NCR (SCOTLAND) PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

September 2024

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1. INTRODUCTION

The Trustee of the NCR (Scotland) Pension Plan (the "Plan") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 ("the Act"), as amended by the Pensions Act 2004 and subsequent Regulations. As required under the Act the Trustee has consulted a suitably qualified person in obtaining written advice on the composition of this Statement from Aon Investments Limited (the "investment adviser"). The Trustee, in preparing this Statement, has also consulted the sponsoring Company in particular on the Trustee's objectives.

The Plan operates both defined benefit and defined contribution sections, which are dealt with separately within this Statement.

A DEFINED BENEFIT SECTION

2. OVERALL POLICY INVESTMENT OBJECTIVES AND RISK

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustee acting on expert advice supplied by the investment adviser and is driven by the Trustee's investment objectives as set out below.

The remaining elements of policy are part of the day to day management of the assets which is delegated to professional investment managers and described in Section 3.

2.1 Investment Objectives

To guide them in their strategic management of the assets and control of the various risks (main risks outlined in section 2.2) to which the defined benefit element of the Plan is exposed, the Trustee has adopted the following:

- The Trustee's overall investment policy is to maximise the return on the investments subject to an acceptable level of risk which, over the long term, is expected to satisfy the long term rate of return assumption used in determining the level of funding necessary to meet members' benefits.

2.2 Risk Measurement and Management

There are various risks to which any pension scheme is exposed. Outlined below are the risks considered by the Trustee, together with the measures taken to manage these risks:

- The risk of a deterioration in the Plan's funding level which may arise through a mismatch between the Plan's assets and the liabilities.

This risk is managed by the introduction of a Liability Driven Investment (LDI) portfolio which aims to minimise the mismatch between the assets and liabilities.

- The risk of a shortfall of assets relative to the liabilities as determined if the Plan were to wind up.

This risk is managed as far as practicable, by both the introduction of the LDI strategy, and the agreement of an appropriate funding plan to meet the deficit. The Trustee accepts, however, that this risk remains and hence rely on the Company covenant – this is also monitored and its strength will impact the funding plan agreed with the Company.

- The risk that in the day to day management of the assets, the investment manager will not achieve the rate of investment return expected by the Trustee.

The Trustee recognises that the use of active investment managers involves such risks and has therefore appointed a combination of investment organisations with different investment styles to mitigate the chance of underperformance for the Plan as a whole.

- The risk associated with equity market concentration

To manage this risk, the Trustee invests across a wide range of geographies, and in companies of a range of sizes.

- Credit risk within the bond portfolio

Credit risk is mitigated due to a large proportion of the portfolio being invested in Investment Grade bonds. The portfolio is invested across a range of diverse issuers and geographies. Finally, active management allows the manager to manage default risk.

In addition, each investment manager has agreed a set of restrictions that govern the management of its portfolio. The purpose of the restrictions is to limit the risks from each individual investment and to prevent unsuitable investment activity.

The Trustee has a written agreement in place with the custodian, which provides reasonable assurances as to the physical security of the Plan's assets.

The Trustee monitors these risks on a regular basis and will consider new risks that may emerge from time to time.

2.3 Investment Strategy

The agreed strategic asset allocation for the Plan is as follows:

Asset Class	Benchmark Allocation	Benchmark Ranges
Liability Driven Investment Portfolio	50%	40%-60%
Buy and Hold Corporate Bond Portfolio	15%	10%-20%
Corporate Bond Portfolio	10%	5%-15%
Multi Asset Credit Portfolio	15%	10%-20%
Global Equities	10%	5%-15%
Total	100%	-

In determining the benchmark asset allocation, the Trustee and its advisers used a combination of deterministic and stochastic asset liability modelling. This modelling considered multiple scenarios and their impact on the Plan's liabilities (based on a low risk target), assets and expected funding level. In setting the mix between growth assets and matching assets, the Trustee has made the following broad assumptions on expected returns:

- For the "matching" assets (liability driven investment, buy and hold corporate bond portfolio and corporate bond portfolio) to achieve a rate of return which is broadly in line with changes in the value of the Plan's low risk target liabilities:
- For the "growth" assets (global equities and a multi asset credit fund), to achieve a return which exceeds that of the matching assets. In so doing the Trustee is willing to incur short-term volatility in "growth" asset price behaviour.

The development of the investment strategy incorporated an analysis of the individual risks the Plan is exposed to and the probability of achieving the low risk funding target within the recovery period. In setting the investment strategy, the Trustee has taken into account the funding position of the Plan and the financial status of the Company. The Trustee has determined a benchmark mix of asset types and ranges within which the investment managers may operate with discretion; these guidelines are set out in the investment management agreements with each manager. The Trustee believes that the resulting asset mix is currently appropriate for controlling the risks identified in section 2.2.

3. DAY- TO- DAY MANAGEMENT OF THE ASSETS

3.1 Main Assets

The Plan's assets are invested in the following managers and strategies:

Manager	Asset Class (Role)	Benchmark Allocation	Benchmark Index
Insight Investment Management (Global) Limited	Liability Driven Investment (Passive)	50%	Bespoke benchmark to hedge 95% of the interest rate and inflation sensitivity of the Plan's estimated solvency liabilities.
PIMCO Europe Limited (Segregated)	Buy, Hold and Maintain Corporate Bonds	15%	N/A
PIMCO Europe Limited (Pooled)	Corporate Bonds (Active)	10%	Bank of America ML Sterling Non-Gilts 10+ Index
BlueBay Asset Management LLP	Multi Asset Credit (Active)	15%	N/A
BlackRock Advisors (UK) Limited (Pooled)	Global Equities (Passive)	10%	Bespoke benchmark (see below)
Total		**100%**	**Composite Benchmark**

Investment Performance Benchmark:

The defined benefit section's performance is measured against the composite benchmark set out above.

The Trustee employs more than one manager to add value at the total fund level, whilst reducing the risk to the Plan as a whole should one manager underperform.

The individual managers' investment guidelines, benchmarks and performance objectives are set out overleaf. The Trustee takes all reasonable steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Plan's investments and that they are carrying out their work competently. To facilitate this, the Trustee meets regularly with the investment managers and receives regular reports from all the investment managers.

3.2 AVCs

Prudential are responsible for the management of the Plan's AVC arrangement, assets are invested in the Prudential With Profits Fund. With Profits funds build their value from annual bonuses paid by the provider. Future bonuses are not usually guaranteed but cannot be removed once applied.

Insight Investment Management (Global) Limited

Role	Asset Class	Benchmark Allocation	Benchmark Index
Passive	Liability Driven Investment	100.0%	Bespoke benchmark to hedge the interest rate and inflation sensitivity of the Plan's estimated solvency liabilities.

The Trustee's overall objective is for the Plan's matching assets consisting of Insight and PIMCO to hedge 95% of the interest rate and inflation sensitivity of the Plan's estimated solvency liabilities.

PIMCO Europe Limited (Segregated)

Role	Asset Class	Benchmark Allocation	Benchmark Index
Active	Buy, Hold and Maintain Corporate Bonds	100.0%	N/A

The performance objective is to match a defined proportion of the pensioner cashflows until 2033.

PIMCO Europe Limited (Pooled)

Role	Asset Class	Benchmark Allocation	Benchmark Index
Active	Corporate Bonds	100.0%	Bank of America ML Sterling Non-Gilts 10+ Index

The performance objective is to exceed the benchmark by 0.75% to 1.25% per annum gross of fees with a tracking error of 1.50% to 2.50% per annum.

BlueBay Asset Management LLP

Role	Asset Class	Benchmark Allocation	Benchmark Index
Active	Multi Asset Credit	100.0%	N/A*

The performance objective is to generate an absolute return of cash plus 4-6% p.a. over a market cycle, gross of management fees.

*Whilst this fund has no formal benchmark, the Trustee measures performance relative to a global credit index.

BlackRock Advisors (UK) Limited Global Equity Portfolio

Bespoke benchmark derived from the following benchmark holding:

Fund	Benchmark Allocation	Benchmark Index
Aquila Life UK Equity Index Fund	4%	FTSE All Share Index
Aquila Life World ex-UK Equity Index Fund	48%	FTSE All World Developed ex-UK Index
Aquila Life Currency Hedged World ex-UK Equity Index Fund	48%	95% of aggregate GBP hedged return of FTSE All World Developed ex-UK plus 5% of aggregate unhedged return of FTSE All World Developed ex-UK
Total	100%	Bespoke Benchmark

BlackRock aim to review the Global Equity portfolio on a daily basis and rebalance on the next available dealing day if any asset category moves beyond 1.5% either side of benchmark allocation

The performance objective for each component fund is to track its benchmark index to within 0.5% per annum.

B DEFINED CONTRIBUTION SECTION

4. INVESTMENT OBJECTIVES, RISK, ETC

4.1 Investment Objectives

The Trustee has considered its objectives for the defined contribution element of the Plan and adopted the following:

“To offer a range of strategies appropriate for members to meet their investment objectives, the Trustee provides a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement".

4.2 Investment Strategy

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from the Trustee's investment advisers. In choosing the Plan's investment options, it is the Trustee's policy to consider:

- A wide range of asset classes.
- The suitability of each asset class for a defined contribution plan.
- The need for appropriate diversification of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.

The Trustee considers the characteristics of various member cohorts, and the potential differences between these in relation to attitude to risk.

The investment options for members of the defined contribution section of the Plan comprise three lifestyle options and eleven freestyle options. The lifestyle options give a choice of target ‘at retirement’ investment strategy, to allow members to select a strategy in line with how they plan to take their benefits at retirement:

- Drawdown (the default investment option for all members, including those with the No Worse Off Guarantee)
- Cash
- Annuity

The Trustee does not allow members to have simultaneous investments in both lifestyle and freestyle strategies. A member must either invest in one of the lifestyle options or solely in freestyle funds.

Default Investment Option ("DIO")

The Flexible Drawdown Lifestyle Strategy has been chosen as the default strategy for member assets. The Trustee expects that, based on analysis of the membership, and in particular the projected value of members’ funds at retirement, that many will look to leave their savings invested.

The Trustee also considers the Aegon BlackRock Dynamic Allocation Fund (‘the BlackRock DAF’) to be a default arrangement. At the time of closing the Medium Horizon and Intermediate Horizon funds, those members who could not be moved to the Default Investment Option (as a result of also holding other freestyle funds) had their holdings in the closing funds moved to the BlackRock DAF without their expressed consent. The Trustee selected the BlackRock DAF as having an appropriate diversified asset allocation strategy for these members, given their prior freestyle selection. The Trustee will review the investment strategy and performance of this Fund when it conducts investment strategy reviews for the Default Investment Option.

All investment options are communicated clearly to members. Members are free to change their investment option.

Ongoing monitoring and review

The Trustee has a policy in place to review the component funds within both the lifestyle and freestyle funds on an on-going basis. Where it is deemed that a manager or fund is no longer appropriate, the Trustee has operational procedures to remove and replace the manager or fund from the fund range. To support this process, the Trustee has created a number of blended 'white labelled' bespoke funds, created specifically for the Plan, where the Trustee has control over both the asset allocation and the selection of underlying component funds. These allow the replacement of underperforming managers or funds to be carried out in a timely manner to the benefit of members.

4.3 Risk

The Trustee has considered risk from a number of perspectives. These are:

- The risk of the lifestyle options being unsuitable for the requirements of some members.
- The risk that low investment returns over members' working lives secure inadequate benefits.
- The risk that the level of investment return over members' working lives will not keep pace with inflation and will not, therefore, secure an adequate retirement benefit.
- The risk that unfavourable market movements in the years prior to retirement may lead to substantial reductions in benefits secured.
- The risk that in the day to day management of the assets, the investment manager will not achieve the rate of investment return expected. The Trustee recognises that the use of active investment managers involves such a risk and has therefore appointed largely passive equity and fixed income managers, with active management only employed where the Trustee believes this to be beneficial in terms of expected return and / or risk.
- The risk of being unable to sell assets, or being forced to sell investments to pay benefits in unfavourable financial market conditions ("illiquidity risk").
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced to carry out delegated functions.

The Trustee considers the impact of financial risks as an integral part of determining the investment strategies it should make available to members. In particular, the Trustee has designed the Lifestyle Strategies, after taking investment advice, to focus on "growth" assets when members are a long time from retirement. The Lifestyle Strategies then reduce investment risk in the final 8 years towards a target "at retirement" strategy that is appropriate for how a member is expected to take their retirement benefits.

The Trustee measures financial risk through its quarterly monitoring of asset and manager performance and its triennial reviews of investment strategy.

4.4 Illiquid Investments held in the Default Investment Option

The Trustee does not currently hold any illiquid investment on behalf of DC members in the default investment strategy.

The Trustee does not have any specific concern with illiquid investments. However, at this time, they believe the current assets utilised reflect the optimal mix for members at each stage of the default lifestyle, in terms of expected risk, expected return and expected diversification.

The Trustee would be willing to consider illiquid investments in the future. This is a consideration that would form part of any future review of investment strategy or selection of investment manager.

4.5 Range of Funds

The Trustee offers a selection of three lifestyle strategies and eleven freestyle funds using a combination of passive and actively managed funds.

5. LIFESTYLE OPTIONS

The Trustee offers three lifestyle options:

- Flexible Drawdown Lifestyle Strategy. This option is designed for members planning to access their retirement savings using a "drawdown" approach.
- Cash Lifestyle Strategy. This option is designed for members planning to access their retirement savings as a cash lump sum.
- Annuity Lifestyle Strategy. This option is designed for members planning to access their retirement savings by purchasing an annuity.

The asset allocation for the three lifestyle strategies, and how this changes with term to retirement, is shown in the Appendix.

The lifestyle options will be reviewed at least every three years. The automatic switches within the lifestyle options are based on the term to the Plan's normal retirement age or (if different) the member's selected retirement age. It is therefore important that members ensure their Plan retirement date is consistent with their intentions.

The lifestyle options use a combination of the underlying funds in the table below:

Lifestyle Funds

Fund name	Benchmark	Target	Underlying Funds
NCR Growth Fund	MSCI World ESG Focus Low Carbon Screened Index – 75.0% MSCI World NET TR in GBP Index – 10.0% MSCI Global Emerging Markets Index – 7.5% MSCI Emerging Markets Index (net TR) – 7.5%	To track the benchmark to within a reasonable level of tolerance	BlackRock World ESG Tracker Fund (37.5%) BlackRock World ESG Tracker Fund (hedged) (37.5%) Aon Global Impact (10.0%) Aegon BlackRock Emerging Markets Equity Index (7.5%) Schroders Emerging Markets Fund (7.5%)
Aegon BlackRock Dynamic Allocation Fund	Bank of England Base Rate	Benchmark + 3.5% pa	n/a
NCR Bond Fund	50% iBoxx £ Non-Gilts Index 16.67% Bloomberg Global Aggregate Corporate GBP Hedged Index 16.66% ICE BofAML European Currency High Yield Constrained Index 16.66% J.P. Morgan EMBI ESG Global Diversified GBP Hedged Index	To track the benchmark to within a reasonable level of tolerance	Aegon BlackRock Corporate Bond All-Stocks Index (50%) Aegon BlackRock Systematic Multi Allocation Credit Fund (50%)
Aegon BlackRock Up to 5 year Index Linked Gilt Index Fund	FTSE Actuaries Up to 5 Year Index Linked Gilt Index	To track the benchmark to within a reasonable level of tolerance	n/a
Aegon BlackRock Index Linked Gilt Index Fund	FTSE Actuaries Over 5 Year Index Linked Gilt Index	To track the benchmark to within a reasonable level of tolerance	n/a

Aegon BlackRock Cash Fund	Sterling Over Night Index Average	To track the benchmark to within a reasonable level of tolerance	n/a

6. FREESTYLE FUND RANGE

The Freestyle option allows members to choose how their money is invested from a range of different funds. The Plan offers eleven freestyle funds. The benchmark asset allocation for the white labelled NCR Growth Fund and NCR Bond Fund are detailed in the table above. The NCR Growth Fund comprises 100% of the growth phase of the three lifestyle strategies.

- NCR Growth Fund
- NCR Bond Fund
- Aon Managed Global Impact Fund
- Aegon BlackRock World ESG Equity Tracker Index
- Aegon BlackRock Up to 5 Years Index-Linked Gilt Index
- Aegon BlackRock Index-Linked Gilt Fund
- Aegon BlackRock Corporate Bond All-Stocks Index
- Aegon BlackRock Dynamic Allocation Fund
- Aegon Property Fund
- Aegon BlackRock Cash Fund
- HSBC Islamic Global Equity Index

C Defined Benefit and Defined Contribution Sections

7. MISCELLANEOUS

7.1 Environmental, Social and Governance ("ESG") and Climate Change Risks

There is a risk that ESG issues and climate change are not considered as part of the investment process and so may expose the portfolio to unexpected risks. This can lead to losses that may not have been factored into any expectations of future investment returns. With support from their investment adviser, the Trustee has considered financially material factors such as environmental, social and governance ("ESG") issues in the selection, retention and realisation of investments. The Trustee believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest most of the Plan's assets through pooled funds. The Trustee acknowledges that it cannot directly set the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its investment managers and investment adviser to take account of financially material considerations when carrying out their respective roles. In the case of the segregated buy, hold and maintain corporate bond DB mandate with PIMCO, the Trustee can directly influence the ESG policies and will consider the extent to which it aligns with the Trustee's policies.

The consideration of ethical matters in the investment process is delegated to the respective investment managers.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the Trustee's investment adviser.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors, including climate change, could impact the Plan and its investments;
- Use ESG ratings information provided by its investment adviser, to assess how the Plan's investment managers take account of ESG issues; and
- Request that all the Plan's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

7.2 Non-financially Material Considerations

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

7.3 Stewardship

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf. The Trustee thinks this is the most appropriate approach having regard to the best financial interests of the Plan and its beneficiaries.

The Trustees accept responsibility for how managers engage and vote on their behalf in line with their respective stewardship policies.

The Trustee will review the investment managers' voting policies and decide if they are appropriate.

The Plan's active investment managers should engage with companies on concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of conflicts of interest. The Plan's passive investment managers should also engage with companies on these concerns, where feasible, and taking a propionate approach which reflects the managers' collective holdings. The Trustee believes this will be beneficial to the financial interests of members over the long term.

If the policies or level of engagement are not appropriate, the Trustee will engage with the investment manager(s), with the help of its investment adviser, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

7.4 Investment Manager Arrangements

The Trustee recognises that arrangements with their investment managers are important to ensure that interests are aligned. The Trustee seeks to ensure that the investment managers are incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.

The Trustee takes advice from the investment adviser who regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- Make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- Engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Incentives to align investment managers investment strategy and decisions with the Trustee's policies

The Plan invests mostly in pooled funds and so the Trustee acknowledges the fund's investment strategy and decisions cannot be tailored to the Trustee's policies. In the case of the segregated buy, hold and maintain corporate bond DB mandate, it can be tailored to the Trustee's policies. The Trustee sets its investment strategy and then selects managers that best suits its strategy taking into account the fees being charged, which acts as the investment managers incentive.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies.

The Trustee receives regular reports and verbal updates from the investment adviser on various items relating to the appointed investment managers, including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives and assess the investment managers over the long-term.

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustee selects managers based on a variety of factors including investment philosophy, and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers voting and ESG policies and how it engages with the company as it believes that these can factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the investment managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustee expects their managers to make every effort to engage with investee companies but acknowledges that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustee has put in place these monitoring processes to incentivise managers accordingly in the expectation that those companies with better financial and non-financial performance over the long term will lead to better returns for the Plan.

The Trustee believes the annual fees paid to the investment managers incentivise them to do this.

If the Trustee believes that the investment managers are not adequately assessing financial and non-financial performance nor adequately engaging with the companies they are investing in, it will typically first engage with the manager, but may ultimately use these factors in deciding whether to retain or terminate the arrangement with a manager.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost incurred by their investments.

The Trustee assesses the performance of its asset managers on a net of fees basis over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The investment managers' remuneration is considered as part of the manager selection process and is also monitored annually with the help of its investment adviser to ensure it is in line with the Trustee's policies.

DB Section

The Trustee collects annual cost transparency reports covering all of their investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what it is paying its investment managers. The Trustee works with their investment adviser and investment managers to understand these costs in more detail where required.

The Trustee will only appoint investment managers who offer full cost transparency via the CTI templates to manage assets of the Plan. This will be reviewed before the appointment of any new managers and includes the existing managers held by the Plan.

DC Section

The Company pays the annual management charges on the funds in which the Plan's DC members are invested; these charges being a fixed percentage of the value of the assets. The only member borne costs are additional expenses incurred by the funds' manager as a result of the day to day operations. The Trustee collects information on all costs and charges on an annual basis, where available, and sets these out in the Plan's Annual Chair's Statement regarding DC Governance (the "Annual Chair's Statement"), which is made available to members in a publicly accessible location.

How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to their underlying investments through the information provided by their investment managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Plan's investment adviser.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency, the mandate will be reviewed.

The Trustee is supported in its monitoring of transactions costs by its investment adviser and also by gathering cost data on an annual basis from its investment managers.

The duration of the arrangement with the asset manager

The Trustee plans to hold each of its investments for the long term but will keep this under review.

Changes in investment strategy or change in the view of the investment manager can lead to the duration of the arrangement being shorter than expected.

7.5 Members' Views and Non-Financial Factors

The underlying funds that make up the default investment option for DC members, and the other lifestyle options, do not apply personal ethical or moral judgements as the sole basis for an investment decision. The Plan does not currently have an ethical or Shariah Fund. However, if members' view will be sought through the annual member newsletter and the Trustee will consider adding such a fund should this be requested. expressed interest in such an offering this position would be reviewed.

In setting and implementing the Plan's investment strategy, both DB and DC, the Trustee does not explicitly take into account the views of Plan's members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

7.6 Additional Assets

Assets in respect of members' additional voluntary contributions are held in identical funds to those described in section 4.3 above. There are also additional voluntary contribution assets invested in a cash accumulation with profits policy with the Prudential Assurance Company.

7.7 Purchase and Realisation of Investments

In general, the Plan's investment managers have discretion in the timing of purchase and realisation of investments and in considerations relating to the liquidity of those investments.

The strategy adopted by the Trustee is to minimise purchase and realisation (and consequent cost on both types of transaction) by ensuring that the balance between the different asset categories is maintained where possible by purchase of assets in underweighted categories and by transfer of assets between the sections of the Plan.

DB Section

The Trustee has decided that no automatic rebalancing by the managers will take place and the asset allocation will be allowed to vary with market movements. The Trustee will review the asset allocation quarterly to ensure it remains appropriate with any significant deviations being highlighted by its investment adviser along with appropriate advice.

A working balance of cash is held in the bank account for short-term Plan expenditure requirements. The Trustee will regularly review with its investment adviser the fund source(s) for future working cash requirements.

Over-riding this general rule, the Trustee has agreed that as part of the long-term objective of reducing risk within the defined benefit section of the Plan, all incoming investment cash should be allocated to matching assets. The allocation to matching assets should be allowed to be above the agreed threshold. The Trustee will monitor this position regularly.

DC Section

The Trustee have agreed and set the asset allocation and rebalancing tolerances for the DC blended funds. Aegon are responsible for ensuring that these parameters are adhered to and funds are rebalanced as required.

7.9 Monitoring the Investment Managers

Performance of the investment managers is measured by its investment adviser whose reports are distributed to the Trustee on a quarterly basis.

The Trustee meets the investment managers on a cyclical basis to review the investment managers' actions together with the reasons for and background behind the investment performance.

7.10 Investment Restrictions

There are a number of restrictions applying to each of the managers and these are set out in agreements in place between the Trustee and the respective managers.

8. COMPLIANCE WITH THIS STATEMENT

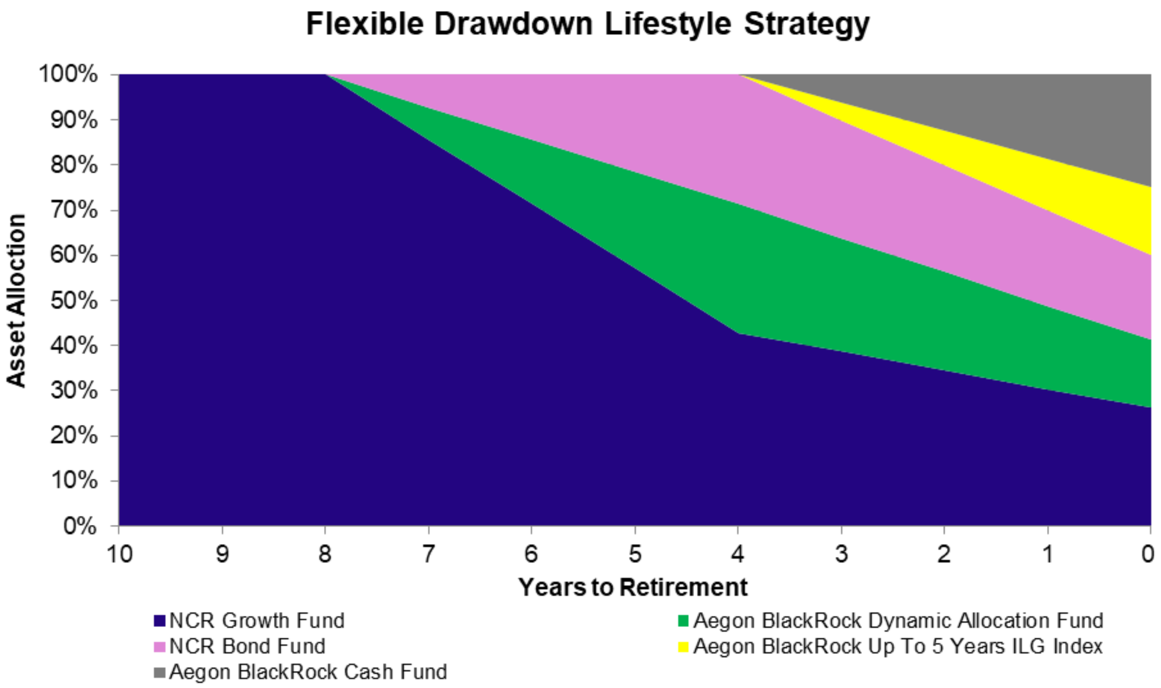
The Trustee will monitor compliance with this Statement annually. In particular it will obtain written confirmation from the investment managers that they have complied with this Statement as supplied to them and the Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

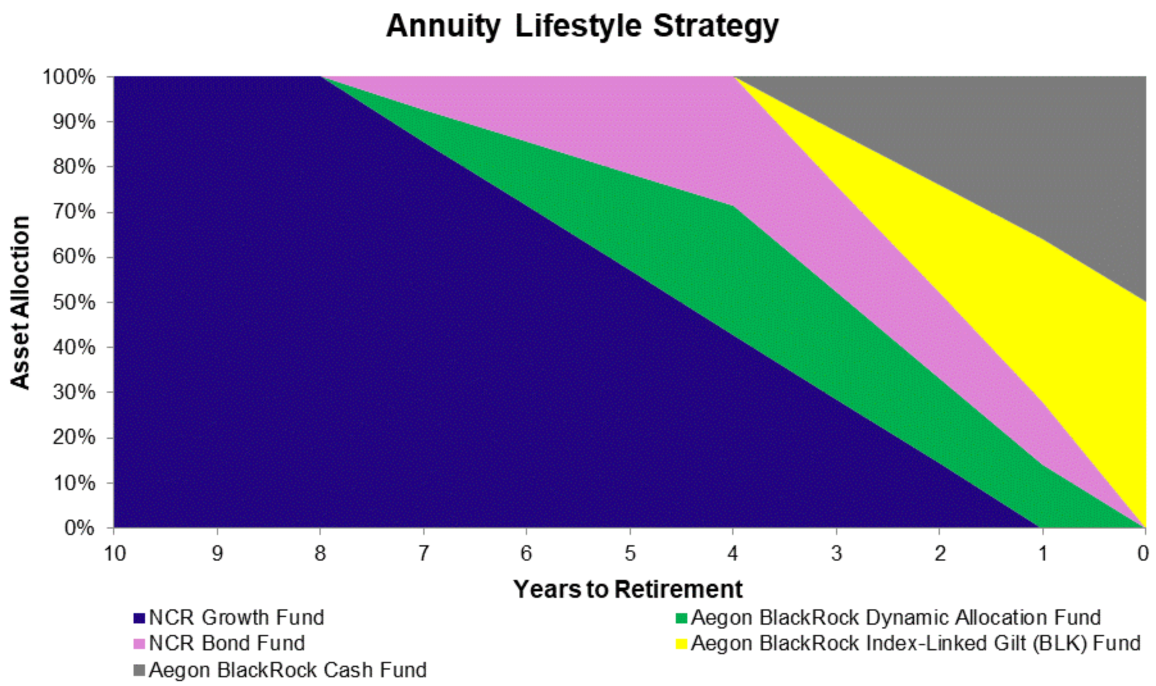
9. REVIEW OF THIS STATEMENT

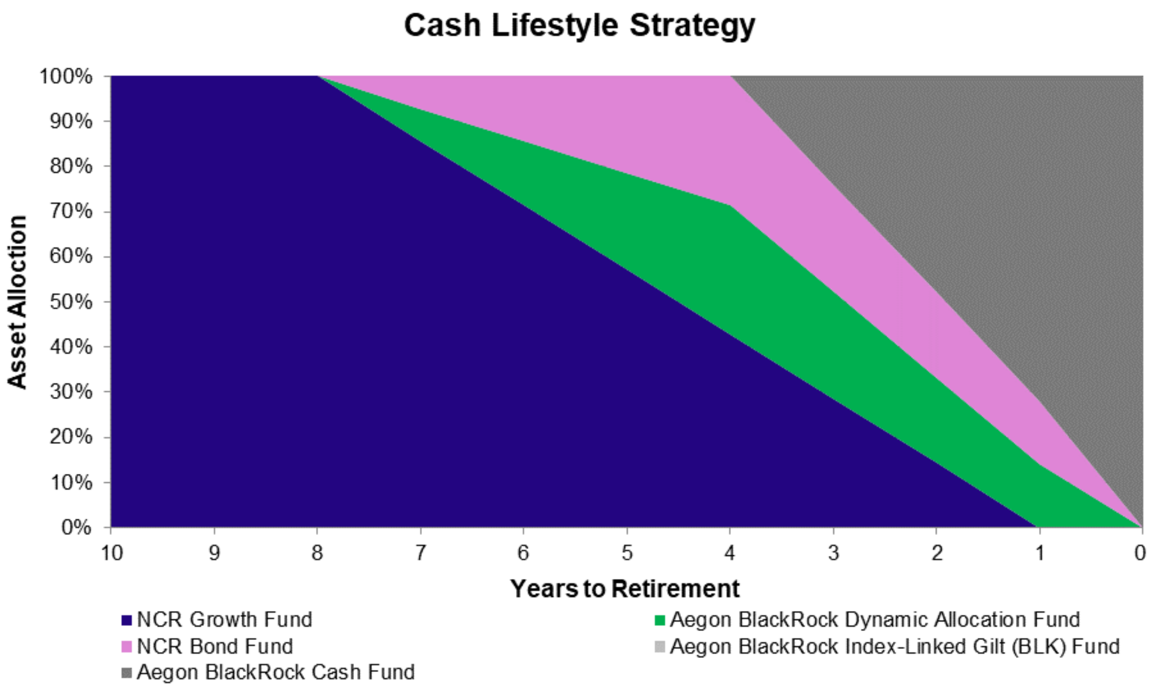
The Trustee will review this Statement at least every three years and in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the sponsoring Company which they judge to have a bearing on the Statement. Any such review will again be based on written, expert investment advice and will be in consultation with the Company.

Approved and agreed by Dalriada Trustees Limited as Trustee of the NCR (Scotland) Pension Plan

Appendix: DC Lifestyle Strategies






Cash Lifestyle Strategy
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Asset Alloction
10
9
8
7
6
5
4
3
2
1
0
Years to Retirement
NCR Growth Fund
Aegon BlackRock Dynamic Allocation Fund
NCR Bond Fund
Aegon BlackRock Index-Linked Gilt (BLK) Fund
Aegon BlackRock Cash Fund