G4S Pension Scheme

Statement of Investment Principles

September 2024

Introduction

This document is the Statement of Investment Principles (the ‘Statement’) for the G4S Pension Scheme (the ‘Scheme’). It has been drawn up by G4S Trustees Limited as trustee of the Scheme (the ‘Trustee’), taking into account the relevant legislation.

In August 2024, The Trustee, in consultation with the Scheme’s sponsoring Employer, G4S Limited (the “Sponsor”), purchased a buy-in policy with Just Retirement Limited (the “Insurance Provider”). The buy-in policy enhances the long-term security of members’ benefits. Most of the Scheme’s assets were used to purchase the buy-in policy and any remaining assets are being invested in low-risk investments to cover any residual risks (the “Post Transaction Portfolio”).

The Statement sets out the high-level objectives, principles and policies governing the investment decisions made by the Trustee in relation to the Scheme’s three sections; the Securicor Section, the Group 4 Section and the GSL Section (the “Defined Benefit Sections”) and the Defined Contribution Account. Details of the Defined Contribution Account are set out in Appendix B.

Governance arrangements

The Trustee has ultimate responsibility for the management of the Scheme and its investments but it delegates various decisions and responsibilities to specialist advisers and service providers. The Trustee ensures that appropriate guidelines and restrictions are agreed with each party to clearly set out their responsibilities and the scope of their powers. The Trustee takes all such steps as are reasonable to satisfy themselves that the parties to whom they delegate responsibilities have the appropriate knowledge and experience required to take on their role.

A key investment appointment is the Fiduciary Manager, a professional investment firm with expertise in investment and risk management for pension funds. The Fiduciary Manager provides investment advice and investment management services to the Trustee, including advice on setting the Investment Objective and preparing this Statement. Many of the details within this document are reflected in the Investment Management Agreement of the Fiduciary Manager.

Objectives

Investment Objectives

The primary objective of the Trustee is to pay the benefits in full as they fall due (the 'Primary Objective'). To this end, the Trustee, in consultation with the Scheme's sponsoring Employer, G4S Limited (the "Sponsor"), purchased a buy-in policy with Just Retirement Limited (the "Insurance Provider"). This policy is designed to meet the majority of members' benefit payments as they fall due.

The Trustee retains overall responsibility for reviewing the ongoing operation of the buy-in policy. This includes, but is not limited to, monitoring the Insurance Provider's ongoing credit quality and the timeliness and accuracy of payments made to the Scheme.

In addition to the buy-in policy, which is managed by the Insurance Provider, the Scheme holds some residual investments in the Post Transaction Portfolio, and this will include gilts, long and short dated corporate bonds and residual private markets.

Investment policies

Securing compliance with the duty to choose scheme investments under Section 36 of the Pensions Act

In advance of choosing or retaining any direct investments (including irrevocable buy-in policies), the Trustee obtains and considers advice from a suitably qualified investment adviser. This advice considers the overall suitability of the investments in relation to a number of key investment principles.

Note that this advice is not required or sought where the investments are selected on behalf of the Trustee by the Fiduciary Manager.

The kinds of investments held by the Scheme

The majority of the Schemes assets are invested in a buy-in policy managed by the Insurance Provider. In addition, the Scheme holds some residual investments in the Post Transaction Portfolio, and this will include gilts, long and short dated corporate bonds and residual private markets.

The majority of these residual investments are held in low-risk assets that are expected to move as closely as possible with any residual financial risks associated with the residual liabilities. These investments are held in assets that are expected to be suitable for transferring to the Insurance Provider, if necessary.

The full range of assets, detailed targets and restrictions are agreed between the Trustee and the Fiduciary Manager and may change over time. These are recorded in the legal agreement between the Trustee and Fiduciary Manager.

The balance between different kinds of investments

The Trustee has provided the Fiduciary Manager with guidelines setting out permissible asset and ranges for the Post Transaction Portfolio. The Fiduciary Manager adjusts the balance of investments in response to evolving market conditions and ensures that:

- It stays within the guidelines;
- It is appropriate to achieving the Investment Objective;
- There is sufficient liquidity to meet cashflow requirements; and
- There is sufficient collateral available to manage the collateral risk of the derivative positions

The need to maintain balance between different kinds of investments must now be considered in the context of the Post Transaction Portfolio.

Risks, including the ways in which they are to be measured and managed

The key risk to the Scheme is that the value of assets is insufficient relative to the value of the liabilities. This is called solvency risk and ultimately could lead to there being insufficient assets to secure all benefits.

There are many other individual risk factors which have the potential to contribute to solvency risk. Due to the complex and interrelated nature of these risks, the Trustee considers most of these in a qualitative rather than quantitative manner.

The Trustee works with the Fiduciary Manager to regularly monitor the risks affecting the investments and to manage them where possible to avoid the accumulation of excessive risk exposures. The main risk factors affecting the Scheme are described in the Appendix, along with a summary of how each is measured and managed.

In practice, these risks are minimised through the execution of the buy-in policy which requires the Insurance Provider to meet benefit payments as they fall due; and the laws that regulate the Insurance Provider and provide protection for policyholders.

As the Trustee retains overall responsibility for ensuring member benefits are met, its primary risk focus is now on the credit quality of the Insurance Provider. The Trustee measures and manages risk through professional covenant, actuarial / consulting and legal advice and through the terms of the buy-in policy.

As part of the buy-in process, a covenant assessment was carried out on the Insurance Provider.

The expected return on investments

The nature of the buy-in policy is such that its expected return is equal to the change in value of the member benefits covered. Assessment of the expected return on the Post Transaction Portfolio has been delegated to the Fiduciary Manager, who takes this into account when managing any residual financial risks associated with the buy-in policy.

The realisation of investments

The Trustee delegates decisions around the realisation of investments to the Fiduciary Manager. Assets are realised as part of the rebalancing of assets in response to changing market conditions and to meet the cashflow needs of the Trustee.

The Trustee will take advice from the Fiduciary Manager before making any major realisations.

Financially material considerations over the appropriate time horizon of the investments

The Trustee considers responsible investment to be the integration of environmental, social and governance (ESG) factors into investment decisions where financial risk and / or return could be materially affected. These considerations include the potential impact of climate change.

The Trustee delegates responsibility to take account of ESG factors in investment decision-making to the Fiduciary Manager. This could include investments made directly by the Fiduciary Manager as well as those in pooled funds managed by third parties. In the latter case, the Fiduciary Manager is responsible for ensuring that the external investment managers appropriately incorporate ESG factors within their investment process. The Trustee monitors how the Fiduciary Manager incorporates ESG factors on a regular basis.

In relation to the selection of the Insurance Provider and the buy-in policy, relevant aspects of the Insurance Provider's corporate governance and approach to risk management were assessed.

Following execution of the buy-in policy, the Trustee's expectation is that the scope for meaningful responsible investment over the appropriate time horizon of the investments will be significantly reduced.

The extent to which non-financial matters are taken into account in the selection, retention and realisation of investments

The Trustee believes that by being a responsible investor, they are managing investment risk with the aim of enhancing long-term portfolio returns, which is in the best interests of the members and beneficiaries of the Scheme. Beyond these requirements of responsible investing the nature of the Scheme's investments following execution of the buy-in policy, the Trustee does not proactively solicit the views of the members and beneficiaries when investing.

Nevertheless, the Trustee recognises that members and beneficiaries may have views on non-financial matters or other aspects of the Trustee's investment decisions such as the identity of the Insurance Provider. To the extent consistent with its legal and regulatory obligations, the Trustee reviews and considers communications of member and beneficiary views in the context of its Primary Objective.

The exercise of the rights (including voting rights) attaching to the investments

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Scheme's investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.

Undertaking engagement activities in respect of the investments

The Trustee's policy in relation to undertaking engagement activities when investing is normally to delegate responsibility for monitoring and engaging with investment managers to the Fiduciary Manager for pooled investments and the relevant investment manager for direct investments. This includes monitoring and engaging on investment managers' voting records and investment managers' level of engagement with the underlying investments, where this is expected to have meaningful impact. Where the Fiduciary Manager considers this is appropriate this forms part of the Fiduciary Manager's investment reporting to the Trustee.

Following execution of the buy-in policy, the Trustee's expectation is that the scope for meaningful engagement activities in respect of the investments will be significantly reduced.

Arrangements with the Fiduciary Manager

The Trustee delegates various activities in relation to the investments of each of the Defined Benefit Sections to the Fiduciary Manager as set out in this Statement. The Fiduciary Manager is responsible, in particular, for ensuring each underlying investment manager is aligned with the Trustee policies as set out below.

The Trustee keeps the Fiduciary Manager’s performance under review, focusing on longer-term outcomes. The Trustee receives regular reports from the Fiduciary Manager, including on portfolio turnover costs incurred by the underlying investment managers. The Trustee’s review process includes specific consideration of how the Fiduciary Manager has implemented the responsible investing policies and engagement activities included in this Statement.

The Fiduciary Manager’s appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team or where the Fiduciary Manager fails to ensure alignment between underlying investment managers and the Trustee’s policies.

The Fiduciary Manager is paid a fee for a given scope of services which includes consideration of long-term factors, responsible investment and engagement. The Trustee reviews the costs incurred in managing each of the Defined Benefit Sections annually.

Arrangements with all Investment Managers

The Trustee believes that an understanding of, and engagement with, Investment Managers’ arrangements (including the Fiduciary Manager) is required to ensure they are aligned with Trustee policy, including its Responsible Investment policy. In accordance with latest regulation, it is the Trustee’s policy to ensure that the following are understood and monitored by the Fiduciary Manager:

- How investment manager arrangements incentivise investment managers to align their strategy and decisions with the Trustee’s policies
- How investment manager arrangements incentivise investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity, or stakeholder if applicable, in order to improve their performance in the medium to long-term. This will consider strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters.
- How the method (and time horizon) of the evaluation of investment managers’ performance and their remuneration are in line with the Trustee’s policies
- Portfolio turnover costs incurred by the investment managers, in the context of the investment manager’s targeted portfolio turnover (defined as the frequency within which the assets are expected to be bought or sold)
- Duration of the arrangement with the investment manager

The responsibility for monitoring these aspects day to day has been delegated to the Fiduciary Manager. They are responsible for ensuring each underlying investment manager is aligned with the Trustee's policies at the time of appointment or explaining why this is not the case. They are also required to report back to the Trustee on any areas of potential divergence between Trustee policy and investment manager practice on an ongoing basis, including their own.

Stewardship policies and voting records are reviewed (and discussed with the investment managers) at least annually by the Fiduciary Manager, who will collate the qualitative and quantitative information required to allow the Trustee to review all of the above aspects in sufficient detail each year. The Trustee will challenge any arrangements or stewardship practices that do not align with their Responsible Investment approach.

Process for agreeing and reviewing this Statement

The Trustee has obtained written advice on the content of this statement from the Fiduciary Manager. The Trustee are satisfied that the Fiduciary Manager has the knowledge and experience required by the Pensions Acts to perform this role. The Trustee has also consulted the sponsoring employer, on the content of this Statement.

The Trustee monitors compliance with this Statement regularly and will review it at least every three years and immediately following any significant change in investment policy. At each review, further written advice from the Fiduciary Manager and consultation with the sponsoring employer will be sought.

APPENDIX A – Investment responsibilities of different parties

The division of investment responsibilities for the Scheme is set out below. This list is not meant to be exhaustive.

Trustee

The Trustee has ultimate responsibility for decision-making on investment matters. The Trustee's investment responsibilities include:

- Deciding on an appropriate governance structure for the management of each Section of the Scheme including the role of advisers and other third parties
- Setting appropriate investment objectives for each Section, following advice from the Fiduciary Manager and the Scheme Actuary
- Agreeing the range of investment types to be used to achieve the investment objectives, taking account of the need to manage risks
- Agreeing the policies for governing investment manager arrangements
- Monitoring the appropriateness of the Fiduciary Manager
- Monitoring each Section's compliance with the pensions industry's Code of Best Practice
- Reviewing the content of this Statement at least every three years and following any significant change in investment strategy
- Modifying this Statement, if deemed appropriate, in consultation with the appropriate Principal Employer and sponsoring companies and with written advice from the Fiduciary Manager
- Monitoring compliance with this Statement on an ongoing basis
- Identifying the training needs of its members and itself, on an annual basis

Fiduciary Manager

The Fiduciary Manager's role includes providing investment advice to the Trustee and investment management of the assets. A summary of the duties that fall into each category are shown below:

Fiduciary Manager – investment advice:

- Advice on setting the Investment Objective
- Risk modelling (including asset-liability analysis)
- Asset class, investment manager and risk reporting
- Advice and monitoring of any direct investments
- Trustee investment training and education
- Advice relating to investment governance and compliance

- Advice on this Statement
- Advice relating to potential conflicts of interest, including their own

Fiduciary Manager – investment management:

- Designing and implementing investment solutions appropriate to the investment objective for each Section, which have been set by the Trustee
- Appointing and removing investment managers
- Investment manager mandate definition and negotiation
- Designing and executing derivative strategies
- Portfolio monitoring, including checking consistency of investment manager arrangements with Trustee policies
- Providing reports at least annually on portfolio turnover and costs, including their remuneration
- Where relevant, providing information at least annually on how they are incentivised to consider both financial and non-financial risks over the medium to long term, including but not limited to detailing their engagement activities with investee companies
- Appointing transition managers for and on behalf of the Trustee
- Advice relating to potential conflicts of interest, including their own
- Ongoing management of the assets delegated to them within the terms of their agreement with the Trustee
- Complying with this Statement

Scheme Actuary

The key aspects of the Scheme Actuary's role in relation to all Sections that have a bearing on investment decisions include:

- Liaising with the Fiduciary Manager on the suitability of each of the Defined Benefit Section's Investment Objective given their specific liabilities
- Ensuring consistency between the Statement of Funding Principles and the Trustee's Investment Objectives and investment strategies
- Assessing the funding ratio of the Scheme's Sections by performing valuations and advising on the appropriate contribution levels
- Providing data to enable decisions about hedging liability risks to be taken and implemented
- Estimating the cashflows of the Defined Benefit Sections, to be used in the calculation of the value of liabilities

- Advice relating to potential conflicts of interest, including their own

Investment managers

The investment managers' responsibilities include:

- Managing the assets delegated to them within the terms of their agreement
- Providing regular reports on their performance, including any agreed benchmark and performance targets
- Providing reports at least annually on portfolio turnover and costs, including their remuneration
- Instructing their custodian on corporate governance and voting issues, including issues relating to Responsible Investment
- Where relevant, providing information at least annually on how they are incentivised to consider both financial and non-financial risks over the medium to long term, including but not limited to detailing their engagement activities with investee companies
- Ensure that they are complying with the requirements applicable to them in this Statement. In particular, when investing the assets delegated to them they must be invested in the best interests of members and beneficiaries. Their powers of investments must be exercised so as to ensure the security, quality, liquidity and profitability of the portfolio as a whole

Providers of direct investments

Investments held directly by each of the Defined Benefit Sections are held in the form of units in pooled funds. The responsibilities of the providers are set out in the funds documentation. There is then usually an agreement between the provider and an organisation which manages the assets underlying the direct investment on a day-to-day basis. This agreement sets out the responsibilities of this organisation to the provider.

APPENDIX B - Defined Contribution

While the G4S Pension Scheme is a defined benefit arrangement, some members also have defined contribution arrangements. In addition, a significant proportion of the members have a “money purchase underpin”, which consists of what was formerly Protected Rights and which forms a defined contribution underpin to the defined benefit entitlements.

The defined contribution arrangements consist of:

- Additional Voluntary Contributions (AVCs)
- Transfers in
- Augmentations
- Top ups for members affected by the Earnings Cap
- Money Purchase Underpin

There are two main types of defined contribution arrangements:

- With-profits funds – the Trustee has been advised that it is best to leave these arrangements invested as in the past; and
- Market-linked funds – most are managed through a contract with Aviva. It is intended to consolidate all market-linked fund arrangements into the Aviva contract in due course. All new market-linked fund arrangements are managed through the Aviva contract

Money purchase underpins are currently held within the main defined benefit fund and allocated notional investment returns.

Investment Objective

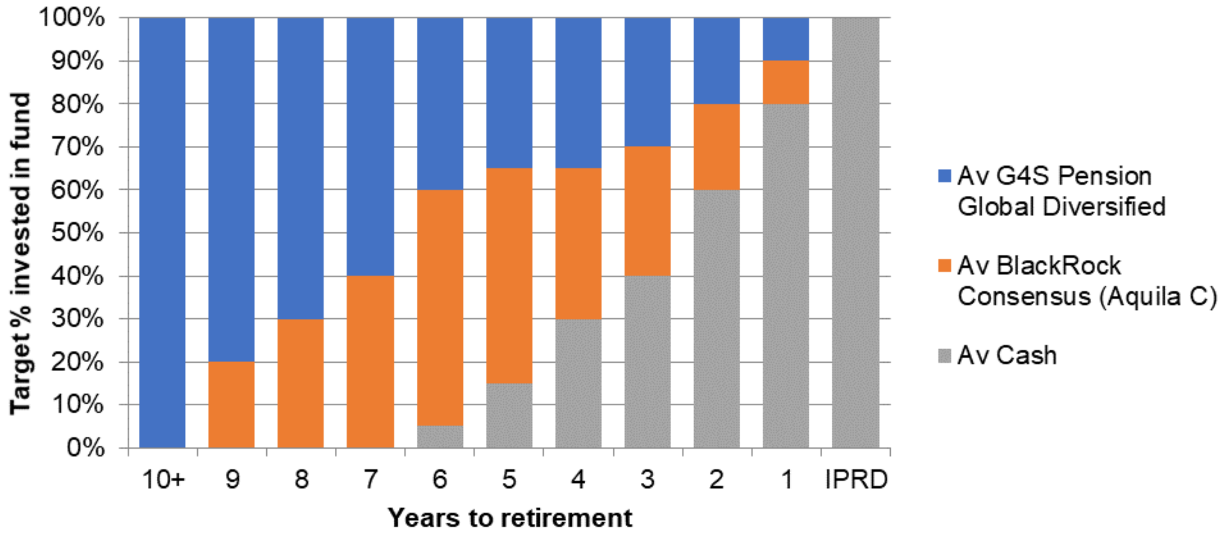
The Defined Contribution Account’s objective is to provide members with the facility to accumulate additional savings for retirement over and above members’ Defined Benefit pension. The Default Strategy is known as the ‘Additional Lump Sum Lifetime Investment Programme’. The default aims to provide exposure to a range of asset classes in order to deliver investment growth over time, gradually de-risking to protect the value of members’ account against stock market fluctuations as members approach retirement.

Investment Principles for funds held with Aviva

Default Fund

The aim of the default strategy is to grow the capital value of the assets over time balancing risk and return. Highest growth is targeted, with a corresponding level of potential volatility of the capital value, in the period up to 10 years before a member’s target retirement age (or age 65 if no age has been if no age has been selected). As a member gets closer to retirement, assets are gradually switched into less volatile holdings, which are also expected to provide lower investment returns.

The progression as the Investment Programme Retirement Date (‘IPRD’) approaches and funds used are shown below:



Other fund options

The Trustee offers 9 other fund options so that members can tailor their arrangements towards their specific objectives:

Fund name	Base AMC	Fund AMC	Additional Expenses	TER
Av BlackRock Consensus (Aquila C)	0.37%	0.00%	0.00%	0.37%
Av BlackRock Emerging Markets Equity Index Tracker (Aquila C)	0.37%	0.18%	0.08%	0.63%
Av BlackRock Over 15 Year Corporate Bond Index tracker (Aquila C)	0.37%	0.00%	0.00%	0.37%
Av BlackRock Over 5 Year Index-Linked Gilt Index Tracker (Aquila C)	0.37%	0.00%	0.00%	0.37%
Av BlackRock UK Equity Index Tracker(Aquila C)	0.37%	0.00%	0.00%	0.37%
Av BlackRock World (Ex-UK) Equity Index Tracker (Aquila C)	0.37%	0.00%	0.00%	0.37%

Av Cash	0.37%	0.00%	0.00%	0.37%
Av G4S Pension Global Diversified	0.37%	0.00%	0.00%	0.37%
Av Property	0.37%	0.00%	0.00%	0.37%

Review

The Trustee reviews this strategy at least every 3 years, having taken advice from Quantum Advisory.

Monitoring

The Trustee monitors the performance of these funds quarterly against the performance of the indices against which they are tracking.

Illiquid investment policy

Due to the size of the Scheme, liquidity concerns, costs, availability of suitable vehicles and complexity reasons, the Trustee does not have a policy to directly invest in illiquid investments as part of the default investment strategy. The multi-asset fund that the Scheme uses in its default investment strategy may invest indirectly in illiquid investments (such as property funds), if the investment managers decides this is appropriate, but the exposure will not be significant

Administration

The Trustee also monitors Aviva's performance as an administrator.

Investment Principles for Money Purchase Underpin

The money purchase underpin is held within the main DB fund and fund values are changed in line with notional investment returns. For the vast majority of members, this is an underpin amount that very rarely "bites".

The Trustee will review the notional funds used in each of the sections.

The aims are slightly different between the sections.

- The Securicor Section aims to achieve reasonable investment returns over time, while seeking to reduce volatility through the inclusion of gilts.
- The Group 4 Section seeks to maximise returns while accepting the intrinsic potential volatility.
- The GSL Section also seeks to maximise returns, while accepting the intrinsic potential volatility but also seeks to spread the risk somewhat by including overseas equities.

For a few members, the protected rights element is the only pension entitlement they have within the Scheme and the Trustee aims to review how their funds are invested during the next year, recognising that, especially as they approach their retirement age, the current notional investment strategy may not be the most appropriate.

The current notional investment strategies are:

- Securicor Section - 60% of FTSE All Share Total Return Index and 40% of FTSE Over 5 year Index Linked Total Return Index
- Group 4 Section - FTSE All Share Total Return Index
- GSL Section - 60 % of FTSE All Share Total Return Index and 40% of FTSE World Index

Socially Responsible Investment & corporate governance

The Trustee considers responsible investment to be the integration of environmental, social and governance (ESG) factors into investment decisions where financial risk and / or return could be materially affected. These considerations include the potential impact of climate change.

The Trustee expects its managers to take into account social, environmental and ethical issues when investing, provided that they are also satisfied as to the potential risk and return of the different investment types.

As all assets are invested via pooled funds, and most track an index, the Trustee accepts that the assets are subject to the index providers' and investment managers' own policies on social, environmental and ethical considerations as well as corporate governance.

Exercise of Voting Rights

The Trustees do not have voting rights in respect of the individual holdings within each of the pooled funds. The Trustees are reliant on the investment manager to exercise the voting rights, and encourages the investment manager to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.

The Trustee is responsible for engaging with Aviva, as platform provider, and the underlying investment managers regarding voting records and level of engagement within each pooled fund, where this is expected to have meaningful impact.

Arrangements with Investment Managers

The Trustee believes that an understanding of, and engagement with, investment managers' arrangements is required to ensure they are aligned with Trustee policy, including its Responsible Investment policy. In accordance with latest regulation, it is the Trustee's policy to ensure that the following are understood and monitored:

- How investment manager arrangements incentivise investment managers to align their strategy and decisions with the Trustee's policies
- How investment manager arrangements incentivise investment managers to make decisions based on assessments about medium to long-term financial and non-financial 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

- How the method (and time horizon) of the evaluation of investment managers' performance and their remuneration are in line with the Trustee's policies
- Portfolio turnover costs incurred by the investment managers, in the context of the investment manager's targeted portfolio turnover (defined as the frequency within which the assets are expected to be bought or sold)
- Duration of the arrangement with the investment manager

Stewardship policies and voting records are reviewed at least annually by the Trustee. The Trustee will challenge any arrangements or stewardship practices that do not align with their Responsible Investment approach.

APPENDIX C - Further information on the additional risk factors

Risk factor	What is the risk?	How is the risk measured?	How is the risk managed?
Economic (or market) risk	Economic, financial or political conditions cause the return on investments to be worse than expected, reducing the chance of meeting the investment return objective	The Fiduciary Manager monitors the economic exposures and assesses the economic outlook and regularly reports the position to the Trustee	The assets are spread across a range of different investments in a highly diversified portfolio that manages downside risks and reduces the chance of large losses in stress situations
Investment manager risk	The investment managers fail to meet their performance expectations	The Fiduciary Manager monitors manager performance relative to suitable benchmarks and peers and regularly reports the position to the Trustee	Rigorous investment and operational due diligence is performed upon manager appointment and close monitoring is performed thereafter
Interest rate and inflation risk	The value of the Scheme's liabilities rises due to either or both of the interest rate falling or the inflation rate rising	The Fiduciary Manager monitors any mismatch between the interest rate and inflation sensitivities of the assets relative to the Liability Benchmark and regularly reports the position to the Trustee	The Liability Benchmark is designed to reflect the sensitivity of the liabilities to interest rate and inflation risk. The Liability Hedging Portfolio is designed to match an agreed portion of these sensitivities
Currency risk	Loss arising from the falling value of overseas investments due to strengthening Sterling	The Fiduciary Manager monitors the currency risk and regularly reports the position to the Trustee	Where investments are not denominated in Sterling and currency exposure is not desired as part of the thesis, currency derivatives are used to remove currency risk
Concentration risk	Underperformance in a section of the investments has an overly large adverse impact on the total portfolio return	The Fiduciary Manager monitors the portfolio concentration and reports the position to the Trustee as needed	The Fiduciary Manager operates to guidelines that ensure assets are spread across a range of investments
Liquidity risk	There is a shortfall in liquid assets relative to the Scheme's immediate cashflow requirements	The Fiduciary Manager monitors the cashflow needs and reports the position to the Trustee as needed	The Fiduciary Manager operates to guidelines that ensure assets are spread across a range of investments
Operational risk	Loss arising as a result of fraud, acts of negligence or lack of suitable processes	The Fiduciary Manager monitors the operational procedures of the collective investment schemes and bank counterparties and reports the position to the Trustee as needed	The Fiduciary Manager undertakes due diligence to identify the operational risks associated with each service provider. The Trustee ensures that all advisers and third-party service providers are suitably qualified and experienced. Suitable liability and compensation clauses are included in all contracts for professional services
Demographic risk	The mortality assumptions used to value the Scheme's liabilities strengthen, resulting in an increase in the value of the liabilities	Regular updates on changes in demographic assumptions are provided by the Scheme Actuary	The Trustee make an allowance for this risk by setting prudent actuarial assumptions. In addition, we note that this risk is mitigated through the buy-in policy that covers the majority of the Scheme's liabilities
Sponsor risk	The sponsoring employer makes insufficient contributions to support payment of the Scheme benefits, leading to greater reliance on investment returns	Assessment of the ability and willingness of the sponsor to support the continuation of the Scheme and make good any current / future deficit	Sponsor risk has been taken into account when agreeing a suitable Recovery Plan and investment objective
ESG (including climate change) risk	The potential for non-financial factors to adversely impact the value of the assets or overall funding position	The Fiduciary Manager measures ESG risk based on the materiality of potential impact on each investment and distinguishes between high and low focus positions.	The Fiduciary Manager monitors the portfolio regularly to ensure ESG risks are being appropriately considered in ongoing investment decisions. The Trustee reviews ESG risks on a quarterly basis.