Lloyd's Register Superannuation Fund Association

Statement of Investment Principles ("SIP")

[Adopted with effect from: 29 May 2019]

Purpose of this Statement

This SIP has been prepared by the Lloyd's Register Superannuation Trustees Limited ("The Trustee") as Trustee of the Lloyd's Register Superannuation Fund Association (the "Fund"). The Fund has both a Defined Benefit ("DB") Section and a Defined Contribution ("DC") Section. This statement sets out the principles governing the Trustee's decisions to invest the assets of the Fund.

Details on the Fund's DB and DC Section investment arrangements are set out in the respective sections of this document below. Specific details of the underlying arrangements are included within Appendix A and B respectively.

Governance

1) In the DB Section the Trustee sets the overall asset allocation. This will be reviewed as part of the Fund's actuarial valuation process, and also in the interim if appropriate.
2) In the DC Section the Trustee makes a range of pooled funds and lifestyle strategies available to Members.
3) When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee's Investment Consultant, KPMG LLP, are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience. The Investment Consultant's remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Fund.
4) No change will be made without first consulting the Sponsor, Lloyds Register Group Limited, and considering the written advice from the Investment Consultant. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
5) The Trustee has also taken the Myners' Principles into consideration when making decisions about the Fund's investment arrangements.
6) The Trustee has set up an Investment Committee, which is governed by an agreed Terms of Reference, in order to provide appropriate focus to the DB and DC Section investment arrangements. Day-to-day investment decisions are delegated to the investment managers subject to defined tolerances relative to their respective mandates.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Risk management

The Trustee recognises that there are risks involved in the investment of the assets of the Fund which it monitors on a regular basis, and seeks to mitigate those risks that are either significant or not aligned with the target investment strategy.

There are a number of specific DB and DC Section risks. These are also outlined in the respective sections of this document.

A non-exhaustive list of key recognised risks applicable to both DB and DC Sections are outlined in Appendix C.

Financially Material Considerations and Stewardship Policy

The Trustee has considered all financially material considerations over the appropriate time horizon of the investments. This includes how those considerations are taken into account in the selection, retention and realisation of investments. The Trustee has decided that there are no non-financial matters which fund managers need to be instructed to take into account in the selection, retention and realisation of investments

The Trustee has also considered how to exercise the rights (including voting rights) attaching to the investments, and how to undertake engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters), i.e. stewardship.

Details of how risks and financially material considerations have been addressed and managed by the Trustee are outlined in Appendix C.

All decisions about the day-to-day management of the assets, including the above considerations, have been delegated to the investment managers via a written agreement. The Trustee takes investment managers' policies in the above respects into account when selecting and monitoring managers. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

Rights attaching to the investments

The Trustee recognises the importance of exercising rights (including voting rights) attaching to investments. For reasons of practicality, the Trustee delegates responsibility for the exercise of such rights to its investment managers.

Employer-related investments

The policy of the Trustee is not to hold any direct employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005. This includes investment in any subsidiary of the Sponsor or in property leased to or owned by the Sponsor or its subsidiaries. The Trustee monitors this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from their Investment Consultant.

Defined Benefit Section

Long-term journey plan

As part of the 2016 Actuarial Valuation Report, the Trustee and Sponsor agreed a long term objective for the DB Section to achieve full funding on a Gilts + 0.5% basis by 2029. The Trustee has therefore set appropriate risk and return expectations in order to achieve this objective. The current expected return target of the DB Section assets is Gilts + 2.3% p.a. subject to a target level of risk of £100m or less as measured by the 95% 1 year Value at Risk ("VaR").

The investment strategy was derived following careful consideration of the nature and duration of the Fund's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of contributions required, and also the strength of the Sponsor's covenant. The Trustee considered the merits of a range of asset classes, including various "alternative assets". A detailed breakdown of this asset allocation and manager fees is provided in Appendix A.

The Trustee reviews the funding level position at least quarterly in line with regular performance reporting. If the funding level is determined to be sufficiently different to what is expected from the above journey plan, the Trustee and Sponsor will decide whether the current expected return target remains suitable and make adjustments to the asset allocation accordingly.

The current long term journey plan implies de-risking to the ultimate objective of Gilts + 0.5% by 2029. There is an expectation the current expected return (and therefore risk) will decrease gradually over time. This is however subject to market movements and the funding level relative to the expected journey plan.

DB Section risk management

The Trustee recognises that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities.

Risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets. The Fund has a particular focus on credit assets which provide greater certainty about the expected risk and return due to their contractual nature. The Trustee also has a mandate in Liability Driven Investment ("LDI") with the aim of minimising (as far as possible) volatility of the funding level relative to the liabilities. Details on the target liability hedging levels are provided in Appendix A.

A detailed list of the risks considered is provided in Appendix C.

Manager structure

The Trustee employs a range of specialist investment managers and uses a range of pooled funds with specialist investment objectives. Two of the Fund's mandates are managed via a segregated arrangement. The assets of the Fund consist predominantly of investments which are traded on regulated markets.

Performance measurement

A set of measurable performance objectives has been developed for the investment managers and pooled funds. Performance in each asset category is compared quarterly with a suitable benchmark and an outperformance objective where applicable.

The managers and pooled funds are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given the levels of risks adopted. Passive investment managers are expected to perform in line with their respective defined benchmarks. Investment performance is reviewed at least quarterly by the Investment Committee.

Liquidity management

The Trustee's investment managers are expected to consider the liquidity of investments when new investments are made and to sell investments they do not consider suitable for the Fund at an appropriate time. The Fund Administrators ensure sufficient liquidity is held to meet known benefit payments and is satisfied that assets could be realised at short notice to meet unexpected cashflow requirements.

Defined Contribution Section

Personal Account

Each Member of the DC Section has an individual Personal Account deriving from the accumulated contributions from the Member and the Sponsor. The Personal Account is used at retirement or earlier death to provide benefits whereby the member can drawdown an income, purchase an annuity and/or provide lump sum benefits to the Member or appropriate Dependants.

The funds within this Section are also available to DB Section members who wish to pay Additional Voluntary Contributions ("AVCs") to enhance their benefits.

Information for Members

Detailed information on the full available range supported by the provider is made available on the website of the provider.

Investment objectives

The key investment objective is to facilitate the accumulation of each Member's individual Personal Account in a portfolio of secure assets of appropriate liquidity via unitised funds selected by the Member.

The Trustee wishes to give each Member a reasonable degree of freedom over the choice of investment funds for the accumulation of their Personal Account and, having taken appropriate advice, has made a range of unitised investment funds available.

On 6th April 2015, the UK government introduced new 'pensions flexibility' rules allowing members to access their pension pots in a number of different ways. Following the new regulations, the Trustee revised the default lifestyle strategy to better reflect the new flexibilities available to members at retirement. A further review was conducted over 2018 on the back of which a number of enhancements were made. Details of the default lifestyle strategy are shown in Appendix B.

The Fund provides investment options sourced through an insurance policy with Standard Life, the platform the Fund uses and through which a number of different investment managers and funds can be accessed. The range of investment options is reviewed by the Trustee periodically to ensure their continued suitability.

To assist the Members with more focussed decision-making, the Trustee, having taken advice from its DC Investment Consultant, has introduced a wider range of funds which are expected to match the risk/reward profile of the majority of members. The list of funds available to members is shown in Appendix B.

Although the Trustee wishes to give Members a degree of freedom to make their own investment decisions, it also believes that it is appropriate to provide a default investment strategy to members who do not wish to make their own choices about investment of their pension assets. The Trustee has taken advice on the appropriate funds to form the default strategy and has established a lifestyle strategy as the default option, which initially targets growth of assets in the early years in the Fund and switches to target wealth preservation in the years approaching retirement. In addition, three other lifestyle structures (5 year, 10 year and 15 year, each targeting annuity purchase and 25% tax free cash) are also offered to existing members should they wish to continue to target the purchase of an annuity at retirement.

Benchmarks and performance targets are set for each fund component of the lifestyle strategy. The overall investment objective for the lifestyle strategy is to produce a long-term return in excess of salary inflation. The Trustee will review the default strategy on a regular basis. Details of the default and alternative lifestyle options are shown in Appendix B.

Expected return on assets

The Trustee expects that an authorised Independent Financial Advisor will consider and explain the historical and expected rates of return earned on the various classes of asset available for investment, along with the inherent risks and levels of fund charges, when advising individual Members.

Performance measurement

A set of measurable performance objectives has been developed for the unitised funds. A report on fund performance is prepared on a quarterly basis by the Investment Consultant and considered by the Investment Committee. Performance for each fund is compared with a suitable benchmark and an out-performance objective. The managers (particularly those with an active mandate) are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given the levels of risks adopted.

DC Section risk management

The Trustee considers the following DC specific investment risks:

- **Inflation risk** - The risk that the investment return over members' working lives does not keep pace with inflation;
- **Conversion risk** - The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the member's pension pot, to be converted into a fixed or flexible income stream;
- **Opportunity cost risk** - The risk that members end up with insufficient funds at retirement with which to secure a reasonable income through not having taken enough risk whilst the opportunity was available;
- **Manager risk** - The risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed; and
- **Capital risk** - The risk of a fall in the value of the Member's fund.

The investments offered through the DC Section have been chosen, in part, to help members mitigate these risks through appropriate fund selection. A detailed list of the risks considered is provided in Appendix C.

Realisation of investments

The assets of each Member's Personal Account are held in unitised investment funds that can be realised to provide pension benefits on retirement, or earlier if required.

Rate of contribution

The assets that will ultimately accumulate in each Member's Personal Account depend critically on the rate of contribution that each Member decides to pay. The Trustee draws this fact to the attention of the Members in the communications material issued to them.

Fund charges

Each Member will pay fund charges directly within the fund in which they choose to invest. The level of fund charges a Member pays will depend on the specific funds in which they invest. The Trustee ensures that the charges are competitive, and makes Members aware of them in the DC Section investment guide.

Legacy AVC arrangements

Some members have legacy AVC arrangements with Standard Life and Equitable Life. The Trustee monitors these on a regular basis.

For and on behalf of Lloyd's Register Superannuation Trustees Ltd as Trustee of the Lloyd's Register Superannuation Fund Association.

[Signature redacted]
Signed: .... Name (Print): ....

Date: 18th Sept 2019

For and on behalf of Lloyd's Register Group Limited.

[Signature redacted]
Signed: .... Name (Print): ....

Date: 18th September 2019

Appendix A: Defined Benefit Section

Investment strategy

The Fund's current investment strategy is invested according to the following broad asset allocation:

Asset Class	Sub-Asset Class	Target Allocation	Control Ranges	Expected Return (relative to fixed interest gilts) (1)
Equity	Passive global equities	4%	2% - 6%	4.0%
Credit	Buy and maintain corporate bonds	19%	17% - 21%	1.2%
	Diversified credit	13%	11% - 15%	2.5%
	Direct lending	20%	16% - 24%	4.0%
	Semi-liquid credit	10%	8% - 12%	3.5%
	Collateralised Loan Obligations ("CLOs")	12%	10% - 14%	2.0%
Liability hedging	Liability Driven Investment ("LDI")	22%	18% - 26%	0%
Cash		-	0% - 5%	n/a
Total		**100%**		

(1) Expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 1.0% at 31 March 2019. Net of management fees.

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. In some cases this may differ from the appointed investment manager's target performance objective. The Trustee is comfortable that the asset allocation sufficiently meets the expected return target for the Fund, and has received advice from the Investment Consultant supporting this allocation.

Short-term returns in some asset classes may exhibit considerable variability.

Investment structure and mandates

The Trustee has invested in pooled funds and segregated accounts managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Fund	Sub-Asset Class	Active / Passive	Target Allocation
Legal & General Investment Management ("LGIM")	Global equities	Passive	4%
Legal & General Investment Management ("LGIM")	Buy and maintain corporate bonds	Partially active (buy and maintain)	19%
M&G Investments	Diversified credit	Active	7%
Pacific Investment Management Company ("PIMCO")	Diversified credit	Active	6%
Alcentra Limited	Direct lending	Active	20%
Partners Group AG	Direct lending	Active	
Apollo Global Management	Semi-liquid credit	Active	10%
Barings	CLOs	Active	12%
Schroders	LDI	Passive	22%
Other (includes legacy investment at BlueCrest and Liongate)	n/a	n/a	0%

(1) Legacy investments at BlueCrest and Liongate are in the process of winding down the funds and distributing the proceeds to the Fund. There is no target allocation for these investments and these remain a very small portion of current assets held by the DB Section (<1% of total assets as at 31 March 2019).

(2) Most of the Fund's current mandates are invested via pooled funds. The only exceptions are Schroders LDI and LGIM buy and maintain corporate bonds which are segregated mandates and the direct lending funds which are limited partnerships.

(3) The DB Section has committed £103 million of capital to the Alcentra Fund, £66m of capital to the Partners Group 2015 Fund and £100m to the Partners Group 2018 Fund.

(4) The Alcentra Fund draws down the capital commitment over its investment period, due to end on 30 September 2019. After this date, Alcentra will no longer recycle capital into new investments, however they may still call capital for top-up investments into existing holdings, cover obligations to currency hedging and other obligations.

(5) LGIM buy and maintain corporate bonds mandate is due to be funded over the summer 2019. Until such time, a proportion of the Fund's assets is continued to be managed by Aberdeen Standard Investments in the UK Corporate Bond Fund.

Mandate target returns, objectives and fees

The Trustee ensures the underlying manager fees are competitive.

Fund	Benchmark	Objective	Fees (% p.a.)
LGIM World Equity Index Fund	FTSE World Net Tax (UKPN) Index	To track the benchmark	0.15%
M&G Alpha Opportunities Fund	1 Month GBP LIBOR	To outperform the benchmark by 3% - 5% p.a. (gross of fees)	0.5%
PIMCO Diversified Income Fund	1/3 Barclays Global Aggregate Credit Component Index; 1/3 BofA Merrill Lynch Global High Yield BB-B Rated constrained Index; 1/3 JP Morgan EMBI Global Index; all GBP hedged	To outperform the benchmark by 0.75% - 1.25% p.a. (gross of fees)	0.69% on the first £75m, 0.64% on between £75m-£150m, 0.60% on above £150m
Alcentra Clareant European Direct Lending Fund II (Unlevered)	n/a	To achieve an average Internal Rate of Return ("IRR") of 8% - 10% (net of fees)	Base: 0.90% Performance: 10% subject to return hurdle of 5% p.a.
Partners Group Private Market Strategies S.A. - Compartment 2015 (VI) Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.
Partners Group Private Market Strategies 2018 (GBP) S.C.A., SICAV-RAIF Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.
Apollo Total Return Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 6%-8% p.a. (gross of fees)	Base: 0.50% Performance: 0.6% above a return of 6%
Barings Investment Grade CLO Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 2.5% p.a.	0.21

LDI and buy and maintain corporate bonds mandate objective and fees

Mandate	Benchmark	Target interest rate and inflation hedge	Fees (% p.a.)
LGIM buy and maintain corporate bonds mandate	N/A	Seek to capture the return received from taking credit risk and liquidity risk.	0.12% on the first £150m; 0.11% on assets over £150m
Schroders – segregated LDI mandate	To track the Liability Hedge Benchmark	94% of the interest rate and inflation exposure borne from the Fund's Technical Provisions valued liabilities	0.035% of Liability Hedge Benchmark

The Liability Hedge Benchmark is defined as the movement in the hedged part of the Fund's liabilities valued on a Technical Provisions basis. Schroders will adjust the Hedge Benchmark to take into account the sensitivities of the buy and maintain corporate bonds mandate.

The Trustee and Sponsor reviews the target interest rate and inflation hedging levels as part of regular quarterly reporting and in respect of the long-term journey plan.

Schroders review the hedging annually to determine whether the solution is accurately tracking the movement in the hedged portion of the Fund's liabilities.

Appendix B: Defined Contribution Section

Investment Options

The Trustee currently makes available a range of pooled funds to members. All of these funds are currently set up as "white-labelled" funds. This means that changes can be made to the underlying funds underneath the "white-label" whilst the overall fund that a member is invested in remains the same. The first table below sets out the range of "white-labelled" funds that are a combination of more than one underlying fund. The second table below sets out the range of funds that only have one underlying fund within the white-label. The Fund Charge quoted represents the latest available fees as at the date the SIP was agreed.

Blended white label fund range

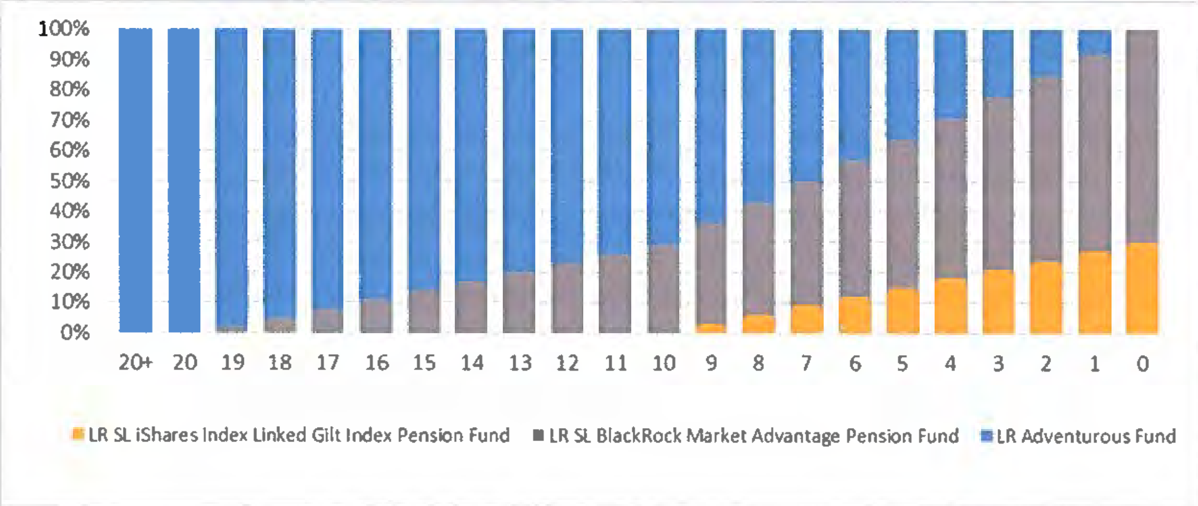
	DGF	Overseas Equity (passive)	UK Equity (passive)	Corporate Bonds (active)	Index-linked Gilts (passive)	Emerging Market Equity (passive)	Emerging Market Equity (active)	Cash	TER (p.a.)
LR Emerging Markets Equity Fund	-	-	-	-	-	50%	50%	-	0.55%
LR Adventurous Fund	30%	42%	21%	-	-	7%	-	-	0.30%
LR Moderate Fund	30%	18%	9%	20%	20%	3%	-	-	0.38%
LR Fixed Income Fund	-	-	-	50%	50%	-	-	-	0.21%
LR Pre Retirement Fund	-	-	-	-	75%	-	-	25%	0.22%

Single fund white label fund range

White Label Name	Underlying Fund	Benchmark	Fund Charge (% p.a.)
LR Global Equity - Active	SL Newton Global Equity Pension Fund	MSCI AC World Total Return (net) GBP index	0.58%
LR SL BlackRock ACS 50:50 Global Equity Tracker Pension Fund	SL BlackRock ACS 50:50 Global Equity Tracker Pension Fund	FTSE Custom Composite UK All-Share 50% Dev Europe ex UK 16.7% US 16.7% Japan 8.3% Dev Asia Pacific ex Japan 8.3% Midday (12:00 UK) Net Tax (UK Pension) Index	0.23%
LR SL Blackrock ACS 30:70 Global Equity Tracker (Hedged) Pension Fund	SL Blackrock ACS 30:70 Global Equity Tracker (Hedged) Pension Fund	60% FTSE Developed Ex UK Total Return (Hedged to GBP) index; 30% FTSE All-Share Total Return GBP index; 10% MSCI Emerging Markets Total Return GBP index	0.23%
LR SL iShares UK Equity Index Pension Fund	SL iShares UK Equity Index Pension Fund	FTSE All-Share Total Return (net) GBP index	0.23%
LR Diversified Growth	SL Schroder ISF Global Diversified Growth Hedged Pension Fund	CPI + 5% p.a.	0.77%
LR SL BlackRock Market Advantage Pension Fund	SL BlackRock Market Advantage Pension Fund	3 Month GBP LIBOR + 3.5% p.a.	0.52%
LR Standard Life Long Corporate Bond Pension Fund	Standard Life Long Corporate Bond Pension Fund	Markit iBoxx GBP Non-Gilt 10+ Year Total Return GBP index	0.22%
LR SL iShares Over 15 Year Gilt Index Pension Fund	SL iShares Over 15 Year Gilt Index Pension Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Total Return GBP index	0.21%
LR SL iShares Index Linked Gilt Index Pension Fund	SL iShares Index Linked Gilt Index Pension Fund	FTSE Actuaries UK Index-Linked Over 5 Years Total Return GBP index	0.21%
LR Sustainable Investments	SL Vanguard SRI Global Stock Pension Fund	FTSE Developed Total Return (net) GBP index	0.30%
LR Property Fund	Standard Life Property Pension Fund	ABI (Pension) UK Direct Property sector	0.31%
LR SL BlackRock Cash Pension Fund	SL BlackRock Cash Pension Fund	LIBID GBP 1 Week	0.26%

Default and Alternative Lifestyle Options

Current default - The lifestyle strategy shown below is the default investment option for members of the DC section.



The aim of the current default strategy is to provide stable growth in the early years with a focus on wealth preservation in later years as a member begins to approach their retirement date.

Listed below are the alternative lifestyle strategies available to existing members who wish to continue to target the purchase of an annuity at retirement:

Name	Structure
LR Pre-2015 5 Year Strategy	• 100% LR Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 5 years from retirement. • LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. • Asset allocation at retirement 75% fixed income assets and 25% cash.
LR Pre-2015 10 Year Strategy	• 100% LR Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 10 years from retirement. • LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. • Asset allocation at retirement 75% fixed income assets and 25% cash.
LR Pre-2015 15 Year Strategy	• 100% LR Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 15 years from retirement. • LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. • Asset allocation at retirement 75% fixed income assets and 25% cash.

Appendix C – Risks and Financially Material Considerations

A non-exhaustive list of risks and financially material considerations that the Trustee has taken into consideration and sought to manage, where appropriate, is shown below.

Please refer to the above DB and DC sections for details of the respective specific risks.

Manager risk - the risk that investment managers employed fail to meet the investment objectives of their mandates.

- Is measured by the expected deviation of investment return, as set out in the respective investment manager(s)' objectives, relative to the investment policy.
- The investment manager(s)' actual performance is monitored using figures calculated by the Fund's custodian. In addition, the Investment Committee meets the active investment managers on an "as and when required" basis should circumstances dictate, to review past performance and to discuss the operation of the portfolio, including factors supporting the manager's investment process.

Solvency risk and mismatching risk - the risk that the assets of the Fund may be insufficient to meet the liabilities, or may not be fully matched to the duration of the liabilities, leading to volatility in the funding level and contributions required.

- Is measured through assessment of the expected development of the Fund's liabilities, relative to the current strategic investment policy, and possible alternative strategic approaches and through assessing the actual growth of liabilities in relation to the Fund's investments.
- Is monitored on a quarterly basis by the Investment Committee by analysis provided by the Investment Consultant.

Liquidity risk – the risk that the Fund is forced to sell investments in poor markets to fund benefit payments.

- Is measured by the level of cashflow required by the Fund over a specified period.
- Is monitored by the Fund's administrators assessing the level of cash held on a quarterly basis in order to limit the impact of cash flow requirements on the policy.

Custodian risk - the risk that the custodian misplaces Fund investments that it is receiving, delivering or safekeeping.

- Is measured by assessing the quality of the custodian bank: its abilities to settle trades on time and to keep safe custody of assets; and its financial strength (both to stay in business and to pay any claims due to the Fund).
- The Investment Committee monitors the custodian's activities and discusses the performance of the custodian with the investment managers where appropriate.

Political risk and concentration risk - the risk that a political event and/or corporate failure could have a significant adverse impact on the value of the Fund's investments.

- Is measured by the proportion of the Fund's total investments that are concentrated in one geographic market and/or one asset category.

- The Fund's investment policy is designed to ensure that the Fund's investments are adequately diversified. In addition, the investment restrictions ensure that, at a stock selection level, the Fund avoids undue concentration.

Sponsor risk - the risk that the sponsor cannot, or will not, make good a current or future deficit of the Fund.

- Is measured by the level of ability and willingness of the sponsor to support the continuation of the Fund and to make good any current or future deficit.
- The Trustee manages this risk by assessing the interaction between the Fund and the sponsor's business on a regular basis.
- The Trustee has also managed this risk by ensuring that the Fund has recourse to assets held separately in an escrow account. These assets will be paid into the Fund if the funding level falls below certain triggers at future valuation dates.

Currency risk

- The potential for adverse currency movements to have an impact on the Fund's investments.
- Is measured by the exposure of the Fund's assets to any other non-GBP denominated currency.
- The Trustee has managed this risk by investing in only GBP denominated share classes. The investment manager is permitted to take active views on currency investments if this is permitted through the respective investment mandate.

Environmental, Social and Governance risk

- Management of the Scheme assets with regard to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.

Other identified risks

- **Credit risk** – Default on payments due as part of a financial security contract.
- **Longevity risk** - Members of the Fund living longer than expected, leading to a larger than expected liability.
- **Reinvestment risk** - Proceeds from the payment of principal and interest which may be reinvested at a lower rate than the original investment.