

Northern Powergrid Group of the Electricity
Supply Pension Scheme

Statement of Investment Principles

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Section 1: Introduction

Pensions Acts

- 1.1 The Group Trustees ("the Trustees") of the Northern Powergrid Group of the Electricity Supply Pension Scheme ("the Group") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004, ("the Act"), and all related and relevant regulations.
- 1.2 In the process of preparing this document, the Trustees have:
- consulted with the sponsoring company, Northern Electric Plc ("the Company") and will consult with the Company before revisiting this document in the future. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustees.
 - sought written advice from the Group's investment consultants, Aon Investments Limited ("the Investment Consultant") and consulted the Scheme Actuary.
 - had regard to the requirements of the Act concerning diversification of investments and suitability of investments and will consider those requirements again on any review of this document or any change in their investment policy.
- 1.3 The Trustees will review this document, in consultation with the Investment Consultant, usually once a year and at least every three years, or immediately after any significant change in investment policy and following an unscheduled actuarial valuation triggered by legislative funding requirements, or where the Trustees think a review is needed for other reasons.

Implementation

- 1.4 The Statement gives a broad overview of the principles governing investment decisions by the Trustees. For more detailed information on the Group's current investment arrangements, please refer to the appropriate schedules within the Investment Policy Implementation Document ("IPID") which is a supplemental document to this Statement.

Scheme details

- 1.5 The Group operates for the exclusive purpose of providing retirement and death benefits to eligible participants ('Members') and beneficiaries.

Section 2: Division of responsibilities

The Trustees

- 2.1 The Trustees maintain overall responsibility for the investment strategy (including asset allocation and benchmark selection) and decisions made for the Group.
- 2.2 The Trustees have set up a Funding and Investment Committee ("F&IC") to assist, inter alia, in fulfilling their responsibility for monitoring their Investment Managers. The F&IC meets the Investment Managers regularly to review the Investment Managers' actions together with the reasons for and background behind the investment performance. The F&IC and the Trustees are assisted by the Investment Consultant in fulfilling their responsibility for monitoring the Investment Managers.
- 2.3 The Trustees understand the types of protection available for different types of investments.

Investment Managers

- 2.4 The responsibilities of each Investment Manager include:
 - day-to-day management of the Group's assets (i.e. the selection, retention and realisation of investments)
 - discretionary management of the portfolio, within guidelines given by the Trustees,
 - providing the Trustees with quarterly statements of the assets together with a quarterly report on actions and future intentions, and any changes to the processes that are applied to the portfolio,
 - informing the Trustees of any changes in the internal objectives and guidelines of any pooled funds used by the Group as soon as practicable,
 - the safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Group,
 - notifying, reporting, communicating and interfacing to and with Capita and the custodian, as appropriate. This includes providing Capita and the custodian, as appropriate, with records of transactions and portfolio details where appropriate. Where assets are held in collective investment vehicles, the responsibility for custody is delegated to the managers of these vehicles,
 - the exercising of rights (including voting rights) attaching to their investments, and
 - providing the Trustees with details regarding their consideration of Environmental, Social, and Governance ("ESG") related risks and opportunities, where relevant and appropriate to the Group, and information regarding their engagement and stewardship activities on an ongoing basis.

Investment Consultant

2.5 The Investment Consultant's responsibilities include:

- conducting asset liability modelling reviews and assisting the Trustees to set their strategic asset allocation between liability matching and return-seeking assets and the allocations within these types of asset,
- participating with the Trustees in reviews of this Statement,
- advising the Trustees on how any changes at the Investment Manager(s) could affect the interests of the Group and assisting the Trustees with the selection and retention of Investment Managers,
- advising the Trustees on how any changes in the investment environment could affect the Group,
- advising the Trustees on ESG matters with relevance to the Group, including the impact of climate change, and the Trustees' implementation of their agreed Responsible Investment policy, and
- assisting with the implementation of changes to the investment policy including the mix of asset classes.

Scheme Actuary

2.6 The Scheme Actuary's responsibilities include:

- liaising with the Investment Consultant on the suitability of the Group's investment policy given the financial characteristics of the Group,
- assessing the funding position of the Group and advising on the appropriate response to any shortfall,
- performing the triennial (or more frequently as required) valuations and advising on appropriate contribution levels, and
- supplying liability data and cash flow information as required.

Other arrangements

2.7 Bank of New York Mellon makes independent calculations of the performance of the Group and the Investment Managers for the Company's monitoring purposes.

Section 3: Objectives for the Group

Investment Objectives

- 3.1 The Trustees aim to invest the assets of the Group prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustees first considered the lowest risk asset allocation that they could adopt in relation to the Group's liabilities.
- 3.2 The asset allocation strategy the Trustees have selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Group's liabilities. The strength of the sponsoring employer covenant has been considered in setting the objective and the Company is regularly consulted in regard to the approach adopted.
- 3.3 The Trustees aim for the Group's assets to achieve a favourable return against the individual Investment Manager benchmarks (detailed in the IPID).

Investment Policy

- 3.4 A full actuarial valuation of the Group will be performed every three years or sooner if required, using asset return assumptions developed by the Trustees following advice from the Scheme Actuary and following agreement with the Company. In addition, the Investment Consultant will carry out an asset liability modelling review. Based on the results of this review, the Trustees will consider the appropriate allocation between return-seeking assets and liability matching assets and will then consider the allocation to specific asset categories and Investment Managers, in the light of these activities. These will also be reviewed at other times as deemed necessary.
- 3.5 In determining the current asset allocation strategy for the Group, the Trustees have had regard for the historical rates of return earned on the various asset classes available for investment, as well as forward-looking assumptions of the expected future returns on those asset classes and the expected short-term volatility of the asset classes. The Trustees assume that the Group's return-seeking assets will outperform gilts over the long term. However, the Trustees recognise the potential volatility in equity and other "growth asset" returns, particularly relative to the Group's liabilities, and the risk that the Investment Managers do not achieve the targets set.
- 3.6 The Trustees are responsible for managing the return-seeking and liability matching allocations and for ensuring that the requirements of the Act regarding the liquidity, diversification and suitability of each investment are complied with.
- 3.7 The current strategic asset allocation for the Group, tolerance ranges and rebalancing policy are referenced in the IPID.

Liquidity

- 3.8 The Trustees will ensure that sufficient liquid assets are held to meet the likely outgoings from the Group from time to time. Where contributions and investment income are insufficient to meet benefit payments and other expenditure, the Trustees will disinvest assets from Investment Managers so as to generate cash, after receiving recommendations from the Investment Consultant, with the general aim of maintaining the strategic asset allocation.

Diversification

- 3.9 The Trustees ensure that the assets of the Group are invested in a range of funds that are suitably diversified across the chosen asset classes.

Environmental, social and corporate governance (ESG) issues

- 3.10 The Trustees have carefully considered the appropriate stance to take with regard to ESG issues, bearing in mind that they have delegated responsibility for the day-to-day management of the Group's assets (i.e. the selection, retention and realisation of investments) to their Investment Managers.
- 3.11 With regard to climate change risks, the Trustees have discussed the Group's exposure, as a long-term investor, to the set of physical and transitional risks associated with climate change. The Trustees have received training in this area and have additionally undertaken asset and liability scenario modelling to understand the impact this could have on the Group as a whole over the short, medium and long term. The Trustees will continue to monitor this area.
- 3.12 The process for identifying and assessing climate-related risks and opportunities is captured by:
- The Trustees' advisers demonstrating how they have considered short and long-term climate change risks and opportunities when providing new strategic investment advice, new mandates, new funding plans and new advice on the covenant.
 - Investments that are Buy rated by the Investment Consultant having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
 - The Investment Managers demonstrating how they have considered short and long-term climate change risks and opportunities when reporting on their portfolios.
 - Asset and liability scenario modelling based on agreed climate change scenarios.
- This will enable the Trustees to understand what measures are being taken to reflect climate change opportunities and risk within the investments, funding and covenant.
- 3.13 Although not required to align the investment and funding plans with the objectives of the Paris Agreement and other climate change goals, such as the UK's own target of net zero emissions by 2050, the Trustees will, when interviewing Investment Managers and/or making decisions, consider the Investment Manager's objectives and available carbon metrics and be aware whether it contributes towards the goals.
- 3.14 The Trustees have agreed upon their beliefs and principles relating to responsible investment practices. This has formed the foundations of the agreed Responsible Investment Policy for the Group, which guides and informs the Trustees' consideration of these matters and the framework under which the Trustees engage with their advisors and appointed Investment Managers.
- 3.15 In setting the Group's investment strategy, the primary concern of the Trustees is to act in the best financial interests of the Group and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that ESG factors, including climate change negatively impacting the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from the Investment Consultant when setting the Group's asset allocation, when selecting Investment Managers, and when monitoring their performance.
- 3.16 The Trustees have established the framework under which they interact with their Investment Managers in selection exercises and ongoing monitoring, which requires the Investment Managers to provide the Trustees with specific information. The Trustees engage with the Investment Consultant to provide an independent view in regard to selection and monitoring exercises.

- 3.17 The Trustees have reviewed the Investment Managers' statements on these issues and are satisfied that the Investment Managers take account of ESG issues to the extent that the Investment Managers believe such considerations are consistent with the investment style of the mandate and will not adversely affect long term performance and/or increase risk. The Trustees are satisfied that this approach fulfils their responsibilities to the beneficiaries. Monitoring of performance in this regard is undertaken through regular reports to the Funding & Investment Committee and meetings with the Investment Managers.
- 3.18 The Trustees support the principles of the Stewardship Code. The Trustees have reviewed the policies and practices of the Group's relevant Investment Managers and are satisfied that they are currently operating in accordance with principles outlined in the Stewardship Code and in line with best practice.

Stewardship – Voting and Engagement

- 3.19 The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the scheme invests, as this ultimately creates long-term financial value for the Group and its beneficiaries.
- 3.20 As part of their delegated responsibilities, the Trustees instruct the Group's Investment Managers to:
- engage with investee companies, where appropriate, with the aim of protecting and enhancing the long-term value of assets; and
 - exercise the Trustees' voting rights in relation to the Group's assets.
- 3.21 The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the relevant Investment Managers. The Trustees consider that pursuing an engagement-led approach allows the Group, through the actions of its Investment Managers, to be an active participant in improving corporate behaviour, upholding high standards of corporate governance, and encouraging responsible ownership practices. The Trustees accept responsibility for how the Investment Managers steward assets on its behalf, including the casting of votes in line with each Investment Manager's individual voting policies.
- 3.22 The Trustees have advised the Group's Investment Managers that they are normally expected to vote the Group's UK and global shares in accordance with the guidelines set down by The UK Corporate Governance Code and to report back any cases of non-compliance. In addition, the Trustees instruct their Investment Managers to apply all of the principles set out in the UK Stewardship Code, and to explain any non-compliance with the Stewardship Code. The Investment Managers have full discretion to vote outside these guidelines but would be expected to report to the Trustees with an explanation of their actions. The Trustees conduct an annual review of the policies and practices of the Group's public equity manager(s) and are satisfied that current operations are in accordance with the principles outlined in this policy, and in line with best practice.
- 3.23 The Trustees regularly review the continuing suitability of the Investment Managers and take advice from the Investment Consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed Investment Managers. If an incumbent Investment Manager is found to be falling short of the standards the Trustees have set out in their policy, the Trustees undertake to engage with the Investment Manager and seek a more sustainable position but may look to replace the Investment Manager.
- 3.24 The Trustees review the stewardship activities of their Investment Managers on an annual basis via a report prepared by the Investment Consultant. This covers engagement and voting actions, along with various other matters.

- 3.25 The Trustees will review the alignment of the Trustees' policies to those of the Group's Investment Managers and seek to ensure that their Investment Managers, or other third parties, use their influence as major institutional investors to carry out the Trustees' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.
- 3.26 The Trustees will engage with their Investment Managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. If, following engagement with any Investment Manager, it is the view of the Trustees that the degree of alignment is unsatisfactory, the arrangements with the Investment Manager may be altered or their appointment terminated.
- 3.27 From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an Investment Manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.
- 3.28 The Trustees have representation on the Investment Consultant's responsible investor group. This group meets regularly with other investment professionals to share views and up to date information regarding the impact of ESG factors on pension schemes.

Members' Views and Non-Financial Factors

- 3.29 The Trustees regularly engage with members through the annual AGM at which they discuss the Group's investment strategy and planned changes (including ESG matters) with the Group's members and through other forums. This provides opportunities for members to share their views and for the Trustees to consider these views where appropriate.

Derivative arrangements

- 3.30 Investment in derivatives (including forward currency contracts) by the Group's Investment Managers is permitted, subject to the Scheme Document and appropriate restrictions being agreed with the Investment Manager and incorporated into the relevant Investment Management Agreements (IMAs). The IMAs are standardised across all Investment Managers and are reviewed by the Group's legal advisers and the Investment Consultant from a legal and investment perspective respectively.

Additional Voluntary Contributions (AVCs)

- 3.31 The Trustees provide a facility for members to pay AVCs into the Group to enhance their benefits at retirement. Details of the current AVC funds used by the Group are detailed in the IPID.
- 3.32 The Trustees monitor the investment performance and review the appropriateness of the AVC arrangements, including reference to ESG factors, on an on-going basis.

Section 4: Investment Management arrangements

Investment Manager structure

- 4.1 The assets of the Group are invested with a number of Investment Managers appointed by the Trustees. Further details of the individual Investment Manager's mandates are set out in the IPID.
- 4.2 The Investment Managers have regards to:
- the need for diversification of investments, so far as appropriate to the circumstances of the Group
 - the suitability to the Group of the particular assets in which they invest.
- 4.3 The Trustees have agreed a set of guidelines and restrictions, specific to each mandate, with each Investment Manager. These are set out in the IMAs that are in place with each Investment Manager.
- 4.4 Within the guidelines and restrictions, the Trustees have delegated the selection and retention of appropriate assets to the Investment Managers.

Arrangements with Investment Managers

- 4.5 The Trustees regularly monitor the Group's investments to consider the extent to which the investment strategy and decisions of the Investment Managers are aligned with the Trustees' policies, including those on non-financial matters. This includes monitoring the extent to which Investment Managers:
- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
 - engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees are supported in this monitoring activity by the Investment Consultant.

- 4.6 The Trustees receive at least quarterly regular reports and verbal updates from the Investment Consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Group's objectives and assess the Investment Managers over 3-year periods.
- 4.7 The Trustees also receive an annual report on the monitoring and engagement activities carried out by their Investment Managers, which supports the Trustees in determining the extent to which the Group's engagement policy has been followed throughout the year.
- 4.8 The Trustees use the information provided by their Investment Managers and Investment Consultant to review on an annual basis whether their Investment Managers' approach to managing assets on behalf of the Group is in alignment with the Trustees' policies as set out in this SIP.
- 4.9 Before appointment of a new Investment Manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing

documentation, for example if the Group is to invest in a collective vehicle, then the Trustees will express their expectations to the Investment Manager by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

- 4.10 The Trustees believe that having appropriate governing documentation, setting clear expectations to the Investment Managers by other means (where necessary) and regularly monitoring the Investment Managers' performance and the investment strategy is, in most cases, sufficient to incentivise the Investment Managers to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.
- 4.11 Where Investment Managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the Investment Manager but could ultimately replace the Investment Manager where this is deemed necessary.
- 4.12 There is typically no set duration for arrangements with Investment Managers, although the continued appointment of all Investment Managers will be reviewed periodically and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments and the governing documentation associated with the investment.

Understanding costs

- 4.13 The Trustees are aware of the importance of monitoring their Investment Managers' total costs and the impact these costs can have on the overall value of the Group's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by their Investment Managers that can increase the overall cost incurred by their investments.
- 4.14 The Trustees collect annual cost transparency reports covering all of their investments and ask that the Investment Managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustees to understand exactly what they are paying their Investment Managers. The Trustees work with the Investment Consultant and Investment Managers to understand these costs in more detail where required.

Investment Manager relationships

- 4.15 The Trustees expect their Investment Managers to offer full cost transparency via industry standard templates. This will be reviewed before the appointment of any new Investment Manager and includes the Group's existing Investment Managers. The Trustees request cost information from each of their Investment Managers on an annual basis.

Evaluation of performance and remuneration

- 4.16 The Trustees assess the performance of their Investment Managers on a quarterly basis and the remuneration of their Investment Managers on at least an annual basis via collecting cost data in line with the CTI templates.

Portfolio turnover costs

- 4.17 The Trustees are aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with their underlying investments through the information provided by their Investment Managers. The target portfolio turnover and turnover range is monitored annually with the assistance of the Investment Consultant.
- 4.18 The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by each Investment Manager's style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and Investment Manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed.

- 4.19 The Trustees are supported in their cost transparency monitoring activity by the Investment Consultant.

Performance objectives

- 4.20 Whilst the Trustees are not involved in each Investment Manager's day to day method of operation and, therefore, cannot directly influence attainment of the performance target, they will regularly assess performance and review appointments. The Trustees will meet with the Investment Managers at least once per year, if reasonably practicable, to assess performance and governance practices. Measurable objectives have been developed for each Investment Manager that are consistent with the achievement of the Group's longer term objectives at an acceptable level of risk. Details of the performance objectives are set out in the IPID.
- 4.21 However, the investment objectives are to be treated as targets only and will not be considered as an assurance or guarantee of the performance or risk of the Group or any part of it.

Fee structures

- 4.22 Fees are paid to each Investment Manager in line with fee structures agreed by the Trustees, having taken advice, as set out in the IMAs. This is in line with market practice.
- 4.23 The Trustees' advisers are remunerated on a combination of hourly, project and fixed retainer bases.

Section 5: Risk Management

5.1 The Trustees recognise that a number of risks are involved in the investment of the Group's assets:

Solvency risk and mismatching risk

- Solvency risk is the risk that the benefits promised by the Group cannot be paid.
- Mismatch risk is the risk that the Group's assets behave and perform in a significantly different manner from the Group's liabilities.
- These risks are addressed through the choice of the strategic asset allocation benchmark and through regular actuarial valuations.

Liquidity risk

- Liquidity risk is the risk that an asset cannot be sold, or that it might be sold with a significant price concession, to meet cash flow requirements.
- Liquidity risk is measured by the level of cash flow required by the Group over a specified period.
- It is managed by holding a level of cash to limit the impact of the cash flow requirements on the investment policy and by restricting the leverage in the Liability Driven Investment (LDI) portfolio.

Political risk

- Political risk is essentially the risk of an adverse influence on investment values from political intervention. It can be reduced by the diversification of the assets across many countries.
- Political risk is measured by the level of concentration in any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Investment Manager risk

- Investment Manager risk is the risk that the Investment Manager performs significantly out of line with the Trustees' expectations.
- It is measured by the expected deviation of the prospective risk and return, as set out in the Investment Manager's objectives, relative to the investment policy.
- It is monitored through regular review of the Investment Manager's performance and process.

Currency risk

- Currency risk is the risk that foreign currency movements negatively impact the value of assets in sterling terms.
- Currency risk is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values.

- It is managed by reducing the translation risk of investing overseas by hedging a proportion of the overseas investments' currency translation risk for those overseas currencies that can be hedged efficiently. The Group's target currency hedging ratio is detailed within the IPID.

Custodian risk

- Custodian risk is the risk of loss of securities held in custody occasioned by the insolvency, negligence or fraudulent action of the custodian or sub-custodian.
- It is managed by discussions with the Group's custodian, Bank of New York Mellon. In addition, where the Group is invested in a pooled fund, the custodian risk is also managed by discussions with the Investment Manager with whom the custodian contract is established.

Sponsor risk

- Sponsor risk is the level of ability and willingness of the Company to support the continuation of the Group and to make good any current or future deficit.
- It is managed by monitoring the interaction between the Group and the Company's business.
- The Company's covenant is assessed by the Trustees from time to time, having regard to independent advice as considered necessary.

Legal and operational risk

- Legal and operational risk is essentially the risk that legal documents are inappropriate or that operational tasks are not completed correctly.
- These risks are mitigated through the choice of Investment Managers and the appointment of legal and other professional advisers as appropriate.

Market impact risk

- Market impact risk is the risk that market prices for assets bought/sold by the Group are impacted negatively by the Group's (or Group's Investment Managers') activity.
- This risk is mitigated through the choice and on-going monitoring of the Investment Managers and the appointment of a transition manager where appropriate.

ESG risk

- ESG risks are a diverse set of investment risks which may negatively impact on the value of the Group's assets over time:
 - Environmental risk includes climate change risk and has three components: financially material, negative asset price impacts arising from physical risks to real assets; transition risks (the adjustment of values within financial markets as policy, technological and physical risks are reassessed); and legislative risk.
 - Social risk includes the risk that underlying investments made by the Group experience financially material, negative outcomes arising from social and societal factors, including labour practices, adherence to applicable laws governing employment and the society in which the organisation operates;

- Corporate governance risk is the risk that the managerial teams within companies in which the Group has an investment interest do not act in the best interests of stakeholders, ultimately resulting in a financially material, negative impact on the stock value.
- ESG risks are monitored by the Trustees on an ongoing basis, using the framework set out in the Trustees' Responsible Investment Policy. It is measured by the level of concentration in individual stocks and the risk of an adverse impact on investment values arising from corporate failures owing to ESG risks crystallizing.
- ESG risks are managed through the adoption of the Trustees' Responsible Investment policy, along with the Trustees' adoption of a diversified investment policy, both geographically between markets and within each market through the diversification across a number of Investment Managers and restrictions on concentration in the Investment Management Agreements.

5.2 The Trustees closely monitor all of the above-mentioned risks on an on-going basis.