Statement of Investment Principles for the Invesco Pension Scheme

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Invesco Pension Trustees Limited ("the Trustee") on various matters governing decisions about the investments of the Invesco Pension Scheme ("the Scheme"), a Defined Benefit ("DB") Scheme. This SIP replaces the previous SIP dated January 2023.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005, the Pension Regulator's guidance for defined benefit pension schemes (March 2017) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Scheme, and the principles contained in this SIP. The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy and at least once every three years.

- Appendix 1 sets out details of the Scheme's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.
- Appendix 2 sets out the Trustee policy towards risk appetite, capacity, measurement and management.
- The Scheme's investment manager arrangements are set out separately in the Scheme's Investment Manager Arrangements Policy.

2. Investment objectives

The primary objective for the Scheme is to ensure that the Scheme should be able to meet benefit payments as they fall due. In addition to this primary objective, the Trustee has a series of additional objectives. These are as follows:

- that the return on the Scheme's assets is maximised while keeping investment risk at an appropriate level. What the Trustee determines to be an appropriate level of risk is set out in Appendix 2.
- the Scheme's funding position (ie the value of its assets relative to the assessed value of its liabilities) should remain at an appropriate level. The Trustee is aware that there are various measures of funding and has given due weight to those considered most relevant to the Scheme. In particular, the Trustee has taken into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

- that the Scheme has in place a long-term journey plan (which has been agreed with the Company) which is designed to help it achieve full funding by 1 January 2031 on the agreed gilts flat basis. Progress against this long-term journey plan is reviewed on a regular basis.

3. Investment strategy

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the investment strategy for the Scheme, taking into account the objectives described in Section 2 above.

The result of the review was that the Trustee agreed that the investment strategy of the Scheme should be based on the strategic benchmark allocation set out below. This excludes the bulk annuity policy with Canada Life which is secured against a proportion of the Scheme's liabilities but remains an asset of the Scheme.

Asset class	Current strategic allocation (excluding annuities)
Buy & Maintain Corporate Bonds	10%
Liability Driven Investments ("LDI") and Cash	65%
Asset-backed securities ("ABS")	25%
Total	**100%**
Expected return (gilts + % pa)	0.8%
Target interest rate and inflation hedge ratio on a gilts flat basis (excluding annuities)	100% of liabilities

The Scheme's assets are all invested in pooled investment funds. There is no formal rebalancing policy between investment managers. The Trustee monitors the position from time to time and considers with their advisers whether it is appropriate to rebalance the asset allocation, taking into account factors such as market conditions and anticipated future cash flows.

At the time of writing, the main purpose of the above asset mix is to be buy-in ready – ie to hedge insurer pricing as much as possible with the assets for the as yet uninsured benefits.

To manage future cash flow requirements, a £3m cash buffer will be maintained within the Trustee bank account, with a cap of £6m. Additionally, the Trustees hold cash balances in Insight's Sterling Liquidity Plus Fund as an additional cash buffer to cover potential, significant unexpected cash flow requirements arising from transfer out payments and the potential for a collateral call from the Scheme's LDI funds. The level of cash to be used as a buffer will be monitored on a regular basis.

4. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate. The other key assumptions for expected returns above gilts are as follows:

In setting the strategy for the Scheme the Trustee took into account:

- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within each strategy, both across and within asset classes;
- the need for appropriate diversification between different asset classes to ensure that both the Scheme's overall level of investment risk and the balance of individual asset risks are appropriate;
- the views of the sponsoring Employer, including an assessment of the strength of the covenant of the sponsoring Employer;
- the Scheme's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the Scheme's cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- the circumstances of the Scheme, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- any other considerations which the Trustee considers financially material over the time horizon that the Trustee considers is needed for the funding of future benefits by the investments of the Scheme; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs are set out below.

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that are typically not rewarded, such as interest rate, inflation and currency, should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find net of fees and costs; however the Trustee believes the Employer to be a large, strong and successful active manager with a suitable range of funds made available to the Scheme free of charge;
- responsible investment in well governed companies and engaging as long-term owners can reduce risk over time and may positively impact on returns;
- long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions; and
- costs have a significant impact on long-term performance.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers are set out separately in the Scheme's Investment Manager Arrangements policy.

The Trustee has signed agreements with the Scheme's investment managers, setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments. The managers are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustee has limited direct influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid (where relevant) to the investment managers, and the possibility of their mandate being terminated and any resulting reputational risk, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as appropriate. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Where relevant a manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Scheme within the portfolios that they manage, and in considerations relating to the liquidity of investments.

For the Scheme, when appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings. The Trustee has established a 'cash buffer' to be used for short-term liquidity needs. The Scheme's administrator will request funds from this cash buffer as required, and return any surplus from the bank account to the cash buffer if necessary.

7. Environmental, social, governance considerations

The Trustee has considered how environmental, social and governance ("ESG") factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members, and since it recognises that these factors can be relevant to investment performance.

The Trustee cannot usually directly influence investment managers' policies on ESG factors where assets are held in pooled funds; due to the collective nature of these investments, but it encourages and challenges its managers to improve their practices where appropriate. The Trustee considers it necessary to act in the best financial interests of Scheme members and, therefore, it expects the investment managers to take account of financially material considerations (including climate change and other ESG considerations), considering the nature and time horizon of the investments.

The Trustee seeks to appoint managers that have appropriate skills and processes to do this by undertaking investment due diligence which, with the help of its advisers, includes assessing the manager's ESG policy at the time of appointment. From time to time the Trustee reviews how its managers are taking account of financially material considerations (including climate change and other ESG considerations) in practice. The Trustee has invited specialists from the Invesco Asset Management ESG team to attend Trustee meetings when necessary in order to better understand the manager's arrangements and allow opportunity to ask questions about the ESG policies.

The Trustee's primary objective is to maximise the investment return of the assets and to protect the funding level, as noted in Section 2 above. The Trustee recognises that non-financial factors (ie matters relating to other views of members and beneficiaries, rather than considerations of financial risk and return) will vary between individual Scheme members and, in some cases, may conflict with the primary objective of the Trustee. As such, the Trustee believes that non-financial factors should not necessarily be the primary focus when making investment decisions such as the selection, retention and realisation of investments. However, the Trustee believes that, in many cases, issues considered to be non-financial will, over time, be sufficiently addressed by incorporating financially material ESG considerations into the managers' investment processes due to the efficient nature of investment markets.

8. Exercise of ownership rights

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. The Trustee recognises their responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments.

The Trustee cannot usually directly influence the manager's policies on the exercise of ownership rights where assets are held in pooled funds; this is due to the collective nature of these investments. The Trustee understands that ownership rights will be exercised by the investment managers in line with the managers' general policies on stewardship, which reflect the recommendations of the UK Stewardship Code issued by the Financial Reporting Council where relevant, and which are provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

Neither the Trustee nor its advisors monitors or engages directly with issuers or other holders of debt or equity, but they do engage with current and prospective investment managers on matters including ESG and stewardship. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with their policies on stewardship, considering the long-term financial interests of the beneficiaries. They expect the managers to communicate their policies on stewardship to us from time to time, and provide us with reporting on the results of their engagement and voting activities regularly and at least once a year.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time we review how these are implemented in practice. The Scheme does not have any physical equities and does not invest in any funds with significant voting rights.

The Trustee has selected some ESG priority themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee will review the themes regularly and update them if appropriate. The Trustee's current priorities are Climate Change, Human Rights and Business Ethics.

The Trustee chose these priorities because they are market-wide areas of risk that are financially material for the investments, and can be addressed by good stewardship. Therefore, the Trustee believes it is in the Scheme members' best interests that the Scheme's investment managers adopt strong practices in these areas.

The Trustee will write to its investment managers regularly to notify them of its stewardship priorities, set out viewpoints and issues of interest ahead of the voting season and remind them of the Trustee's expectations of the investment managers in relation to responsible investment – ie ESG considerations, climate change, voting and engagement. If the Trustee's monitoring identifies areas of concern, it, in tandem with the Scheme's investment consultants, will engage with the relevant manager to encourage improvement.

SIP signed for and on behalf of the Trustee of the Scheme:

Signed: ____

Investment governance, responsibilities, decision-making and fees

In broad terms, the Trustee has decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustee's understanding of the various legal requirements placed upon them, and its view that the division of responsibility allows for efficient operation and governance of the Scheme overall. The Trustee's investment powers are set out within the Scheme's governing documentation.

1. Trustee

The Trustee is responsible in respect of investment matters for:

- setting the investment strategy, in consultation with the employers;
- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy as part of any review of the investment strategy taking into account financially material considerations as appropriate with the assistance of its advisers;
- setting the policy for rebalancing between asset classes;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment managers

The investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation.
- providing the Trustee with regular information concerning the management and performance of their respective portfolios;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- taking account of financially material considerations as appropriate when managing the portfolios of assets; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios will be responsible for the safekeeping and reconciliation of the Scheme's directly held investments, settling transactions and administering income and tax payments.

3. Investment adviser

The investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on how material changes within the Scheme's benefits, membership, and funding position may affect the way in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustee in reviews of this SIP.

4. Fee structures

The Trustee recognises that the provision of investment management, dealing, custodial and advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme's assets.

The Trustee has agreed Terms of Business with the Scheme's actuarial and investment advisers, under which charges are calculated on a fixed fee and/or "time-cost" basis.

The investment managers receive fees calculated by reference to the market value of assets under management. For the Scheme, Invesco Asset Management offers a range of its funds on a zero-fee basis. Other non-Invesco funds are offered on rates believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Scheme. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

5. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

6. Working with the Scheme's employer

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.

Policy towards risk

1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Scheme in order to meet their investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustee can tolerate deviation from their long term objectives before attainment of those objectives is seriously impaired. The Trustee aim is to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustee considered a range of qualitative and quantitative factors, including:

- the strength of the employer's covenant and how this may change in the near/medium future;
- the agreed journey plan and employer contributions;
- the Scheme's long-term and shorter-term funding targets;
- the Scheme's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Scheme's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

When deciding on the current investment strategy, the Trustee believed the level of risk as calculated by LCP to be appropriate given the Trustee's and employer's risk appetite and capacity, given the Scheme's objectives.

2. Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

2.1. Risk of inadequate returns

For the Scheme, the key objective of the Trustee is that, over the long-term, the Scheme should generate its target return so that it has adequate assets to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Scheme to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been taken into account in setting the investment strategy and is monitored by the Trustee on a regular basis.

2.2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Scheme's assets. The Trustee has managed this risk by investing in a relatively low risk portfolio consisting of corporate bonds, ABS, LDI and cash.

The Trustee believes that the Scheme's assets are adequately diversified within each asset class. This was a key consideration when determining the Scheme's investment arrangements and is monitored by the Trustee on a regular basis.

2.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

2.4. Climate-related risks

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change (eg extreme weather). We seek to appoint investment managers who will manage these risks appropriately, and from time to time review how this risk is being managed in practice.

2.5. Liquidity/marketability risk

For the Scheme, this is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due, or that the Scheme will become a forced seller of assets in order to meet benefit payments. The Trustee is aware of the Scheme's cash flow requirements and believes that this risk is managed by maintaining an appropriate degree of liquidity across the Scheme's investments and by investing in income generating assets, where appropriate. The Scheme also receives regular payments in the form of employer contributions and income from the bulk annuity contract, which are used to meet a portion of the benefit payments.

2.6. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Scheme's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these ESG risks as part of their investment process of the funds (to the extent it's applicable) on the Trustee's behalf and from time to time reviews how these risks are being managed in practice.

2.7. Collateral adequacy risk

The Scheme is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced and that the Scheme's funding level could suffer subsequently as a result. In order to manage this risk, the Trustee ensures that the Scheme has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

2.8. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers, and predominantly invests in bonds that are classified as "investment grade".

The Scheme is exposed to direct credit risk in relation to the solvency of the investment manager and custodian of the pooled fund it is invested in. This risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment managers, the regulatory environment in which the investment managers operate. The Trustees, with the help of their advisers, carry out due diligence checks on the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing pooled funds.

The Scheme is also exposed to direct credit risk arising from the insolvency of the insurance provider guaranteeing the bulk annuity contract. This is largely mitigated by the regulatory controls on the UK insurance market.

2.9. Currency risk

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. This risk is mitigated by the managers in question, who hedge the currency exposure back to Sterling.
Interest rate and inflation risk

The Scheme's assets and annuity contracts are subject to interest rate and inflation risk because some of the Scheme's assets are held in bonds and interest rate swaps. However, the interest rate and inflation exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities.

The Trustee considers interest rate, inflation and overseas currency risks to be generally unrewarded investment risks.

As a result, the Trustee aims to hedge the Scheme's exposure to interest rate risk and inflation risk by investing in a mixture of bonds as well as leveraged LDI arrangements managed by Insight. The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis.

2.10. Counterparty risk

This is the risk that one party to a contract (such as a derivative instrument) causes a financial loss to the other party by failing to discharge a contractual obligation. This risk applies in particular for those contracts that are traded directly between parties, rather than traded on a central exchange.

In particular, Liability Driven Investing makes use of derivative and gilt repo contracts and this fund is used by the Trustee to efficiently match a portion of the Scheme's liabilities. Counterparty risk is managed within the fund through careful initial selection and ongoing monitoring of trading counterparties, counterparty diversification and a robust process of daily collateralisation of each contract, to ensure that counterparty risk is limited, as far as possible, to one day's market movements.

2.11. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical in setting the Scheme's investment arrangements as part of its assessment of the other aspects of the Scheme's Integrated Risk Management framework.

Examples for the Scheme include:

- longevity risk (the risk that members live, on average, longer than expected); and
- sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Scheme as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Scheme's funding position falls below what is considered an appropriate level. The Trustee regularly reviews progress towards the Scheme's funding target, both in the longer-term as well as against short-term milestones, comparing the actual versus the expected funding level.

By understanding, considering and monitoring the key risks that contribute to funding risk, the Trustee believes that they have appropriately addressed and are positioned to manage this general risk.