trustees at least annually and the performance is considered in accordance with the mandate given to the manager, as well as against a series of indices stipulated by the Trustees. Performance data is also available via a number of publicly accessible online sources.

The Trustees seek to ensure, through regular meetings with the administrator and investment manager, that the default investment option remains appropriate for the membership (see section Default Arrangement above). They also periodically assess the lifestyling method to ensure it remains appropriate for the majority of the members. This remains under close review as a result of the pension freedoms introduced in April 2015. The current strategy targets 'cash'. Additional flexibility is not available directly through this Scheme and so the Trustees have elected to maintain the current lifestyle approach, pending a wider review of the ongoing suitability of the Scheme.

The Scheme's auditors review the investment manager's charging methodology annually to ensure it remains compliant.

Self-select options

In addition to the default arrangement, members also have the option to invest in a number of other self-select funds. The annual charges for these self-select funds over the period covered by this statement are set out in the following table below. **It's important to note that any transactions costs are included within the 0.75% Annual Management Charge (AMC), which applies to all the available investment funds that are borne by the members of the scheme.**

Self-select fund charges

Self-select funds	Annual Management Charge (AMC %)
Total Return Cautious Risk Fund	0.75%
Total Return Balanced Risk Fund	0.75%
Total Return Growth Fund	0.75%
Global Equity Income (ex UK)	0.75%
UK Equity Income	0.75%
Goldman Sachs Sterling Liquid Reserve	0.15%

Annual Management Charges & Transaction costs - Illustration of charges

Over time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges and transaction costs on different investment options in the Scheme.

The illustrations have been prepared in accordance with the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for Trustees and managers of occupational pension schemes' on the projection of an example member's pension savings.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained underneath the following table.

Projected pension pot in today's money						
Years	Fund choices					
	Default arrangement, and equity-based self-selected funds: - Total Return Cautious Risk - Total Return Balanced Risk - Total Return Growth - UK Equity Income - Global Equity (ex UK)		Bond fund: - Global Bond		Money market fund: - Goldman Sachs Sterling Liquid Reserve	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£3,620	£3,600	£3,560	£3,550	£3,530	£3,530
2	£7,350	£7,290	£7,130	£7,070	£7,020	£7,010
3	£11,100	£11,000	£10,600	£10,500	£10,400	£10,400
4	£15,100	£14,900	£14,200	£14,000	£13,800	£13,800
5	£19,200	£18,800	£17,800	£17,400	£17,100	£17,100
6	£23,400	£22,800	£21,300	£20,800	£20,400	£20,300
7	£27,700	£26,900	£24,900	£24,200	£23,700	£23,500
8	£32,100	£31,100	£28,400	£27,600	£26,800	£26,700
9	£36,700	£35,400	£32,000	£30,900	£30,000	£29,800
10	£41,400	£39,800	£35,500	£34,200	£33,100	£32,800
At 65	£294,000	£244,000	£148,000	£127,000	£111,000	£108,000

Notes:

- The figures are only illustrations of what a member could receive in retirement and are by no means guaranteed.
- Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is assumed to be £0.00, since we assume that members will start at age 22 with no prior pension savings.
- The projection is for 43 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- The starting salary is assumed to be £30,000.
- Total contributions (employee plus employer) are assumed to be 12% of salary per year.
- The table above shows the possible effect of product and investment charges on the way members' plans grow, along with the possible effect when all charges are taken.
- The table shows a range of different investment options including the option with the lowest charge, the default option, and the option with the highest charge.
- The figures shown in the 'Before charges' columns indicate the projected value of a typical member's fund after the number of years shown on the left, before any charges.
- The figures shown in the 'After all charges & costs deducted' columns show the projected value after all costs.

- The difference between the two sets of figures is the cumulative effect of the charges.
- Projected pension pot values are shown in today's terms, and so do not need to be further reduced for the effect of future inflation.
- Contributions are assumed to be paid from age 22 to 65 and increase in line with assumed earnings inflation of 2.0% each year.
- The starting pot size is assumed to be £0.00, since we assume that members will start at 22 with no prior pension savings.
- Inflation is assumed to be 2.0% each year.
- The projected mid growth rates for each fund or arrangement are as follows:
 - Default arrangement, and equity-based self-selected range: 2.94% above inflation, gradually reducing to a return of 1.47% below inflation at the ending point of the lifestyle.
 - Bond fund: 0.06% below inflation
 - Money market fund: 1.47% below inflation
- The values quoted are projections and are not guaranteed.
- The actual growth rates could turn out to be less than this and members may get back less than they paid in.

Net Investment Returns

From 1st October 2021, new regulations were implemented requiring trustees of relevant occupational pension schemes to report on the net investment returns for their default arrangements. This also extends to the funds that are available which members can select and where those members were invested in, during the scheme year to 30 June 2025.

The table below shows the performance, net of all charges and transaction costs, of the current default investment strategy, over 1, 3 and 5 years. This has been prepared in line with statutory guidance. For those members being within 9 years away from retirement, each stage of the lifestyling process, shows the net performance for the remaining number of years a member has left until retirement. Over time, the expected performance of the fund will change as the member approaches their selected retirement age.

Life style Strategies	Fund	1 Year Net Annualised Returns to 30 June 2025	3 Year Net Annualised Returns to 30 June 2025	5 Year Net Annualised Returns to 30 June 2025
Growth Phase (until 9 years away from retirement)	Courtiers Total Return Balanced Risk Fund	7.08%	6.43%	8.09%
Balanced Risk Lifestyle Strategy	9 Years to NRD	6.72%	6.08%	7.69%
	8 Years to NRD	6.39%	5.75%	7.31%
	7 Years to NRD	6.06%	5.41%	6.93%
	6 Years to NRD	5.72%	5.08%	6.55%
	5 Years to NRD	5.39%	4.75%	6.18%
	4 Years to NRD	5.25%	4.67%	5.48%
	3 Years to NRD	5.12%	4.58%	4.77%
	2 Years to NRD	4.98%	4.49%	4.05%
	1 Years to NRD	4.85%	4.41%	3.34%
	0 Years to NRD	4.72%	4.32%	2.63%

- Performance has been calculated based on a weighted average of underlying fund performance which make up the lifestyle strategy.
- Performance is shown net of all charges and transaction costs.
- Members are invested in the growth phase, which is in the Courtiers Total Return Balanced Risk Fund, until they are 9 years away from retirement.
- The return during the growth phase is expected to be the same for members who are aged 22 - 55.

The table below shows the performance, net of all charges and transaction costs, for the additional funds in which members can chose to invest in:

Self-Select Investment Funds			
Funds	1 Year Net Annualised Returns to 30 June 2025	3 Year Net Annualised Returns to 30 June 2025	5 Year Net Annualised Returns to 30 June 2025
Cautious	4.50%	3.86%	5.29%
Balanced	6.17%	5.52%	7.18%
Growth	7.71%	7.10%	9.13%
Global Ex UK	8.69%	5.77%	8.10%
UK Equity	15.84%	10.75%	14.75%
Investment Grade Bond	2.99%	2.46%	1.36%

- Performance is shown net of all charges and transaction costs.

Value for Members

Value for Members (VFM) Assessment and Transition of the DC Section for the Scheme Year Ending 30 June 2025

Under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) Regulations 2021, the Trustee is required to assess the extent to which the charges and transaction costs borne by members represent good value. This assessment covers the period 1 July 2024 to 30 June 2025.

During the scheme year, the Trustee undertook its annual review of the value delivered to members of the Defined Contribution (“DC”) section, considering:

- The level of charges and transaction costs paid by members;
- The investment options available and their performance (net of charges);
- Governance, administration quality, and member experience;
- The overall expected long-term retirement outcomes for members.

Following this review, and after taking independent investment and governance advice from Broadstone, the Trustee concluded that while the DC arrangements had historically provided good value, a transfer to the Aviva Master Trust would deliver stronger long-term value for members. The Aviva Master Trust benefits from scale efficiencies, more robust governance oversight, enhanced administration capabilities, improved digital tools, and access to a wider range of well-governed investment options.

Accordingly, the Trustee determined that moving the DC section into a large, authorised master trust offered a materially improved value proposition for members when compared with retaining a small, standalone DC arrangement.

Transfer to the Aviva Master Trust

Following this assessment, and after completion of appropriate due diligence, the Trustee resolved to transfer DC assets and members to the Aviva Master Trust. The transfer was formally completed in January 2026, shortly after the scheme year end to which this statement relates.

As a result:

- Members now benefit from the governance framework, investment scale, and lower charges typical of a large authorised master trust.
- The Trustee is satisfied that the transfer represents a significant enhancement in long-term value for members, consistent with regulatory expectations around consolidation of smaller DC arrangements.

Conclusion of the VFM Assessment

For the scheme year ending 30 June 2025, the Trustee concludes that:

- The DC arrangements provided reasonable value during the period under review;
- However, the long-term value for members will be substantially improved through participation in the Aviva Master Trust;
- With the transfer now completed, ongoing VFM assessments for DC benefits will fall under the governance structure of the Aviva Master Trust.

The Trustee believes this outcome is in the best financial interests of all affected members.

Trustee knowledge and understanding

The Scheme's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles (SIP) and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally.
- Have, to the degree that is appropriate for the purpose of enabling the individual properly to exercise his or her functions as Trustee, knowledge and understanding of the law relating to pension and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding of the Scheme. During the Scheme Year, the Trustees' approach to meeting the requirements are set out below:

- During the regular meetings throughout the year trustee's knowledge has increased in relation to the scheme. These areas include increased awareness and understanding of pension freedoms on the scheme, consideration of initiatives and releases from The Pensions Regulator, HMRC, the Department for Work and Pensions, as well as regular updates from the Scheme's investment Managers, Actuary, Legal and Governance professionals.
- They have appointed professional trustees for their expertise, knowledge and experience in managing a Hybrid Pension Scheme, to help the scheme achieve its defined goals and objectives.
- All the Trustees are familiar with and have access to copies of the current Scheme governing documentation, including the Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures. In particular, the Trustees refer to the Trust Deed and Rules as part of considering any Scheme Changes and deciding individual member cases. The SIP is formally reviewed at least every three years and as part of making any changes to the Scheme's investments. The last formal review of the SIP took place and was updated in December 2023.

The Trustees are required to commit to completing regular training, either at the relevant meetings or by personal study. Training sessions are provided and are run by their advisers. All the Trustees have completed or are in the process of completing the Trustee Toolkit which is a free online learning program from the Pensions Regulator aimed at Trustees of occupational pension schemes. It is designed to help Trustees meet the minimum level of knowledge and understanding required by law.

Other training relates to topical items or specific issues under consideration which occur during the scheme year. Trustees also proactively keep up to date with regulatory updates from the Pensions Regulator. Additionally, the Scheme has in place a structured 'induction' process for new Trustees who are assisted with building their knowledge by attending induction training sessions which are run by their advisers. This covers introducing them to the Trustee toolkit and being presented with the appropriate Scheme documentation.

Some of the Trustees are long-serving, having worked together for many years. All Trustees have a good level of experience in business, within a professional setting. Each of the Trustees have complimentary skillsets, working in different departments within the organisation, contributing overall to the Trustees broader level of experience.

All the Trustees have established a good working knowledge of; the workings of the main Scheme documents including the rules, Trust Deed, Scheme Booklet and Statement of Investment Principles, regulations around pensions and responsibilities required of Trustees. Scheme documents are reviewed periodically by the Trustees and their advisers to ensure they remain up-to-date and reflect any regulatory changes.

The Trustees have appointed independent pension advisers and legal advisers to the Scheme to provide support and advice where necessary. The pension advisers are fully qualified and authorised to advise on pension matters having passed all of the relevant professional examinations. The legal advisers have been selected on the basis of having a strong pension specialism. The Trustees receive advice on regulatory and legal changes to pension scheme trusteeship and operation.

The Trustees are aware of their requirement to notify the Chair of any circumstance which could give rise to them being unable to continue with their Trustee duties. All Trustees are carefully vetted before appointment.

The Trustees' combination of their knowledge, experience and understanding enabled them to properly exercise their duties during the period covered by this Statement with the support of their external advisers.

Signed for and on behalf of the Trustees

The Software AG (UK) Limited Pension and Life Assurance Scheme

(the “Scheme”)

Statement of Investment Principles For DC Sections

(the “Statement”)

Software AG (UK) Limited Pension & Life Assurance Scheme

Defined Contribution Section

Statement of Investment Principles ("Statement")

Introduction

This Statement has been prepared by the Trustees of the Software AG (UK) Limited Pension & Life Assurance Scheme (the "Scheme"). The Scheme comprises a Final Salary ([Defined Benefit) Section and a Money Purchase (Defined Contribution) Section. This Statement focuses on the Defined Contribution (DC) Section. The Trustees of the Scheme ("Trustees") have prepared a separate Statement for the Defined Benefit (DB) Section of the Scheme.

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 and the Occupational Pension Scheme (Investment) Regulations 2005, as amended. The effective date of this Statement is 23rd November 2023.

The Trustees are responsible for the investment strategy of the Scheme. In preparing this document, the Trustees have consulted the Principal Employer and have obtained written advice from the Scheme's Investment Consultant.

The Trustees will review this Statement at least every three years and without delay after any significant change in investment policy.

Supporting Professionals

The Trustees have appointed professional bodies to assist with the management of specific aspects of the Scheme including Investment Managers, Lawyers and Actuaries. The fitness and propriety of these advisory bodies is assessed regularly.

The Trustees determine the overall investment strategy for the Scheme but have chosen to delegate the implementation of the Scheme investment strategy and day-to-day management of the Scheme investments to Courtiers Investment Services Limited ("Courtiers") In accordance with the Financial Services and Markets Act 2000. Courtiers acts as the Scheme's Investment Manager and Investment Consultant. Courtiers is authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to Courtiers and is available to the members of the Scheme via the Employer's website or directly upon request.

The Trustees are involved in all key decisions around investment strategy, risk and planning. Decisions as to the wider investment strategy will be taken by the Trustees only when quorate or by a resolution signed by all Trustees. This does not include investment decisions taken by the Trustees' appointed Investment Managers acting within the scope of the mandate supplied to them.

Investment Governance

The Trustees' primary role is to act in the best interests of the Scheme members. The Trustees have ultimate responsibility for decision-making on investment matters and monitoring compliance with this Statement.

The Trustees take strategic investment decisions as a trustee body, with guidance from their Investment Consultant. Strategic investment decisions include, but are not limited to asset allocation, investment risk management and manager selection.

Decisions affecting the Scheme's investment strategy are taken in consultation with the Principal Employer and with appropriate advice from the Investment Consultant and, where appropriate, the Trustees' other advisers.

When investing in a pooled investment vehicle, the Trustees will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives.

Objectives

The Trustees have set the following primary objectives with regard to the Defined Contribution Section:

- To make available a range of investment options so members can choose an investment strategy tailored to their personal investment needs, investment risk profile, and preferred retirement option;
- To encourage members to seek financial advice from an appropriate person in determining the profile of their own investments;
- To consider the interaction of the DC Section and the DB Section in respect of retirement benefits;
- To regularly review the suitability of the options provided, including the default fund, and to make changes when appropriate;
- "Value for money": To ensure that the Scheme's assets are managed in such a way that they deliver ongoing value for money for the members with long term returns in line with expectations, as measured against agreed benchmarks.

Default Arrangement

The DC Section is a qualifying scheme for auto-enrolment purposes and so must have a Default Arrangement that meets the requirements set out under UK Government legislation.

It should be easy to become a member of the Plan and start building retirement benefits without the need to make any investment decisions.

A majority of the DC Section's members are considered to have broadly similar investment needs.

The Default Arrangement should provide a suitable investment strategy to help deliver good member outcomes at retirement.

The Trustees believes that it is in the best interests of most members to offer a Default Arrangement that:

- Manages the main investment risks members face during their membership of the Plan;
- Gives good member outcomes at retirement by maximising investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices; and
- Reflects members' benefit options at retirement.

Expected Return

The funds in the DC Section are expected to achieve returns in line with their respective performance objectives.

The funds in which members invest are pooled funds, which the Trustees believe are appropriate given the size and nature of the Plan.

The objective of the pooled funds is to achieve an attractive real return over the long term. The objective of the lifestyle profile for the default arrangement is to provide for the payment of the tax-free lump sum on retirement and to facilitate the transfer of scheme assets to another arrangement if members wish to buy an annuity or use their retirement benefits flexibly.

Returns achieved by the Investment Manager are assessed against performance benchmarks set by the Trustees in consultation with the advisers and Investment Manager.

Additional Voluntary Contributions ("AVCs")

Under the terms of the Trust Deed, the Trustee are responsible for the investment of AVCs paid by members. The DC Section is currently used to receive AVCs. The Trustees have agreed that the investment selection options for AVCs shall be the same as they are for regular contributions to the DC Section.

Other investment options

In addition to the default arrangements, the Plan offers members a choice of investment options because:

- While the default arrangements are intended to meet the needs of a majority of the Plan's members, they may not meet the needs of all members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs may change during their working lives; and
- Some members will want to be more closely involved in choosing where their contributions are invested.

Realisation of Investments

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. The majority of the assets are held in pooled funds which are realisable at short notice through sale on liquid and regulated markets.

Investment Selection

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustees' investment strategy is set out in Appendix A.

The Trustees exercise their powers of investment, or powers of delegation where these powers have been delegated to an Investment Manager, in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across major asset classes.

The assets of the Scheme should be invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives may be made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Investment Risk

The Trustee believes that the principal investment risks most members will face are:

Inflation risk: Investment returns over members' working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits. Further from retirement, this risk should be countered by investing in funds which are expected to produce returns in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face.

Benefit conversion risk: Investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits. For members taking cash at retirement, funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of capital security.

Volatility/Market risk: Falls in fund values prior to retirement lead to a reduction in retirement benefits. Funds investing in bonds or a mix of assets or investment techniques may be expected to be subject to lower levels of short-term fluctuation and reduction in values.

Other investment risks

The Trustee has considered the other investment risks members may encounter. These include:

- The risk that an investment manager will not deliver investment returns in line with the target for the fund, investment markets generally or other investment managers.
- The risk that funds which invest in more illiquid assets will not be able to accept investments or disinvestments requested by the Trustee and/or members.
- The risk that counterparties holding derivative based assets may default leading to a reduction in the value of a fund.

- Interest rate risk - the value of funds which invest in bonds will be affected by changes in interest rates.
- Default risk - for bond funds (where money is lent in return for the payment of interest), the company or government borrowing money fails to pay the interest due or repay the loan.
- The risk that environmental, social and corporate governance (ESG) issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
- The risk that climate change causes a material deterioration in asset values due to factors including, but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

Custody

The Trustees have appointed their Investment Manager as custodian responsible for arranging the custody and safekeeping of the assets of the Scheme. Where the Investment Manager holds an interest in a pooled fund, the manager of the pooled fund will be responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodian is independent of the Employer.

ESG - Environmental, Social & Governance Considerations

Whilst relatively modest in size, the Trustees recognise that the capital held within the Scheme has the power to make a positive impact when invested in the right way, having due regard to environmental, social and governance ('ESG') considerations. This should be a virtuous circle since the Trustees believe that investing in a responsible way might also deliver improved returns in the long run. For example, the Trustees believe that climate change is likely to become a bigger issue for society in future and companies that make a positive impact on the environment could benefit over those that do not.

Given the long-term nature of the Scheme, ESG factors are given due consideration at the initiation of an investment position by the Investment Manager. ESG factors are considered via analyst review in conjunction with data provided by a third-party. The Investment Manager maintains there are no specific exclusions applied to the pooled multi-asset funds however due regard will be given to reduce ESG Risk. On the condition that a company is looking to be proactive with regard to their management of ESG factors, a position will not be rejected from inclusion within the funds.

The ESG Risk Scores of the underlying holdings and the amalgamated fund score are monitored on a monthly basis by the Investment Manager.

Set out below is the Scheme's specific ESG Policy, including how the Trustees think about climate change, the exercise of ownership rights and the extent to which non-financial matters are taken into consideration when selecting, retaining and realising investments.

ESG Policy

The Trustees of the Scheme share the same values as the Employer's parent company.

Software AG is convinced that innovative technology developments always offer an opportunity to increase efficiency and conserve resources. This, in turn, has a positive effect on the environmental balance. As an IT company, Software AG wants to help reduce its carbon footprint by focusing on cutting its own energy consumption and using renewable energies.

As set out in its Environmental Policy, the Employer's own approach consists of:

- Compliance with the requirements of legislation and approved codes of practice.
- A common sense approach to the environment.
- Taking action where this is appropriate.
- Become involved, to help make a difference.

The Employer's active approach includes; encouraging the use of greener transport methods, engagement with the local community, energy conservation, efficient use of water, recycling and raising awareness. The Policy outlines the Employer's commitment to considering the environmental impact of its operational activities and ensure it manages them effectively.

In keeping with these principles, the Trustees believe that:

- Climate change is a long-term risk that might have a long-term impact on a wide range of investments over time.
- The Scheme's investments should be selected with a long-term investment horizon in mind.
- Active corporate governance can add value to companies and improve investment returns associated with investments in such businesses.
- Investment strategies should be implemented with due regard to the costs associated with those investments.
- Sustainability should be considered, wherever possible, as part of the wider investment decisions.
- The Trustees will delegate the implementation of any ESG strategy to the Investment Manager and will require annual updates from the Investment Manager as to their policies.
- Investment Managers will only be selected where they share the Trustees' beliefs and are able to deliver appropriate investment strategies. The Trustees believe that the Investment Managers are better qualified to assess sustainability and ESG considerations than the Trustees.
- Given that the Trustees have a fiduciary duty to ensure sufficient returns from the Scheme's investments to meet the Scheme's liabilities as they fall due, the primary focus of the Investment Manager should always be the delivery of those investment returns. The Trustees believe, however, that positive ESG and sustainability actions are likely to help, rather than hinder, the delivery of the long-term objectives of the Scheme.

Stewardship (engagement and exercising voting rights)

The Trustees are not equipped to vote or engage individually with the companies in which they invest through their Investment Manager. They also recognise that by investing via pooled funds they are unable to directly influence the underlying securities in which their Investment Manager invests.

However, portfolio managers are expected to engage and influence the companies in which they invest including exercising their right to vote on matters relating to performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact, and corporate governance. The Trustees recognise the importance of their role in relation to stewardship.

The Trustees expect managers to report fully on such stewardship activity and the Trustees engage with and monitor pooled fund managers, with respect to, for example, conflicts of interest and performance. This is primarily carried out via the Trustees' investment adviser, who provides analysis and advice to the Trustees.


The Trustees have delegated decision making regarding the exercising of voting rights, where available, to the Investment Manager. However, the Trustees have indicated to the Investment Manager that voting rights should be exercised, whenever possible, to help promote good practices in keeping with the policies outlined in this Statement. The Investment Manager should also vote according to the best practices laid out in the Financial Reporting Council's UK Stewardship Code.

The Trustees may ask the Investment Manager for proof of voting activity from time to time, as well as details of any direct engagement with companies.

The Trustees will seek the views of members of the Scheme from time to time via surveys sent out with annual statements or other communications and will work to incorporate these views into future policies.

This Statement will be reviewed regularly and at least every three years.

Signed on behalf of the Trustees by



Name: Timothy Fox as Chair of the Board of Trustees

Date: 5th December 2023

Appendix 1 to Statement of Investment Principles

Investment Strategy

This Appendix sets out the Trustees' investment strategy for the DC Section, and is supplementary to the Trustees' Statement of Investment Principles for the DC Section (the "attached Statement").

The Trustees' investment strategy has been established to maximise the likelihood of achieving the primary objectives set out in the attached Statement.

The Trustees will offer a sufficient fund range to satisfy the risk and targeted return requirements reasonable for most members. The Trustees have in place a range of investment options that they believe will allow members to strike appropriate balances between long-term needs for capital growth and shorter-term volatility of returns, especially in the period approaching retirement.

The default investment is a Balanced Risk Lifestyle Strategy which will move members' accrued funds into lower risk investments as retirement approaches. The Balanced Risk Lifestyle Strategy should be suitable for members with an average investment risk profile. Other investment options are available through Courtiers on a self-select basis to meet alternative investment requirements.

The objectives of the self-select fund range is to provide a broader choice of levels of investment risk and return but is not expected to cover all the investment needs of all members.

The lifestyle strategies and the self-select fund range offered will be reviewed from time to time by the Trustees to take account of changes in considerations such as the membership profile and experience, the likely sizes of pension pots at retirement, the level of income in retirement that members are likely to need, legislation and regulations, and developments in investment products.

Asset Allocation

Courtiers Balanced Lifestyle Strategy: Targeting Cash

