The Pensions Trust

# Annual Report and Financial Statements 2024

Pension Scheme Registration Number 10170418

tpt Retirement Solutions

## Contents

## Trustee and Advisors

| | |
|---|---|
| **Trustee** | Verity Trustees Limited |
| **Chair of the Trustee Board** | Joanna Matthews |
| **Co-opted Directors** | Joanna Matthews – Independent Chair (n) |
| **Employer-Nominated Directors** | Jonathan Wheeler (p) (resigned 30 September 2024)<br>Paul Oldroyd (d)<br>Jonathan Cawthra (n) (resigned 30 September 2024)<br>Dean Waddingham (n)<br>Roger Boulton (n) (appointed 1 October 2024)<br>Daniel Jackson (n) (appointed 1 October 2024) |
| **Member-Nominated Directors** | Thomas Hague (a)<br>Linda Henry (a) (resigned 30 September 2024)<br>Helen Astle (d)<br>Chris Roles (p)<br>Lauren Whitworth (d) (appointed 1 October 2024)<br><br>(a) Active member of the Trust<br>(p) Pensioner member of the Trust<br>(d) Deferred member of the Trust<br>(n) Not a member of the Trust |
| **Pensions Manager and Administrator** | TPT Retirement Solutions Limited (appointed 2 October 2023) |
| **Fiduciary Investment Manager** | TPT Investment Management Limited (appointed 2 October 2023) |
| **Defined Contributions Administrator** | Aptia Uk Limited (appointed 1 January 2024)<br>Mercer Limited (resigned 31 December 2023) |
| **Scheme Actuary** | Michael Kelly FIA<br>Mercer Limited |
| **Independent Auditors** | PricewaterhouseCoopers LLP<br>Atria One<br>144 Morrison Street<br>Edinburgh<br>EH3 8EX |

## Trustee and Advisors (continued)

| | |
|---|---|
| **Legal Advisors** | Linklaters LLP<br>CMS Cameron McKenna Nabarro LLP<br>Pinsent Masons LLP |
| **Bankers** | The Royal Bank of Scotland plc<br>Barclays Bank plc |
| **Investment Managers** | abrdn Alternative Funds Limited (resigned 1 April 2024)<br>AllianceBernstein Limited<br>Apollo Global Management, LLC (resigned 29 August 2024)<br>Ares Management LLC (resigned 1 April 2024)<br>Ashmore Investment Management Limited<br>BlackRock Investment Management (UK) Limited<br>Carne Global Fund Managers (UK) Limited (appointed 28 March 2024)<br>CBRE Investment Management<br>Chorus Capital Limited (resigned 1 July 2024)<br>Christofferson, Robb & Company LLC (resigned 1 July 2024)<br>First State Investments Fund Management S.Ar.L.<br>Foresight Group Holdings PLC (resigned 1 April 2024)<br>Global Infrastructure Partners (resigned 1 April 2024)<br>Hayfin PT LP (resigned 1 July 2024)<br>IFM Investors Pty, Limited (resigned 1 April 2024)<br>InfraRed Capital Partners Limited (resigned 1 April 2024)<br>Insight Investment Management (appointed 8 July 2024)<br>King Street Capital Management, L.P. (resigned 29 August 2024)<br>Legal & General Assurance (Pensions Management) Limited<br>Macquarie Financial Products Management Limited<br>Man Group PLC (resigned 29 August 2024)<br>Meridiam SAS – (resigned 1 July 2024)<br>Nephila Capital Limited<br>Ownership Capital B.V.<br>Pacific Investment Management Company LLC (resigned 1 July 2024)<br>Phoenix Group Holdings PLC<br>RBC Global Asset Management (UK) Limited<br>Royal London Asset Management Limited<br>Ruffer LLP<br>Sands Capital Management, LLC<br>Standard Life Assurance Limited<br>Stonepeak Holdings LLC (resigned 1 April 2024)<br>Vontobel Asset Management SA<br>Wellington Management International Limited |

## Trustee and Advisors (continued)

| | |
|---|---|
| **AVC Policy Providers** | See listing in Note 20 |
| **Insurance Policy Providers** | See listing in Note 19 |
| **Property Valuer** | Cluttons LLP |
| **Investment Consultants** | TPT Investment Management Limited (appointed 2 October 2023)<br>Alliance Bernstein<br>Mercer Investment Consulting (resigned 2 October 2023)<br>Redington Investments Limited (resigned 2 October 2023) |
| **Custodian** | The Northern Trust Company |
| **Custody Consultants** | Thomas Murray Data Services |
| **Address for enquiries** | TPT Retirement Solutions Limited<br>Verity House<br>6 Canal Wharf<br>Leeds<br>West Yorkshire<br>LS11 5BQ<br>Email: enquiries@tpt.org.uk<br>Website: www.tpt.org.uk |

## Trustee's Report

For the year ended 30 September 2024

Verity Trustees Limited (the "Trustee") presents its Annual Report on The Pensions Trust (the "Trust"), together with the Financial Statements of the Trust for the year ended 30 September 2024.

### Trust Constitution and Management

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. As at 30 September 2024, the Trustee Board consisted of nine Directors, four of whom are nominated by the members, four by the employers and one Director co-opted onto the Trustee Board by the member and employer-nominated Directors. During 2024 the Trustee undertook a recruitment exercise to appoint two Employer Nominated Directors ("END"s) and one Member Nominated Director ("MND"s). On 30 September 2024, Jonathan Wheeler and Jonathan Cawthra retired as ENDs and Linda Henry retired as an MND. On 1 October 2024, Roger Boulton and Daniel Jackson were appointed as ENDs and Lauren Whitworth as an MND.

The Trustee Board has the following six sub-committees which comprise a combination of Trustee Board members and independent experts. The paper and minutes of sub-committee meetings are made available to all Trustee Board members.

- The Investment Oversight Committee ("IOC") normally meets four times a year. Its purpose is to oversee the performance of TPTIM and review policies before recommending them to the Trustee Board for approval. The Chair of the IOC is Mark Laidlaw. The Chair attends Trustee Board meetings quarterly to present a report from the IOC.

- The Funding Committee ("FC") meets at least four times a year. Its purpose is to agree scheme-specific funding and asset allocation decisions for the Trust's defined benefit pension schemes and to oversee the actuarial valuation process. The Chair of the FC is Colin Richardson and Ian Maybury is also appointed to the FC. The Chair attends Trustee Board meeting quarterly to present a report from the FC.

- The Audit, Risk & Compliance Committee ("ARCC") meets four times a year to consider internal audit, internal controls, compliance, the annual audit and the Annual Report and Financial Statements. The Chair of the ARCC is Calum Thomson and Felicity Bambury and John Schofield are also appointed to the ARCC. The Chair attends Trustee Board meetings annually to present a report from the ARCC.

- The Remuneration and Appointments Committee ("RAC") meets at least twice a year to approve the remuneration strategy for all Board and Committee members. The RAC is chaired by a Senior Nominated Director (Chris Roles) and comprises only MNDs and ENDs. The Chair presents an annual report from the RAC to the Trustee Board.

- The Member Services Committee ("MSC") usually meets four times a year and is responsible for overseeing the services TPTRSL provides to members, providing input on the development of service enhancements and agreeing administration policy as required. This committee is

## **Trustee's Report** (continued)

chaired by a member of the Trustee Board (Dean Waddingham) and comprises only MNDs and ENDs. The Chair of the MSC presents a quarterly report to the Trustee Board.

- The Appeals and Discretions Committee ("ADC") determines appeals to the Trustee at the second stage of the Internal Disputes Resolution Procedure and exercises discretion on behalf of the Trustee. The Committee will usually discuss and agree an appeal via video conference rather than a face-to-face meeting. This committee is chaired by a member of the Trustee Board (Paul Oldroyd) and comprises only MNDs and ENDs. The Chair of the ADC presents an annual report to the Trustee Board. The ADC may also refer matters arising from disputes to the MSC for further consideration.

On 2 October 2023, the Trustee entered into a contract with TPT Retirement Solutions Limited ("TPT RSL") for the provision of pensions management and administration services and appointed TPT Investment Management Limited ("TPTIM") as a Fiduciary Investment Manager. TPT RSL is a wholly owned subsidiary of the Verity Trustees Limited in its capacity as Trustee of The Pensions Trust and TPTIM is a wholly owned subsidiary of TPT RSL.

Verity Trustees Limited is also the corporate Trustee of The Pensions Trust 2016. Directors of Verity Trustees Limited, other than those who are co-opted, can be nominated by members and employers of either Trust.

The Articles of Association of the corporate Trustee and the Rules of the Trust contain provisions for the appointment and removal of Trustee Directors.

Joanna Matthews was the Independent Chair of the Trustee Board for the year ended 30 September 2024.

The Trustee has appointed professional advisors and other organisations to support it in delivering the Trust's objectives. These individuals and organisations are listed on pages 1 to 3. The Trustee has written agreements in place with each of them.

The Trust is a centralised occupational pension fund for non-associated employers ("employers"). There were 57 (2023: 55) segregated schemes ("schemes") within the Trust as at 30 September 2024.

## Trustee's Report (continued)

The individual schemes and asset values are detailed below.

| | 2024 £m | 2023 £m |
|---|---|---|
| **Defined Benefit (DB) Multi-Employer Schemes – Non-associated Employers*** | | |
| CARE Scheme[2,4] | 44.6 | 41.2 |
| Growth Plan Series 1, 2 and 3[2,4] | 519.9 | 518.7 |
| Independent Schools' Pension Scheme [2,4] | 109.8 | 99.2 |
| Northern Ireland Charities Pension Scheme[2] | 19.6 | 18.6 |
| Scottish Housing Associations' Pension Scheme,[4] | 690.5 | 645.0 |
| Scottish Voluntary Sector Pension Scheme,[2] | 90.3 | 86.2 |
| Social Housing Pension Scheme,[4] | 2,741.6 | 2,570.1 |
| | **4,216.3** | **3,979.0** |

| | 2024 £m | 2023 £m |
|---|---|---|
| **Defined Benefit (DB) Multi-Employer Schemes – Associated Employers**** | | |
| ABRI Group Limited Pension Scheme[2] (previously Radian Group Limited Pension Scheme) | 54.9 | 49.4 |
| Methodist Homes for the Aged Final Salary Pension Scheme[2] | 41.6 | 40.4 |
| Oxfam Pension Scheme[1] | 156.6 | 149.4 |
| Royal College of Nursing of the United Kingdom Pension Scheme[1] | 265.2 | 248.4 |
| Sanctuary Housing Association Final Salary Pension Scheme[2,4] | 188.3 | 177.7 |
| The Clarion Housing Group Pension Scheme[2] | 130.7 | 123.5 |
| United Reformed Church Final Salary Scheme[2] | 27.1 | 25.0 |
| Workers' Educational Association Pension Scheme[2] | 26.1 | 24.5 |
| | **890.5** | **838.3** |

**Non associated employers within the Multi-Employer Schemes are not associated with one another.*

***Associated employers within the Multi-Employer schemes are associated with one another and not with The Pensions* Trust.

[1] *Closed to new entrants*
[2] *Closed to future benefit accrual*
[4] *Schemes within the Trust that include both DB and DC liabilities*

## **Trustee's Report** (continued)

| | 2024 £m | 2023 £m |
|---|---|---|
| **Defined Benefit (DB) – Single Employer Schemes** | | |
| A2Dominion Benefit Scheme[2,3,4] | 67.9 | 59.5 |
| Action for Blind People Final Salary Pension Scheme[2] | 9.5 | 9.4 |
| Anchor Trust Final Salary Scheme[2] | 159.4 | 151.3 |
| Arthritis Care Pension Scheme[2] | 8.3 | 8.0 |
| Bromford DB Scheme | 70.8 | 65.0 |
| Christian Aid Final Salary Scheme (1988)[2] | 55.2 | 53.6 |
| Flagship Housing Group ex-SHPS Scheme[1,4] | 33.4 | 29.6 |
| Guinness Partnership Pension Scheme[2,4] | 218.6 | 196.6 |
| Housing Plus Pension Scheme[2] | 8.3 | 7.6 |
| Independent Age Final Salary Scheme[2] | 14.8 | 14.6 |
| Leonard Cheshire Disability Group Pension Scheme[2] | 54.7 | 51.6 |
| Manchester Grammar School Pension Scheme[2] | 8.7 | 7.8 |
| MIND (The National Association for Mental Health) Final Salary Scheme[2] | 8.4 | 8.1 |
| Moat Homes Pension Scheme[1] | 30.8 | 27.7 |
| National Council for Voluntary Organisations Final Salary Pension Scheme[2] | 20.6 | 19.5 |
| Notting Hill Genesis 2023 Pension Scheme[2,4,5] | 95.8 | - |
| Notting Hill Genesis Scheme[2,4] | 39.9 | 36.5 |
| One Housing Group Pension Scheme[2] | 32.0 | 28.7 |
| Optivo Defined Benefit Pension Scheme[1,4] | 61.7 | 53.0 |
| Paddington Churches Housing Association 2001 Pension Scheme[2] | 41.5 | 39.8 |
| Pobl Pension Scheme[4,5] | 82.4 | - |
| Riverside Defined Benefit Scheme[2] | 76.5 | 68.8 |
| Royal National College for the Blind Defined Benefit Scheme[2] | 10.9 | 10.5 |
| SeeABILITY Pension Scheme[2] | 10.5 | 10.3 |
| Sovereign Pension Plan[2] | 128.3 | 114.7 |
| St Mungo's Defined Benefit Scheme[2] | 28.5 | 25.7 |
| Stonham Final Salary Pension Scheme[1] | 55.2 | 52.8 |
| The Children's Society Pension Scheme[1] | 107.7 | 104.9 |
| The Harpur Trust Pension Scheme for Non-Teaching Staff[1] | 20.0 | 19.8 |
| The Livability Final Salary Pension Scheme[2] | 26.6 | 25.5 |
| The Orbit Group Defined Benefit Pension Scheme[2] | 71.9 | 65.6 |
| The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme[2] | 11.9 | 11.6 |
| The Save the Children Defined Benefit Scheme[2] | 136.0 | 131.3 |
| The Together Trust Final Salary Scheme[2] | 6.3 | 6.1 |
| The Winchester College Support Staff Pension Scheme[2] | 16.9 | 15.9 |
| Thirteen Housing Group Pension Scheme[1] | 40.7 | 33.8 |

| | | |
|---|---|---|
| VIVID Housing Defined Benefit Pension Scheme[2] | 56.0 | 53.7 |
| Wales & West Housing Group Pension Plan[4] | 65.9 | 59.7 |
| YHA (England & Wales) Pension Scheme[2] | 16.3 | 15.2 |
| | **2,008.8** | **1,693.8** |
| **Total Defined Benefit Schemes** | **7,115.6** | **6,511.1** |

*[1] Closed to new entrants*
*[2] Closed to future benefit accrual*
*[3] Investments are allocated to individual members*
*[4] Schemes within the Trust that include both DB and DC liabilities*
*[5] New Scheme following internal transfers from existing Schemes in the last 12 months*

## **Trustee's Report** (continued)

| | 2024 £m | 2023 £m |
|---|---|---|
| **Defined Contribution (DC) Schemes** | | |
| A2Dominion[3,4] | 39.7 | 30.2 |
| CARE Scheme[3,4] | 6.0 | 5.3 |
| Ethical Fund[3] | 188.5 | 165.2 |
| Flagship Housing Group ex-SHPS Scheme[3,4] | 4.8 | 4.2 |
| Flexible Retirement Plan[3] | 822.7 | 634.6 |
| Growth Plan Series 4[3,4] | 645.6 | 519.6 |
| Guinness Partnership [3,4] | 38.8 | 25.3 |
| Independent Schools' Pension Scheme[3,4] | 63.8 | 47.0 |
| Notting Hill Genesis 2023 Pension Scheme[3,4,5] | 39.4 | - |
| Notting Hill Genesis Scheme[3,4] | 29.0 | 27.1 |
| Optivo DC Pension Scheme[3,4] | 53.4 | 39.0 |
| Pension Scheme for the Education Sector[3] | 0.1 | - |
| Pobl Pension Scheme[3,4,5] | 24.9 | - |
| Scottish Housing Associations' Pension Scheme[3,4] | 214.6 | 160.9 |
| Social Housing Pension Scheme[3,4] | 1,506.7 | 1,196.6 |
| Wales & West Housing Group Pension Plan[3,4] | 11.8 | 8.7 |
| **Total Defined Contribution Schemes** | **3,689.8** | **2,863.7** |

[3] *Investments are allocated to individual members*
[4] *Schemes within the Trust that include both DB and DC liabilities*
[5] *New Scheme following internal transfers from existing Schemes in the last 12 months*

## **Trustee's Report** (continued)

### Current Economic Environment

The last year's economic environment has seen high inflation and subsequently high central bank rates, as banks look to bring inflation back to their targets. Although long term global government bond yields have fallen, the loosening of monetary policy has been slower than expected at the start of this year. The Bank of England has reduced the base rate 25bps from 5.25% on 1 October 2023 to 5.00% on 30 September 2024 and as a result have almost achieved the 2% target, with UK CPI falling from 6.7% to 2.2% over the same period. Subsequently, the close management of collateral required during 2022 and 2023 has eased slightly, tempered further by the gradual expected repayment of cashflow generating assets held by the Trust. Despite the higher rates affecting all parts of the economy, consumer demand and economic activity, particularly in the US, have held up well. Although defaults have increased, as might be expected due to the higher borrowing cost, these have not been as significant as implied by the market pricing of corporate debt. Equity performance has been volatile over the year, however despite this, performance has been positive across the board.

The Trustee retains a well-diversified portfolio in order to mitigate these associated risks.

### Economic Outlook

Looking forward it has become apparent that, although inflation in major economies in the West has fallen closer to target following the monetary tightening that occurred post-pandemic, a number of inflationary pressures remain, particularly in wage inflation. Due to these inflationary pressures, and in light of the expected tariffs being introduced by the US, expectations of further interest rate cuts have been put on hold, and the narrative has turned to 'higher for longer'. In the UK, the outlook for GDP growth remains muted, with the economy growing by just 0.1% in the fourth quarter of 2024. In particular the level of government bond issuance required to deliver the spending plans announced in the budget in October 2024, and the subsequent increases in the cost of government borrowing, have placed a strain on the expected fiscal headroom which may curb spending or require further tax increases.

## Trustee's Report (continued)

### Financial Developments and Financial Statements

The Financial Statements included in this annual report are the accounts required by the Pensions Act 1995. The Financial Statements set out on pages 55 to 100 have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The summary financial performance of the Trust is as follows:

| | Year ended 30 Sept 2024 £m | Year ended 30 Sept 2023 £m |
|---|---|---|
| Contributions Receivable | 735.5 | 700.3 |
| Transfers In and Other Income | 30.2 | 23.7 |
| Benefits Paid or Payable and Other Payments | (401.6) | (379.3) |
| Payments to leavers (incl. transfers out) | (129.8) | (179.1) |
| Administrative Expenses (incl. PPF levy) | (37.3) | (35.4) |
| Net Additions from dealings with Members | 197.0 | 130.2 |
| Investment Income | 216.2 | 214.1 |
| Change in Market Value of Investments | 1,052.6 | (959.0) |
| Investment Management Expenses | (33.1) | (40.6) |
| Net Return on Investments | 1,235.7 | (785.5) |
| Net Increase / (Decrease) Increase in the Trust during year | 1,432.7 | (655.3) |
| Net Assets at beginning of year | 9,396.5 | 10,051.8 |
| **Net Assets at end of year** | **10,829.2** | **9,396.5** |

Developments affecting the financial performance of the Trust during the year include:

- Contributions receivable have increased by 5.0% from £700.3m to £735.5m
- Defined Contribution (DC) contributions have increased by £41.6m (10.6%), whilst Defined Benefit (DB) contributions have decreased by £6.5m (2.1%).
- Transfers In have increased 25% from £8.0m to £10.0m.
- Within Benefits Paid or Payable, the pensions payable have increased by 7.4% from £364.3m to £391.4m, which reflects the increased number of pensioners in the year and annual pension increases.
- Administrative Expenses have increased by £1.9m in the year, largely due to an increase in the DC administration charge, offset by reductions in regulatory fees, and fees in respect of the historic benefit review.
- There was a positive return on investments for the Defined Benefit Schemes during the year to 30 September 2024 of 9.8% (2023: negative return of 14.9%). Further details on investment performance can be found on page 22.

## **Trustee's Report** (continued)

### Contributions

As there are more than 20 participating employers, the Trustee has taken the available multi-employer exemption from obtaining a statement from the auditor concerning the payment of contributions to the Trust.

During the year 54 employers (2023: 68) remitted contributions later than the date set out in their Schedules of Contributions or Payment Schedules. In respect of the year ended 30 September 2024, there were 100 late payments (2023: 119) representing total contributions of approximately £13.7m (2023: £4.4m).

As at 30 September 2024, £0.2m (2023: £0.5m) of late contributions were outstanding; this included defined benefit employer normal, employee normal and deficit funding contributions.

## **Trustee's Report** (continued)

## Membership and Benefits

As at the year end, there were 2,440 (2023: 2,496) active employers and there are 465,319 (2023: 445,184) members.

The change in membership during the year is as follows:

| | Active Members | Deferred Members | Pensioners | Beneficiaries | Total |
|---|---|---|---|---|---|
| **At the start of the year** | 135,299 | 259,271 | 46,671 | 3,943 | 445,184 |
| New members* | 36,434 | 169 | 123 | - | 36,726 |
| Members retiring | (227) | (2,219) | 2,446 | - | - |
| Members leaving prior to pension age | (30,608) | 30,608 | - | - | - |
| Members leaving with refunds | (701) | (3,301) | (1) | - | (4,003) |
| Transfers out | (3,088) | (8,027) | - | (136) | (11,251) |
| Full commutations | (1) | (206) | (33) | (32) | (272) |
| Deaths | (150) | (359) | (991) | (16) | (1,516) |
| New beneficiaries | - | - | - | 316 | 316 |
| Reclassifications** | 81 | 57 | - | (3) | 135 |
| **At the end of the year** | **137,039** | **275,993** | **48,215** | **4,072** | **465,319** |
| | | | | | |
| As at 1 October 2023 | | | | | |
| DB | 4,940 | 51,337 | 46,671 | 3,943 | 106,891 |
| DC | 130,359 | 207,934 | - | - | 338,293 |
| **Total** | **135,299** | **259,271** | **46,671** | **3,943** | **445,184** |
| | | | | | |
| As at 30 September 2024 | | | | | |
| DB | 4,292 | 49,597 | 48,215 | 4,072 | 106,176 |
| DC | 132,747 | 226,396 | - | - | 359,143 |
| **Total** | **137,039** | **275,993** | **48,215** | **4,072** | **465,319** |

** New members include internal transfers from existing multi-employer Schemes.*

*** Reclassifications include status updates for members who were previously recorded as leavers but retain an interest in the scheme.*

The above membership reflects the number of records held rather than individual members.

Included in this table are 8,793 (2023: 9,176 (restated)) pensioners and beneficiaries whose benefits are secured by annuities. There are 5,312 (2023: 5,878) members, who have both an active DC and a deferred DB record. New members joining are stated net of auto-enrolment opt-outs where contributions were never remitted to the Trust. Included within the number of active members are 877 (2023: 988) paid-up members. Paid-up members are members who are still in employment but are not contributing to the Trust, though they still maintain a salary link.

## **Trustee's Report** (continued)

### Pension Increases

The Rules make provision for increases to pensions in payment and deferred pensions. The increases applied depend on when the benefits are accrued and under which pension scheme. Decisions on increases are made in accordance with the provisions of each scheme, taking into account the financial position of the scheme, other relevant factors and the interests of all the categories of beneficiaries. Where pensions in payment are increased annually, this is normally by at least Limited Price Indexation (LPI), which means that the increase is capped at a maximum of either 2.5% or 5.0% depending upon when the benefits were accrued, unless scheme rules provide otherwise. Following the change in the statutory basis for increasing pensions in payment, from April 2011, pensions in payment have been calculated with reference to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI), unless scheme rules provide otherwise.

The table below summarises the most recent increases applied:

| | **Minimum** | **Maximum** | **Average** |
|---|---|---|---|
| **Effective date** | | | |
| **Pensions in payment** | | | |
| 6 April 2024 | 0.0% | 13.4% | 3.4% |
| 6 April 2023 | 0.0% | 13.4% | 3.8% |

In October 2023, a discretionary increase was applied to Save the Children. The increase was raised from 2.5% to 5.0% and backdated to April 2023.

### Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Act 1993 and do not include discretionary benefits. Following receipt of an insufficiency report from the Scheme Actuary, transfer values payable from the Northern Ireland Charities Pension Scheme and Royal National College for the Blind Defined Benefit Scheme are currently reduced due to the level of underfunding in the scheme. It is not clear when transfer values payable will return to unreduced levels.

## Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102'), the Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme within the Trust is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every three years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding

## **Trustee's Report** (continued)

Principles, a copy of which is available to scheme members on request from the address for enquiries on page 3.

The Trust's schemes are usually valued once every three years. Details of the individual schemes' actuarial valuation certifications are contained in the Summary of Actuarial Certificates section of the annual report on pages 101 to 103. In the years in between full actuarial valuations an actuarial update is prepared by the Scheme Actuary. The actuarial update is a roll-forward of the full actuarial valuation.

The aggregate valuation of all the Trust's schemes at 30 September 2023 (the latest aggregate valuation available) is the sum total of either the full actuarial valuations at that date or the latest actuarial update.

| | 2023 | 2022 |
|---|---|---|
| **Valuation date 30 September** | **£m** | **£m** |
| Value of Technical Provisions | 7,550.5 | 7,653.6 |
| Value of Assets Available to meet Technical Provisions* | 6,385.3 | 6,510.0 |
| as a percentage of Technical Provisions | 84.6% | 85.8% |

**Note: In accordance with SORP 2018, the value of assets available to meet technical provisions is as at the date of the related actuarial valuation. Value of assets available to meet Technical Provisions excludes annuities, AVCs as well as net current assets.*

The value of technical provisions is based on the Pensionable Service accrued to the valuation date and assumptions about various factors that will influence each scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in general for the 2024 valuations are shown below, although there may be isolated Scheme-specific variations:

### Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method, with a control period of one year for open schemes and of duration to Normal Pension Age for schemes closed to new entrants.

### Significant Actuarial Assumptions

**Discount Interest Rate:** Scheme-specific set by reference to a fixed interest gilt curve at the valuation date, with an adjustment for expected outperformance from scheme assets.

**Future Retail Price Inflation:** Set by reference to a market-implied inflation curve as derived from gilt prices at the valuation date.

**Future Consumer Price Inflation:** Retail Price Inflation less 1.0% per annum until 2030 and then less 0.0% per annum thereafter.

**Pension Increases:** Derived from the term-dependent rates for future retail or consumer price inflation, allowing for the caps and floors on pension increases according to the provisions of the schemes' rules.

## **Trustee's Report** (continued)

**Pay Increases:** General pay increases of 2.0% per annum above the rates for the future consumer price inflation, with some scheme-specific variations.

**Mortality:** Mortality and morbidity tables produced by the CMI (Continuous Mortality Investigation) with the support of the Institute and Faculty of Actuaries are used. No allowance is made for the period pre-retirement. For the period post-retirement, a scheme-specific loading to the S3PxA tables is used, with future improvements based on CMI tables with a long-term scaling factor of 1.50% for males and 1.25% for females and an A parameter of 0.25% for males and females.

### Recovery Plan

The arrangements for each scheme section are formalised in Schedules of Contributions that are certified by the Scheme Actuary. Details of the date of certification of each schedule can be found on pages 102 to 103. A copy of the example certificate can be found on page 101.

### Contractual Arrangements

As at 30 September 2024, the Trust was party to 34 (2023: 32 (restated)) other contractual arrangements in relation to 31 employers (2023: 32 employers) that participate in the Trust. These comprised charges on property, company guarantees, bank guarantees and escrow accounts. The contractual arrangements relate to the admission and continued participation of certain employers in the Trust, to the apportionment of withdrawing employers' share of the deficit to other participating employers within the same scheme or to provide security to support an extended recovery plan. The circumstances in which these assets will become the property of the Trust are set out in agreements with the relevant employers.

### GMP Equalisation

The Trustee is currently reviewing, with its advisors, the impact of a High Court ruling made in October 2018, as well as a follow-on judgement in November 2020, concerning Guaranteed Minimum Pension (GMP) Equalisation. Further details can be found in note 32 to the Financial Statements.

### Historic Benefit Review

The Trustee is seeking High Court clarification on benefit changes following a review of historic amendments made to the Trust Deed and Rules. Further details can be found in note 33 to the Financial Statements.

### Virgin Media Case

During the year ended 30 September 2024, the Trustee also became aware of the Court of Appeal's judgment in the case of Virgin Media v NTL Pension Trustees. Further details can be found in note 33 to the Financial Statements.

## Regulation and Governance

The Pensions Trust is regulated by The Pensions Regulator. The Trustee has in place policies and processes to enable it to monitor compliance with applicable laws and regulations.

## **Trustee's Report** (continued)

The Trust was granted Master Trust authorisation from The Pensions Regulator on 18 June 2019. Further details on Master Trust DC Governance can be found in the Chair's Statement Regarding DC Governance on pages 28 to 50.

## Task Force on Climate-related Financial Disclosures Report

### Executive Summary

This Task Force on Climate-related Financial Disclosures (TCFD) Report has been prepared to provide an overview of Verity Trustees Limited's (VTL) climate-related risks, opportunities and strategies. It outlines the governance measures and actions undertaken by the Trustee during the 2023/2024 financial year (1 October 2023 to 30 September 2024) to identify, assess and manage those risks and opportunities.

Reporting in line with TCFD has been a statutory requirement since the introduction of the UK Department for Work and Pensions' (DWP) Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (DWP TCFD Regulations). The Trustee supports TCFD and its framework for climate-related disclosures and is committed to transparency and climate action.

The report is structured around the four pillars of the TCFD framework: **Governance**, **Strategy**, **Risk Management**, and **Metrics and Targets**.

*Summary of Findings Against Requirements*

The following table provides an overview of our disclosures against the TCFD recommendations and the progress achieved during 2023/24. The Trustee remains committed to assessing and enhancing disclosures in line with the TCFD framework, incorporating relevant guidance, evolving best practices and data availability.

## **Trustee's Report** (continued)

| | Disclosure requirements | Summary of findings |
|---|---|---|
| **Governance**<br><br>Disclose the organisation's governance around climate-related risks and opportunities. | Describe the board's oversight of climate-related risks and opportunities. | Our governance structure continues to provide clear oversight of climate-related risks and opportunities, with the Trustee Board responsible for all aspects of running the Trust.<br><br>The Trustee annually reviews and approves the Climate Change Policy and the wider Responsible Investment Framework. The Defined Benefit (DB) and Defined Contribution (DC) Statements of Investment Principles (SIPs) are also reviewed and approved annually by the Trustee. Climate training is provided at least annually. |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | For DB investments, VTL delegates investment decisions to TPT Investment Management (TPTIM). For DC investments, VTL delegates investment decisions to AllianceBernstein. Both TPTIM and AllianceBernstein delegate day-to-day investment management to authorised investment managers, ensuring these managers possess the necessary knowledge and experience to manage the Trustee's investments, including robust processes and climate expertise. |
| **Strategy**<br><br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material. | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | Climate-related risks and opportunities are assessed across short, medium and long-term horizons. Both transition and physical risks are considered, along with their varying impacts on asset classes globally. |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | Climate-related risks and opportunities are assessed as part of the investment decision-making process. These are embedded into portfolio strategy and stewardship practices. |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | We consider the resilience of our strategy under different climate scenarios, using both qualitative and quantitative analyses to identify risks and opportunities.<br><br>In 2022, we conducted climate scenario analysis to stress-test the DB and DC portfolios against climate-change risks.<br><br>With no material changes to our strategy or data availability, a new analysis was not conducted for |

| | | |
|---|---|---|
| | | this TCFD Report. However, we provide a summary of the analysis performed in 2022. |
| **Risk management**<br><br>Disclose how the organisation identifies, assesses, and manages climate-related risks. | Describe the organisation's processes for identifying and assessing climate-related risks. | Climate change represents a material financial risk to our investment portfolio and the security of members' retirement benefits. Climate risks are identified, managed and integrated into our Risk Management Framework. |
| | Describe the organisation's processes for managing climate-related risks. | Our Climate Change Policy ensures that climate risks are explicitly considered during the investment process, from portfolio exposure assessment to active engagement. |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | Climate-related risk identification, prioritisation and management are integrated into the overarching Risk Management Framework, which includes risk pillars, risk appetite, scorecards, risk registers and controls.<br><br>The framework ensures a consistent and effective approach to mitigating risks across the organisation. |
| **Metrics and targets**<br><br>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | We report against four climate metrics:<br><br>- Absolute carbon emissions;<br>- Carbon intensity;<br>- Data quality; and<br>- Implied Temperature Rise. |
| | Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks. | We report scope 1, 2 and 3 emissions data for listed equity, corporate fixed income, real estate and infrastructure.<br><br>We follow the GHG emissions accounting and reporting standard developed by the Partnership for Carbon Accounting Financials (PCAF). |

| | | |
|---|---|---|
| | Describe the targets the organisation uses to manage climate-related risks and opportunities and performance against targets. | Our Climate Action Plan defines clear climate targets, including reducing carbon intensity by at least 25% by 2025 and 50% by 2030 (relative to a 2019 baseline). This year's report evaluates performance against these targets and analyses changes in carbon intensity over recent years. |

*Next Steps*

Addressing climate change and embedding responsible investment practices is a continuous and dynamic journey. We remain committed to advancing our efforts and are focusing on the following strategic priorities:

- **Enhancing Stewardship with a Climate Focus:** Further strengthening our stewardship framework with a dedicated focus on climate action, ensuring impactful engagement and voting strategies that align with and support our net zero ambitions.
- **Improving Transparency through Enhanced Reporting:** Building on our responsible investment reporting to provide stakeholders with more comprehensive and accessible insights into our climate-related actions, progress and challenges.
- **Exploring Natural Capital:** Deepening our research into natural capital, including the interdependencies between our investment portfolio and nature, while assessing risks related to biodiversity loss and ecosystem degradation.
- **Reassessing Our Climate Strategy Post-2025:** Undertaking a thorough review of our climate strategy, using insights gained to refine and strengthen our approach for the years ahead.

These initiatives underline our commitment to responsible investment and the climate transition, ensuring that we continue to adapt and lead the way towards a sustainable and resilient future.

The full TCFD report can be found on https://www.tpt.org.uk/verity-trustees-limited/responsible-investing-at-vtl/

## Trustee's Report (continued)

## Investment Management

### Investment Strategy and Principles

The Trustee is responsible for determining the schemes' investment strategies.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed two Statements of Investment Principles ("SIP"), one in respect of Defined Benefit assets and one in respect of Defined Contribution assets. The versions in place at 30 September 2024 were approved in October 2023. A copy of the Defined Contribution SIP may be found in Appendix 1 on pages 104 to 116. Copies of both SIPs can be obtained from TPT's website.

Trustees of most schemes with 100 or more members, such as Verity Trustees Limited, must include an Implementation Statement for all Annual Report and Financial Statements produced on or after 1 October 2020. The Implementation Statement requirements differ between DC/hybrid schemes and pure DB schemes, but the statement must set out information about how the Trustee has put its SIP into practice, particularly in relation to stewardship and engagement. The Trustee is required to set out its opinion on how its policy and the SIP have been followed; to describe voting behaviour; and to explain any change to the SIP and the reason for it. The Trustee must also publish the Implementation Statement online and inform members about its availability.

A copy of the Implementation Statement can be found in Appendix 6 on pages 147 to 194.

### Management and Custody of Investments

The Trustee has delegated the management of its investments to professional investment managers which are listed on pages 1 and 2. These managers, which are regulated by the appropriate regulatory body in their country of operation, such as the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements which are designed to ensure that the objectives and policies set out in the SIPs are followed.

The mandates put in place by the Trustee specify how rights attaching to the Trust's segregated investments are acted upon. These include active voting participation and a requirement to consider environmental, social and governance ("ESG") and wider stewardship factors when making investment decisions. The Trustee has less influence over the underlying investments within pooled investment vehicles held by the Trust but reviews the managers' policies and statements of compliance in respect of these matters.

The Trustee is committed to being a responsible investor, an approach which seeks to integrate ESG considerations into investment management processes and ownership practices.

Of the environmental risks that the Trustee considers, climate change potentially presents the most material long-term risk and, in line with the recommendations set out in the Financial Stability Board's Task Force on Climate-related Financial Disclosures, we have disclosed the Trust's approach to climate-risk management on TPT's website.

During the course of the year the investments held by the Trust were reorganised with the assets being moved out of the Trust's names and moved in-specie to a series of UK-domiciled unit trusts.

## **Trustee's Report** (continued)

The exception to this was the liability hedging assets, ethical funds and any legacy assets brought by Sections joining the Trust; these were not impacted by the reorganisation.

The unit trusts were co-created by TPT Investment Management Limited and Carne Global Fund Managers (UK) Limited ("Carne"), with Carne acting as the Alternative Investment Fund Manager and TPT Investment Manager appointed as the Investment Manager to the funds.

The purpose of the reorganisation was to allow third-party trustees to invest alongside the Trust, benefitting from its scale, and ability to invest in more hard-to-access investments e.g. private market assets. The ultimate objective is to facilitate the consolidation of UK DB schemes, which will bring to bear the benefits of scale across the industry. In turn, given the increased assets under management in UK unit trusts it is expected that the Trust will be able to further increase its diversification of investment strategy and lower investment management fees, whilst also simplifying the operational management of the assets.

The Trustee has appointed The Northern Trust Company to keep custody of the Trust's DB investments, other than:

- Pooled investment vehicles and qualifying investment funds, where the manager makes its own arrangements for custody of underlying investments;
- Direct property, where title deeds are held by the Trust's legal advisors; and
- Additional Voluntary Contributions and other investments which are in the form of insurance policies, where the master policy documents are held by the Trustee.

### Investment Performance

- The Trust manages and monitors its DB investments in two separate portfolios, which have differing strategies and objectives: the main DB portfolio, which had assets at the year end of £6,944.9m (2023: £6,394.5m), and the Growth Plan Series 3, which had assets at the year end of £108.2m (2023: £111.8m). It does not produce performance statistics at the total investment level.
- The Trust further manages and monitors its main DB portfolio in three separate portfolios: the Growth Assets Portfolio, the Matching-Plus Portfolio ("MPP"), and Liability Driven Investments ("LDI"). The weightings attributed to each of these portfolios will depend on the characteristics of each scheme.
- There was a positive return on investments on the main DB portfolio in the year to 30 September 2024 of 9.77% (2023: negative return of 14.87%).
- The performance of the Trust's DB investments compared to benchmark is summarised in the following table.

## **Trustee's Report** (continued)

| Annualised return over: | *Portfolio allocation* | *1 Year* | 3 Years | 5 Years |
|---|---|---|---|---|
| **DB** | | | | |
| **Growth Assets** | **45%** | **8.4%** | **4.8%** | **6.9%** |
| *Benchmark*[1] | | *9.6%* | 7.7% | 6.4% |
| **Matching-Plus** | **18%** | **6.3%** | **(4.5)%** | **(1.4)%** |
| *Benchmark*[2] | | *8.3%* | (0.8)% | (0.8)% |
| **Liability Driven Investments**[3] | **37%** | **9.2%** | **(41.8)%** | **(29.0)%** |
| *Benchmark*[4] | | *9.4%* | (50.0)% | (35.0)% |
| **Main DB Portfolio** | **100%** | **9.8%** | **(14.5)%** | **(7.3)%** |
| **Growth Plan Series 3** | | **4.8%** | **2.7%** | **1.4%** |
| *Benchmark* | | *5.2%* | *3.3%* | *2.0%* |

*[1]The aim of the Growth Assets Portfolio is to outperform cash + 4.25% per annum over rolling 5 year periods (subject to a volatility constraint). The benchmark in the table above represents the cash + 4.25% objective.*

*[2]The aim of the Matching-Plus Portfolio is to outperform the ICE BoA UK gilts 1-15 years benchmark by 1.4% per annum. The benchmark in the table above represents this objective.*

*[3]These assets employ leverage and are managed to change in line with the liabilities they cover, therefore they may show large movements on an absolute basis.*

*[4]The LDI benchmark reported is a fund-weighted composite of underlying account benchmarks.*

Further details on investment performance, including against targets rather than benchmarks, for example, can be found in the Annual Review which is available on TPT's website.

## **Trustee's Report** (continued)

DC funds are managed separately rather than in aggregate as for DB investments. The following table shows the performance of some of the DC funds for members of different target retirement dates:

| **Annualised return over:** | **1 Year** | **3 Years** | **5 Years** |
|---|---|---|---|
| **<u>DC</u>** | | | |
| **Target Date Funds (TDF)** | | | |
| **Pre-Retirement: TDF 2029-2031** | **14.8%** | **4.0%** | **7.0%** |
| *Benchmark CPI + Margin* | *3.2%* | *7.7%* | *5.3%* |
| **Mid-Life: TDF 2038-2040** | **21.8%** | **6.7%** | **9.0%** |
| *Benchmark CPI + Margin* | *4.7%* | *9.3%* | *7.6%* |
| **Young: TDF 2056-58** | **22.4%** | **7.2%** | **9. 1%** |
| Benchmark CPI + Margin | *5.7%* | *10.3%* | *7.9%* |
| **Ethical Target Date Funds (ETDF)** | | | |
| **Pre-Retirement: ETDF 2029-2031** | **12.4%** | **2.0%** | **6.6%** |
| Benchmark CPI + Margin | *2.8%* | *7.5%* | *4.9%* |
| **Mid-Life: ETDF 2038-2040** | **16.8%** | **3.8%** | **8.3%** |
| Benchmark CPI + Margin | *4.7%* | *9.3%* | *7.6%* |
| **Young: ETDF 2056-58** | **17.8%** | **5.2%** | **8.9%** |
| *Benchmark CPI + Margin* | *5.7%* | *10.3%* | *7.9%* |

Overall DC section returns have not been shown as these are not relevant to the return on individual members' funds.

The Trustee has considered the nature, disposition, marketability, security and valuation of the investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the Financial Statements.

### Employer-Related Investments

The Trust invests in various housing bonds, whose underlying borrowers are drawn from a pool of registered social landlords. The names of the actual borrowers are not disclosed and can vary over time. Given the number of registered social landlords that participate in the Trust, it is possible that these are technically Employer-Related Investments. The value of the Trust's holdings in these bonds at 30 September 2024 was £11.5m (2023: £4.3m), which represents less than 1.0% of the Trust's net assets (2023: less than 1.0%).

## **Trustee's Report** (continued)

Employer-Related Investments include contributions that were received later than the due date set out on the Schedules of Contributions. As at 30 September 2024, £0.2m (2023: £0.5m) of outstanding contributions were received late; this included defined benefit employer normal, employee normal and deficit funding contributions. The value of late contributions outstanding at both year-end dates represents less than 0.1% of the Trust's net assets. At the date of signing, there was £0.2m of outstanding contributions in relation to the year ended 30 September 2024 (2023: £nil).

TPT RSL occupies part of Verity House, Leeds. In the year to 30 September 2023, the Trust owned the freehold of this office building, representing 0.1% of the net assets of the Trust. The building was sold on 25 September 2024 for a value of £5.7m as disclosed in note 27.

Not more than 5% of the current market value of the Trust may at any time be Employer-Related Investments as defined in Section 40 of the Pensions Act 1995. The Trust currently holds less than 1.0% of its net assets in employer-related investments (2023: less than 0.1%).

Pension contributions in respect of the Trust's employees are included in notes 5 and 12.

# Statement of Trustee's responsibilities

## The Trustee's responsibilities in respect of the Financial Statements

The Financial Statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those Financial Statements:

- show a true and fair view of the financial transactions of the Trust during the Trust year and of the amount and disposition at the end of the Trust year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the Financial Statements are prepared on a going concern basis unless it is inappropriate to presume that the Trust will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Trust in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the TPT Retirement Solutions website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Further Information

Requests for additional information about the Trust generally, or queries relating to members' own benefits, should be made to the address for enquiries on page 3.

## Statement of Trustee's responsibilities (continued)

### Approval

The Trustee's Report on pages 4 to 27 was approved and signed for and on behalf of the Trustee on 10 March 2025.

**Joanna Matthews**
Independent Chair
Verity Trustees Limited

# Chair's Statement Regarding DC Governance

## For the year ended 30 September 2024 (the "Trust year")

### Contents

This statement explains how governance standards have been met in relation to the defined contribution ("DC") scheme within The Pensions Trust ("The Trust").



Our detailed response to each of these areas is set out below, as well as some relevant background information.

### Background

The Trust is a leading workplace pension provider with more than 75 years' experience of providing pensions and c.£11 billion of assets (as at 30 September 2024) under management.

The DC Scheme is an authorised master trust supervised by the Pensions Regulator ("TPR") to ensure quality and sustainability. The Trustee of the Trust is Verity Trustees Limited ("VTL" or "the Trustee"). The Trustee provides governance oversight and various functions noted throughout this statement. You can find further information about our Trustee Board at Verity Trustees Limited - TPT Retirement Solutions.

A corporate restructuring in 2023 resulted in VTL appointing its wholly owned subsidiary, TPT Retirement Solutions Limited, to provide pensions administration and management services from 2 October 2023.

The Trustee Board ("the Trustee") and TPT Retirement Solutions Limited receive help and advice from experienced professionals and suppliers. Of most relevance to the governance standards in this Chair's Statement is the work of the DC Scheme's investment managers, AllianceBernstein and its investment advisers, TPT Investment Management Ltd.

## Highlights

### Recruiting new Trustee Directors

VTL has a board of nine Trustee Directors: the independent Chair, four member-nominated directors ("MNDs") and four employer-nominated directors ("ENDs"). This year, there were three vacancies for one MND and two ENDs.

Our mission is to improve pension performance for everyone and ensure our Master Trust is truly market-leading. To achieve this, we know we need an exceptional Trustee Board comprised of diligent, conscientious, empathetic and committed individuals from a variety of backgrounds.

Pensions are notoriously complex, with onerous responsibilities for Trustee Directors, so finding suitable individuals to hold these important roles is a widely acknowledged challenge for the industry.

Our last Trustee Director recruitment campaign, in 2022, was our most successful to date in terms of applications received – focusing on inclusivity, life experience and diversity. This year, we wanted to build on that success by focusing more on relevant skills, knowledge and professional experience that would complement and strengthen the existing board. To help us achieve this, we ran a comprehensive recruitment campaign:

- Emails were sent to 245,000 members and 6,500 employer contacts
- 121,000 flyers were mailed to 121,000 members
- A LinkedIn campaign generated 5,000 impressions
- Our recruitment website had 3,799 visits with over 900 video views
- 182 people attended our recruitment webinar

We received over 150 applications and, after a multi-stage interview and selection process, three new directors with a wealth of relevant skills and experience joined the Trustee Board on 1 October 2024.

### Completing our triennial investment review

The DC Scheme's formal triennial review of investment strategy and investment management arrangements was conducted in the 2023/24 Trust year.

The Trustee's investment advisers, TPT Investment Management ("TPTIM"), provided advice considering:

The services provided by the DC Scheme's investment manager, AllianceBernstein ("AB")

The capabilities of the AB retirement solutions investment team

AB's Strategic Allocation process ("SAA")

AB's Dynamic Asset Allocation process ("DAA")

AB's investment performance

AB's integration of Environmental, Social and Governance ("ESG") factors into the investment process

AB's Responsible Investment capabilities

AB's investment research agenda.

After considering TPTIM's advice, the Trustee was pleased to conclude that AB remained a "best-in-class" investment manager and has a satisfactory approach to responsible investment, which is reasonably aligned with the Trustee's expectations.

The default target date funds ("TDFs") in the DC Scheme have achieved strong investment returns for our members and, at the conclusion of the review, it was pleasing to note that the strategy has above-average chances of producing outperformance (after fees) over its investment horizon and is also considered 'best-in-class' by the Trustee's investment advisers.

## Continuing our digital transformation journey

In the 2022/23 Trust year, the Trustee and Scheme Strategist identified the digitalisation of the member and employer experience as a key priority to improve customer service and help members engage more easily with their pension savings.

The digital transformation programme continued during 2023/24, with a large team of TPT staff and external partners working together to build the new technology platform. The transition to the new platform and the innovative changes to customer service will roll out in the 2024/25 Trust year.

## Approval

This DC Governance Statement was approved on 3 March 2025 and signed for and on behalf of the Trustee on 10 March 2025

**Joanna Matthews**
Independent Chair
Verity Trustees Limited

*The remainder of this statement describes in more detail the Trustee Directors' governance and management of the DC Scheme during the last year.*

## Section 1: Default Investment

### Investment

The Trustee invests contributions to provide pensions / retirement benefits having taken advice from appropriately qualified investment advisers. In October 2023 VTL appointed TPT Investment Management ("TPTIM") as its investment adviser. The day-to-day selection of investments is delegated to the appointed specialist investment manager, AllianceBernstein.

### Triennial review of investment strategy and investment management arrangements

The DC Scheme's formal triennial review of investment strategy and investment management arrangements was conducted in the 2023/24 Trust year.

TPTIM provided advice considering:

- The services provided by the DC Scheme's investment manager, AllianceBernstein ("AB")
- The capabilities of the AB retirement solutions investment team
- AB's Strategic Allocation process ("SAA")
- AB's Dynamic Asset Allocation process ("DAA")
- AB's investment performance
- AB's integration of Environmental, Social and Governance ("ESG") factors into the investment process
- AB's Responsible Investment capabilities
- AB's investment research agenda.

After considering TPTIM's advice, the Trustee was pleased to conclude that AB remains a "best-in-class" investment manager and has a satisfactory approach to responsible investment, which is reasonably aligned with the Trustee's expectations.

The default target-date funds (TDFs) in the DC Scheme have achieved strong investment returns for our members. At the conclusion of the review, it was pleasing to note that the strategy has above-average chances of producing outperformance (after fees) over its investment horizon and is also considered 'best-in-class' by TPTIM.

The triennial review involves a review of both the performance and the strategy of the default arrangement. In summary, the aims and objectives of each default arrangement are:

- Default TDFs: outperform respective CPI+ benchmark and maximise members' retirement outcomes while taking into account TPT DC member-specific characteristics
- Cash / Inadvertent Default: perform in line with the cash benchmark.

The review assessed the extent to which the performance of the default arrangement is still consistent with the aims and objectives shown in the default Statement of Investment Principles (“SIP”). In the Trust year, the review process involved the following steps:

- Meeting AB in April 2024 to undertake on-site due diligence
- Providing AB with information necessary for analysing DC member data against the PLSA Retirement Living Standards
- Appointing a third-party consultant in April 2024 to undertake DC market research
- TPTIM produced an advice report which was submitted to the Trustee in May 2024
- TPTIM’s review of the Trustee’s DC and Self Select offering was discussed at the Trustee Board meeting on 21 May 2024. This represents the completion of the Triennial Review and will constitute the date of the last review for the purposes of future review and reporting.
- Agreed changes to the standard and ethical TDFs were implemented by AB over the following months and were completed by 30 September 2024.

Having completed the review and after considering TPTIM’s advice, Trustee was pleased to conclude that AB remains a “best-in-class” investment manager and has a satisfactory approach to responsible investment, which is reasonably aligned with the Trustee’s expectations. This was on the basis that:

- Research into DC market trends by the appointed third-party adviser showed that TDFs display significantly more benefits than Lifestyle funds
- AB Multi-Asset Solutions team based in UK is well-resourced
- AB has strong Responsible Investment policies and offers customised reporting to the Trustee. However, these do not extend to the underlying external managers.

In addition to the above, the review also noted that the default TDFs in the DC Scheme have achieved strong investment returns for our members. At the conclusion of the review, it was pleasing to note that the strategy has above-average chances of producing outperformance (after fees) over its investment horizon and is also considered ‘best-in-class’ by TPTIM.

The review found that the following changes were required to the standard and ethical TDFs:

- Increase the risk budget by 0.5% in the year preceding and after the target date
- For the ethical TDFs, adopt a risk budget consistent with the standard TDF range and incorporate active sustainable positive tilts in addition to existing negative tilts.

Following the Trustee Board meeting in May 2024, AB, the investment manager for the TDFs, implemented these changes, which were completed by 30 September 2024. These changes brought the risk budget of the ethical TDFs in line with the standard TDFs, better matching the Trustee’s DC membership data and increasing the expected return of the TDFs in the years preceding and after the target retirement date.

## Default investment

Most members (over 90%) accept the default investment offered and governed by the Trustee. Some members actively self-select their investments from the range offered by the Trustee.

The default investment uses Target Date Funds. Ethical Target Date Funds (ETDFs) are also available as the default option for members of The Ethical Fund (TEF).

Each TDF's asset allocation is based on the member's target retirement date (assumed to be age 65 unless the member selects otherwise). To help protect the value of the investment as the member approaches (and passes) the target retirement date, the TDF will move progressively from riskier, growth-orientated assets (e.g. equities and property) into lower-risk, income protection-orientated assets (e.g. bonds).

## Self-Select Cash Fund

The TPT Self-Select Cash Fund is technically a default investment as it may be used when the market is not open for dealing in other TPT investment funds.

## Statement of Investment Principles ("SIP")

The Trustee's investment aims, policies and objectives regarding the default investment can be found in the latest SIP.

The SIP policies cover risks, returns and issues associated with Responsible Investment and Climate Change. The SIP also covers how the DC Scheme's default investment strategy is intended to ensure that assets are invested in the best financial interests of members and beneficiaries.

In broad terms, the default investment aims to deliver a return of inflation plus a margin (where applicable), subject to an acceptable degree of risk, where the risk profile of the members is assumed to decrease as they approach retirement. The Trustee believes default investment members should not need to make investment choices or switch funds as they approach retirement.

The SIP states that the Trustee is part of the following collaborative bodies: Institutional Investors Group on Climate Change ("IIGCC"), the Global Steering Group of Partnership on AI ("PAI"), signatory of the Climate Action 100+, Investor Statement on Just Transition, Investor Policy Dialogue on Deforestation ("IPDD"). This means that the Trustee is part of the public discourse on climate change risks and opportunities and can influence change collaboratively. A copy of the latest SIP is included in Appendix 1.

## Default investment review

Default investments are kept under review to consider the extent to which net returns are consistent with the aims and objectives. Those aims and objectives are also reviewed as part of the wider strategy, along with performance generally. In broad terms, the review aims to ensure the default investment remains suitable for the members.

A typical review process (triennial or annual) involves various layers of delegated roles and responsibilities. The Trustee monitors performance continuously and receives relevant updates at each quarterly Board meeting. The investment manager also produces formal papers for the Investment Strategy Review and advice is taken from the investment adviser.

During the Trust year, the Investment Oversight Committee undertook quarterly performance monitoring. The Trustee also held a DC investment-focused meeting during which the DC Scheme's formal triennial review of investment strategy and investment management arrangements took place.

## Asset allocation

As required by law, we have included table(s) showing asset allocation broken down into various components in Appendix 5. These disclose the percentage of assets allocated to each of the following asset classes:

- cash
- bonds creating or acknowledging indebtedness, issued by a company or issued by His Majesty's Government in the United Kingdom or issued by the government of any country or territory other than the United Kingdom
- listed equities - shares listed on a recognised stock exchange
- private equity (that could include venture capital and growth equity) - shares which are not listed on a recognised stock exchange
- infrastructure - physical structures, facilities, systems, or networks that provide or support public services, including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals and prisons
- property/real estate - property which does not fall within infrastructure (above)
- private debt/credit - instruments creating or acknowledging indebtedness which do not fall within the description in bonds (above)
- other - any other assets which do not fall within the above (which might include assets that do not use a physical allocation, such as derivatives).

## Section 2: Administration

Good member outcomes in DC schemes rely, at least in part, on a high standard of administration. The Trustee is required to have processes in place to ensure that key aspects of administration are processed promptly and accurately.

### Core financial transactions

Key elements of administration are known as "core financial transactions" and very broadly relate to the movement of money and member payments. They include (but are not limited to):

- Investment of contributions
- Transfer of members' assets to and from the DC Scheme
- Switching between investments within the DC Scheme
- Payments out of the DC Scheme to members/beneficiaries

In the DC Scheme, the administration that delivers these core financial transactions is undertaken by the administrator (Aptia), a specialist third-party provider of pensions administration services. A dedicated employer support team within TPT collected all monthly contributions and member data.

### Assessment

Based on the completion of the DC Scheme's rigorous monitoring and assessment processes, the Trustee believes that these core financial transactions were processed promptly and accurately during the Trust year.

Administration reports demonstrate that monthly reviews of reconciliations of investment transactions and member units took place. Any discrepancies were accounted for, with the administrator confirming the circumstances leading to the differences and the actions being taken to address these. All discrepancies were managed to resolution.

We are pleased to report that the standard monitoring process was undertaken in the Trust year and no issues regarding the DC Scheme were identified that required reporting to TPR.

There were, therefore, no outstanding issues to resolve at the end of the Trust year.

### Service Level Agreement

The starting point for monitoring and assessment is a set of service levels and key controls that are agreed with the administrator, covering the timeframes for and accuracy of processing core financial transactions. These cover the processing of monthly contributions and fund switches with the investment manager within 24 hours of request, the payment of retirement benefits within 10 working days of receiving all completed documentation and transfers-in processing within 5 working days of receipt.

The Trustee target for the overall Service Level Agreement ("SLA") is 95%.

| Month | Overall SLA Performance |
|---|---|
| Oct-23 | 96.69% |
| Nov-23 | 97.18% |
| Dec-23 | 98.75% |
| Jan-24 | 98.02% |
| Feb-24 | 97.37% |
| Mar-24 | 95.34% |
| Apr-24 | 95.39% |
| May-24 | 93.88% |
| Jun-24 | 87.11% |
| Jul-24 | 92.75% |
| Aug-24 | 90.52% |
| Sep-24 | 90.46% |

Following the communications issued regarding the digitalisation project, there has been a spike in the workload received and undertaken by the administration team. This had an impact on the SLA from May 2024 onwards.

Below is a sample of the individual tasks included in the overall SLA data:

| Task | Target SLA (95%) | Actual SLA Q1 | Actual SLA Q2 | Actual SLA Q3 | Actual SLA Q4 |
|---|---|---|---|---|---|
| Complaints – investigation and formal response | 20 days | 78.0% | 76.0% | 86.9% | 65.5% |
| Data Amendments submitted by Members | 5 days | 99.3% | 99.5% | 94.5% | 97.3% |
| Retirement Quotation Pack | 5 days | 98.1% | 98.0% | 89.6% | 91.9% |
| Transfer Value quotation | 5 days | 96.1% | 92.8% | 81.1% | 83.5% |
| Payment of Transfer Value | 5 days | 97.6% | 97.7% | 91.9% | 88.4% |
| Payment of Retirement Benefits | 5 days | 98.9% | 98.7% | 95.1% | 87.7% |
| Death benefit settlement | 5 days | 97.6% | 99.6% | 98.0% | 99.5% |
| New Entrants | 5 days | 99.9% | 99.1% | 99.9% | 92.8% |
| Benefit Statements Completed | 3 months from year end | 100% | 100% | 100% | 100% |

The administrator also undertakes daily monitoring of bank accounts, uses a dedicated contribution processing team and has two individuals checking all investment and banking transactions. The standard process for helping to ensure that no issues arose in the Trust year is set out below.

## Standard monitoring process

The DC Operations Manager reviews the administrator's monthly administration report, discussing any discrepancies and documenting actions requiring resolution and reviews the administrator's activity levels, capacity and resource planning in scheduled weekly calls (along with ad-hoc or unscheduled calls when necessary).

TPT's Quality Assurance team carried out monthly audits to review the core financial transactions that were originally processed by the administrator, including member investment allocations and other aspects of the DC investment cycle. Any issues raised by the annual audit are discussed during the monthly meetings between TPT and the administrator and escalated to the Trustee as necessary.

External auditors, Crowe UK LLP, test TPT's controls, including administrative processes and prepare an assurance report (TECH 05/20 AAF Assurance Reporting on Master Trusts) in accordance with the framework provided by the Audit and Assurance faculty of the Institute of Chartered Accountants in England and Wales. This assurance report considers the design, description and operational effectiveness of the control procedures established by the Trustee over the reporting period.

The administrator obtained a TECH 05/20 AAF report covering the relevant period, which provides a substantially accurate description of their internal controls and confirms that the control activities described remain operationally effective.

The administrator's AAF reports are reviewed by the TPT DC Team as part of TPT's own DC governance process and by the DC Oversight Committee on behalf of the Trustee.

TPT's in-house Internal Audit function provides assurance to the Trustee's Audit, Risk and Compliance Committee ("ARCC") and the Executive Board regarding the management of outsourced services including the administrator.

For monthly contributions and member data collection, the process includes verification by employers that the contribution schedules submitted are correct and verification by TPT that the contributions received match the contribution schedules. Any issues where standards are not being met are escalated to the Operations Director and the Executive Board for rectification and then reported to the Member Services Committee and the Trustee via the administration report. If necessary, the ARCC may also be notified of an issue for resolution.

## Section 3: Member-borne costs and charges

In DC pension schemes, members typically pay charges associated with running the DC Scheme and managing the investments. These charges are deducted as a percentage of the value of members' pots.

As required by law, the Trustee has calculated member-borne charges for each default investment and the self-select investment, too. In the Trust year, member-borne charges were well within the statutory charge cap (0.75% per annum) for default investments. There is no charge cap for self-select investments.

There are no performance fees for the default funds.

### What information have we shown?

In the following appendices, we have shown:

- Appendix 2: Member-borne costs & charges
- Appendix 3: Cumulative illustrations
- Appendix 4: Investment net returns

In this section of the Statement and Appendices 2, 3 and 4, the Trustee has taken account of statutory guidance unless specifically stated.

All costs and charges shown are the percentage of a member's fund that is taken each year to meet the costs and charges borne by the member.

### Administration charges

These are the charges made for running the DC Scheme and investing a member's money.

In the DC Scheme, administration charges are aggregated as the annual management charge ("AMC"), which comprises fixed costs, including platform charges.

For some funds, additional expenses are payable over and above the AMC. These typically include custodian fees, legal fees and depository expenses. The expenses vary between each fund and from month to month. All of our member communications state when and where additional fund expenses may be payable. Fund Fact Sheets detail the actual fund expenses charged over the previous quarter. The Investment Oversight Committee monitors data in respect of additional charges every quarter.

### Transaction costs

These costs are incurred when investing money in funds or investments, for example, when buying or selling shares or bonds or selling out of a fund altogether. They are part of the activity involved in protecting the value of the investments and helping them grow.

Transaction costs have been calculated in accordance with Financial Conduct Authority requirements.

In the Trust year, all relevant transaction cost information was obtained through the standard engagement process with the Investment Manager except for new funds for which transaction cost information is not yet available. Comments are included where details of transaction costs are limited in any way.

## Cumulative illustrations

As required by law, we have included illustrations in Appendix 3 which show how a member's investments may grow relative to charges over the period to retirement. These are not personal projections for individual members and members should not rely on them. They are provided to promote the general understanding of the DC Scheme.

## Net investment returns

As required by law, we have included tables showing net investment returns in Appendix 4. These show how administration charges and transaction costs have affected investment returns in each default target date fund over the relevant period. Self-select options are also covered. Please note that past performance does not necessarily indicate how an investment may perform in future.

## Section 4: Value for members

The Trustee believes that, in the Trust year, the Trust provided good value for members.

### Report

The Trustee carried out a value-for-member assessment covering the year ended 30 September 2024 and a formal report was provided by the Trustee's independent adviser, Redington. The outcome of this report is detailed in the assessment section below.

The purpose of this report was to assess the value for members of the DC arrangements within the Trust, when considering the costs members pay in return for the benefits and services they receive. The report was approved by the Trustee on 3 March 2025.

The Trustee obtained independent expert advice on its processes again this year and retained the expanded range of criteria it considers when assessing whether the DC Scheme offers value for members.

### Assessment

The Trustee has used seven criteria to assess whether the DC Scheme offers value for members, taking into account the relevant regulatory guidance. The key points identified and the Trustee's conclusions in each area are shown below.

**Costs and Charges:**

- Members pay charges expressed as a "Total Expense Ratio" (TER) throughout the default strategy, covering all investment, administration and communication costs. This TER is at the upper end of fees charged by DC master trusts, though it has been reduced from 0.53% in 2023
- Flexible, client-dependent charges have been introduced during the DC Scheme year, with most members now paying the lower charge of 0.52%
- The TER for self-select funds ranges from 0.30% to 1.05%

**Conclusion:** The Trustee believes that, when considered in the broader context of the services provided to members, the costs and charges paid by members for the services provided are reasonable and provide value for money.

**Trustee Governance:**

- Strong governance and oversight are demonstrated by the Trustee, with clear delegations in the use of sub-committees, including a DC Oversight Committee
- The Trustee Board has nine non-affiliated Directors with diverse, complementary skills and experience and has made strenuous efforts to encourage applications for three vacancies, from a diverse range of high-quality candidates
- One Director has declared a disability and three identify as female

**Conclusion:** The Trustee believes that the Trust has a robust and independent governance structure based on the diverse skills and experience of the individuals on the Trustee Board.

**Administration**

- Day-to-day administration is carried out by a dedicated service team of more than 60 full-time staff employed by a specialist third-party administrator
- Performance against SLAs is regularly monitored and regularly exceeds contractual requirements
- Data quality is reviewed annually and is rated at 95% against the Pension Regulator's "common data" score. Common data is the data held by all pension schemes and is used to uniquely identify a member. There are plans in place to improve this score further
- In line with market best practice, "straight-through processing" is used for a number of tasks, reducing human intervention and the risk of manual error.

**Conclusion:** The Trustee believes that the performance of administration services is appropriately monitored and performance during the year has been good.

**Investment:**

- The Trustee's approach to Investment is a key contributor to the good value Members receive
- The default investment strategy is facilitated through a Target Date Fund ("TDF") structure managed by Alliance Bernstein ("AB"), designed specifically for TPT, reflecting its risk budget and membership characteristics.
- AB has made several changes to the default strategy over the last 12 months and its long-term performance remains strong for members throughout the investment journey, with 5-year performance in line with the median and the highest relative one-year returns.
- The TDF structure allows implementation of innovative strategies into the default strategy, such as illiquid investments and real assets
- The self-select range offers a sensible, thoughtful choice for members wishing to create their own investment strategy.

**Conclusion:** The Trustee believes that the DC Scheme offers its members an appropriate range of investment options. The long-term performance of the default strategy remains strong, with self-select for Members who wish to have more choice.

**Environmental, Social and Governance:**

- The Trustee's climate action plan includes a commitment to halving carbon intensity by 2030 and a net zero position by 2050
- AB's climate change action plan for UK DC defaults is aligned with and applied to the default strategy of the DC Scheme
- ESG factors are integrated across all asset classes in the default investment allocation process and AB uses its scale and established relationships to aid voting in the developed market equity allocation.

**Conclusion:** The Trustee believes that the strategies within the DC Scheme demonstrate a good appreciation for the risks and opportunities arising from ESG factors and are likely to lead to better member outcomes.

**Retirement Journey:**

- Members have a range of options for drawing benefits at retirement, which now includes the ability to take benefits as multiple lump sums rather than a single payment and tools available to help them make their decisions
- The Trustee has partnered with an external organisation, Origen, to provide free guidance and cost-effective regulated advice for members at retirement.

**Conclusion:** The Trustee believes that members have access to a range of retirement options and is committed to improving this. Support and tools are available to help members make their retirement decisions.

**Communication and Tools:**

- Segmented retirement life-stage communications are provided to allow members to focus on key decisions
- TPT provides member communications which are segmented by stage and age and these communications are available to members in a range of different formats to accommodate members' needs and preferences
- Communications can also be personalised for the member and tailored on a bespoke basis to their employer
- Topics of communication include all key stages of the savings and retirement journey and are triggered by different life events and changes in the legal and economic environment
- TPT is undertaking a digitalisation project aimed at providing a mobile App. In the meantime, members have access to a secure web portal

**Conclusion:** The Trustee believes that it provides engaging member communications and demonstrates an ongoing commitment to understanding its members' needs and improving communications and tools. The Trust has received several pensions industry awards in this area.

## Section 5: Trustee knowledge and understanding ("TKU")

The Trustee Directors have considerable relevant experience and expertise, with skills and knowledge that complement each other and provide diverse experience on the Trustee Board. Trustee Directors must complete the Pension Regulator's Trustee Toolkit and satisfy "Fit and Proper" regulatory requirements. Further, Trustee Directors are required by law to meet knowledge and understanding requirements in relation to the DC Scheme.

### Assessment

Having considered actions taken individually as Trustee Directors and collectively as the Trustee and the professional advice available, the Trustee is confident that the combined knowledge and understanding of the Trustee Directors enables the Trustee to exercise its functions properly.

This assessment is made by reference to the requirement for the Trustee Directors to demonstrate:

- Working knowledge of the DC Scheme rules, the SIP and the governance policies relevant to the DC Scheme
- Sufficient knowledge and understanding of the law relating to pensions and trusts and the principles of funding and investment
- Combined knowledge and understanding (together with available advice) to enable them to exercise their functions properly.

A standard set of TKU arrangements meets these general requirements, along with specific requirements for new trustees, the Trustee as a whole and the training programme.

### Standard TKU arrangements

In each Trust year, each Trustee Director must undertake a minimum of 25 hours of training (at Trustee Board and Committee meetings and externally), read and understand the Governance Document containing the Trust's governance policies and complete any updates to the Pension Regulator's Trustee Toolkit.

All Trustee Board and Committee meetings and decisions are supported by professional advice as appropriate. The Trustee's legal adviser attends each Trustee Board meeting (supporting a working knowledge of the Rules and law relating to pensions and trusts) and the Investment Consultant attends all Investment Oversight Committee meetings (supporting a working knowledge of the SIP and sufficient knowledge of relevant principles of funding and investment of occupational pension schemes).

These standard arrangements have been in evidence in the Trust year.

### Board Effectiveness

The Trustee is expected to challenge and question advisers, committees and other delegates effectively, make decisions in accordance with the Rules and in line with trust law duties and manage any conflicts of interest. The Trustee undertakes regular board effectiveness reviews measured against the Trustee's objectives and annual business plan. The Trustee has agreed to undertake the next external effectiveness review in 2025.

The last external review was undertaken in 2021 by Independent Audit. It included observing meetings of the Trustee and its Committees, reviewing meeting packs and individual interviews with Board and Committee members and TPT staff. The review concluded that good progress had been made in strengthening the Trustee governance framework and noted that:

- Oversight of TPT is underpinned by the personal commitment of the Trustee Directors and those co-opted
- There is a supportive approach from management which recognises the importance of governance and transparency
- There is evidence of deep expertise across the organisation
- There is a commitment to overcome challenges via cooperation and communication
- Board and Committee Chairs are widely respected

The 2021 review also noted that the Trustee may want to consider reviewing its corporate structure to address the potential for conflicts of interest that arise as a consequence of it being both (i) the Trustee of large non-associated multi-employer occupational pension schemes (in which capacity its fiduciary duties are primarily owed to the Pension Schemes' members) and (ii) the effective provider of services to employers.

A corporate restructuring in 2023 resulted in VTL appointing its wholly owned subsidiary, TPT Retirement Solutions Limited, to provide pensions administration and management services from 2 October 2023.

## Individual assessment

At the end of the Trust year, each Trustee Director self-evaluates their performance by completing a questionnaire. In addition, the Chair is asked to indicate if she has identified knowledge gaps or believes that a Trustee Director needs any specific training. Any gaps identified are recorded on the relevant Trustee Director's appraisal form.

Each Trustee Director must also confirm, by way of a fit and proper person's declaration, that they continue to meet the necessary standards of honesty, integrity, good conduct and financial soundness.

This process was undertaken in the Trust year and the conclusions have been fed into the training requirements as appropriate.

## New Trustee Directors

A comprehensive induction process is in place for all new Trustee Directors, as set out in the Trustee's Governance Document. The extent of the induction programme will depend on the new Trustee Director's skills, knowledge and competencies.

As a minimum, a new Trustee Director will be expected to:

- Read and understand the policies in the Governance Document

- Familiarise themselves with the Trust documentation, including the Rules, the SIP, the risk register and the Chair's Statement

No new Trustee Directors were appointed during the year ended 30 September 2024. On 1 October 2024, Roger Boulton, Daniel Jackson and Lauren Whitworth were appointed. Their induction programme commenced prior to their appointment and is ongoing.

## Training

The Trustee follows an annual training programme to ensure all Trustee Directors have appropriate knowledge and understanding. The training programme is reviewed regularly by the Trustee to ensure it is up to date. It is designed to cover major developments (legal, investment and otherwise) and address any knowledge gaps identified in the individual assessment (and rolling assessment).

In the Trust year, the Trustee undertook a range of training, including:

- Risk identification and management
- The Trustee's responsibilities in the provision and oversight of services to members
- The DC market, policy environment and future regulation
- Climate change reporting and Taskforce on Nature-related Financial Disclosures ("TNFD")
- The Pension Regulator's General Code

The breadth and complexity of pension trusteeship is such that we have not managed to address all of the knowledge gaps identified during the Trust year. The Trustee has, therefore, implemented a rolling programme to ensure gaps are filled promptly. In the year ahead, the Trustee Directors will be receiving training on (amongst other things):

- Crisis Management
- Communication to Members
- Pensions Dashboard
- FCA Advice Guidance Boundary Review
- Impact Investing and Net Zero
- Investment in Private Markets
- Investments and Funding

This training will address the knowledge gaps identified in the previous Trust year.

## Section 6: Trustee independence

With regard to the Trust, the legislation requires that a majority of the Trustee Directors (including the Chair) must be “non-affiliated”. In broad terms, “non-affiliated” means independent of the service providers and other commercial parties involved with the Trust.

### Majority Independent

For the year ended 30 September 2024, there were nine Trustee Directors of VTL, all of whom were non-affiliated. The Trustee Directors were:

Joanna Matthews, Co-Opted Director and Chair
Jonathan Wheeler, Employer Nominated Director (END)
Jonathan Cawthra, END
Paul Oldroyd, END
Dean Waddingham, END
Thomas Hague, Member Nominated Director (MND)
Linda Henry, MND
Helen Astle, MND
Chris Roles, MND

In determining whether a Trustee Director is non-affiliated, the Trustee has taken account of the detailed legal requirements regarding whether the individual has been an employee (or similar) of any service providers and any conflicts of interest (especially where payments are concerned).

The Trustee monitors non-affiliated status through governance processes, which include maintaining records of the length of the appointment and declarations of conflict as they arise and at Trustee Board meetings.

Based on the non-affiliated test (summarised above), the terms of appointment and ongoing monitoring, the Trustee is comfortable that all of the Trustee Directors (including the Chair) were “non-affiliated” in the Trust year.

### Appointment process

The recruitment of non-affiliated trustees must be open and transparent. An open and transparent process can include advertising the vacancy in national publications or using a recruitment agency to assist in the selection of candidates. These methods are adopted for the recruitment of the Trustee’s co-opted directors, including the Chair.

However, the nature of the Trust means a different method is used for MNDs and ENDs. This entails communication to all eligible members and employers, inviting them to nominate candidates in accordance with the terms of the Rules. For example, a nominee can stand as an MND candidate if they are a member of either The Pensions Trust or The Pensions Trust 2016. An employer may nominate only one person as an END candidate and there cannot be more than one employee of a participating employer on the Trustee Board at any one time.

The Trustee's Remuneration and Appointments Committee ("RAC") will agree the candidates to be interviewed following an assessment of the application forms against the job specification and required competencies agreed by the Trustee. There is a two-stage interview process. The first stage is conducted by a panel comprising existing Trustee Directors, including at least one current MND/END as appropriate and a member of TPT Retirement Solutions Limited's Executive Board. The output from the first stage interviews will be reviewed by the panel and cross-referenced against any identified skill gaps. The panel will then shortlist candidates for a second interview.

The second stage interview is conducted by a panel comprising the Chair, the Senior Nominated Director and a member / employer representative as appropriate. The second stage interview panel will recommend the preferred candidates for appointment to the Trustee.

A recruitment process to appoint 2 ENDs and 1 MND took place during the year ended 30 September 2024. The END process was followed to appoint Roger Boulton and Daniel Jackson and the MND process was followed to appoint Lauren Whitworth, all of whom were appointed as Trustee Directors with effect from 1 October 2024.

No co-opted (non-affiliated) directors were appointed in the Trust year.

## Section 7: Member Feedback

The Trustee is always keen to hear members' views and is legally required to make arrangements to encourage feedback. Feedback can highlight areas for improvement and help the Trustee understand how TPT can support members and encourage them to engage with their pension.

### Our communications

There are over 359,000 members, making this a very large DC Scheme in relative terms. Given the scale, we use email as the main communication channel with our members.

To support them, we provide members with a comprehensive suite of education and engagement tools designed to empower them to manage their long-term savings.

Our aim is to deliver a modern, compelling pensions experience – ensuring members have access to the right tools and information at the right time to make informed decisions.

The Trustee's communication programme over the past year has included:

- TPT's DC member website is regularly updated with articles covering a range of topics to support members with their pension planning

- Regular educational and "nudge" email updates are sent to members throughout the year, including annual benefit statement notifications, personalised video benefit statements and bi-annual member newsletters

- An engagement programme aimed at new joiners, consisting of emails to members during their first year post-enrolment

- A library of short on-demand video guides and a programme of live webinars run throughout the year, which means members can access through our dedicated learning hub

- Employers have been provided with a range of materials to use in the workplace, including posters, flyers and intranet banners. TPT can offer larger employers a branded microsite.

### Manner of feedback

Given the scale of the DC Scheme, we consider email to be the most effective means of obtaining member feedback. We use email surveys and other approaches to show that we have designed the process with the size, nature and demographic of the Trust membership in mind.

### Feedback arrangements

Feedback from members who contact us is gathered through monthly satisfaction surveys. An independent provider undertakes these surveys and the results are used to measure, modify and improve services.

Annually, we invite members to give their views and provide feedback by participating in member research conducted by an external research agency. The findings from this research are used to refine our communication plans and identify gaps and improvement opportunities.

The TPT website also includes an "Ask the Trustees" function, which allows members to submit questions or give feedback directly to the Trustee.

**APPENDIX 1:** Trustee Statement of Investment Principles

**APPENDIX 2:** Member-borne costs & charges

**APPENDIX 3:** Cumulative illustrations

**APPENDIX 4:** Investment returns

**APPENDIX 5**: Asset Allocation

# Independent auditors' report to the Trustee of The Pensions Trust

## Report on the audit of the Financial Statements

### Opinion

In our opinion, The Pensions Trust's Financial Statements:

- show a true and fair view of the financial transactions of the Trust during the year ended 30 September 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 30 September 2024; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to, or in respect of, the Trust.

Other than those disclosed in note 12 to the financial statements, we have provided no non-audit services to the Trust in the period under audit.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## Independent auditors' report to the Trustee of The Pensions Trust (continued)

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Responsibilities for the financial statements and the audit

*Responsibilities of the Trustee for the financial statements*

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Trust, or has no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material

## **Independent auditors' report to the Trustee of The Pensions Trust** (continued)

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Trust in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

## **Independent auditors' report to the Trustee of The Pensions Trust** (continued)

### *Use of this report*

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
10 March 2025

# Financial Statements

## Fund Account

For the year ended 30 September 2024

| | Note | Defined Benefit Schemes £m | Defined Contribution Schemes £m | Expenses Reserve Account £m | Total 2024 £m | Total 2023 £m |
|---|---|---|---|---|---|---|
| Employer Contributions | | 292.7 | 310.3 | - | 603.0 | 570.0 |
| Employee Contributions | | 8.6 | 123.9 | - | 132.5 | 130.3 |
| Total Contributions | 5 | 301.3 | 434.2 | - | 735.5 | 700.3 |
| Transfers in | 6 | - | 10.0 | - | 10.0 | 8.0 |
| Other Income | 7 | 13.5 | 6.7 | - | 20.2 | 15.8 |
| | | **314.8** | **450.9** | **-** | **765.7** | **724.1** |
| Benefits Paid or Payable | 8 | (323.5) | (67.9) | - | (391.4) | (364.3) |
| Payments to and on account of Leavers | 9 | (1.0) | (3.4) | - | (4.4) | (7.6) |
| Transfers Out | 10 | (12.6) | (112.8) | - | (125.4) | (179.1) |
| Other Payments | 11 | (10.2) | - | - | (10.2) | (7.4) |
| Administrative Expenses | 12 | (25.8) | (11.5) | - | (37.3) | (35.4) |
| | | **(373.1)** | **(195.6)** | **-** | **(568.7)** | **(593.8)** |
| **Net (withdrawals) / additions from dealings with Members** | | **(58.3)** | **255.3** | **-** | **197.0** | **130.3** |
| **Net Return on Investments** | | | | | | |
| Investment Income | 13 | 216.2 | - | - | 216.2 | 214.1 |
| Change in Market Value of Investments | 14 | 476.9 | 575.7 | - | 1,052.6 | (959.1) |
| Investment Management Expenses | 15 | (28.1) | (5.0) | - | (33.1) | (40.6) |
| | | **665.0** | **570.7** | **-** | **1,235.7** | **(785.6)** |
| **Net Increase/(Decrease) in the Trust** | | **606.7** | **826.0** | **-** | **1,432.7** | **(655.3)** |
| **Opening Net Assets** | | **6,511.1** | **2,863.7** | **21.7** | **9,396.5** | **10,051.8** |
| **Transfers between sections** | 37 | (2.2) | 0.1 | 2.1 | - | - |
| **Closing Net Assets available for benefits** | | **7,115.6** | **3,689.8** | **23.8** | **10,829.2** | **9,396.5** |

The notes on pages 58 to 100 form part of these Financial Statements.

## Financial Statements (continued)

## Statement of Net Assets (available for benefits)

As at 30 September 2024

| | Note | Defined Benefit Schemes £m | Defined Contribution Schemes £m | Expenses Reserve Account £m | Total 2024 £m | Total 2023 £m |
|---|---|---|---|---|---|---|
| **Investment Assets** | | | | | | |
| Equities | 14 | 325.7 | - | - | 325.7 | 143.4 |
| Bonds | 14 | 478.2 | - | - | 478.2 | 194.1 |
| Property | 16 | 155.0 | - | - | 155.0 | 168.7 |
| Pooled Investment Vehicles | 17 | 5,910.1 | 3,642.7 | - | 9,552.8 | 8,466.2 |
| Derivatives | 18 | 16.1 | - | - | 16.1 | 5.7 |
| Insurance Policies | 19 | 113.1 | - | - | 113.1 | 119.9 |
| AVC Investments | 20 | 1.1 | - | - | 1.1 | 1.1 |
| Cash and Cash Equivalents | 21 | 92.5 | - | - | 92.5 | 118.2 |
| Other Investment Balances | 21 | 18.1 | - | - | 18.1 | 189.4 |
| | | **7,109.9** | **3,642.7** | **-** | **10,752.7** | **9,406.7** |
| **Investment Liabilities** | | | | | | |
| Derivatives | 18 | (2.6) | - | - | (2.6) | (39.8) |
| Cash and Cash Equivalents | 21 | - | - | - | - | (27.6) |
| Other Investment Balances | 21 | (36.7) | - | - | (36.7) | (13.4) |
| | | **(39.3)** | **-** | **-** | **(39.3)** | **(80.8)** |
| **Total Net Investments** | 14 | **7,070.6** | **3,642.7** | **-** | **10,713.3** | **9,325.9** |
| Fixed Assets | 27 | - | - | - | - | 7.8 |
| Current Assets | 28 | 63.1 | 50.4 | 55.1 | 168.6 | 142.6 |
| Current Liabilities | 29 | (18.1) | (3.3) | (31.3) | (52.7) | (79.8) |
| **Total Net Assets (available for benefits)** | | **7,115.6** | **3,689.8** | **23.8** | **10,829.2** | **9,396.5** |

The Financial Statements summarise the transactions of the Trust and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Trust's year. The actuarial position of the Trust, which take into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 14 to 16 of the Annual Report, and these Financial Statements should be read in conjunction with this Report. The notes on pages 58 to 100 form part of these Financial Statements.

## **Financial Statements** (continued)

The Financial Statements on pages 55 to 100 were approved and signed for and on behalf of the Trustee on 10 March 2025.

**Joanna Matthews**

Independent Chair
Verity Trustees Limited

## Notes to the Financial Statements

For the year ended 30 September 2024

### 1. General Information

The Trust is a centralised occupational pension fund for non-associated employers, established as a trust under English law. The Trust is also an authorised Master Trust.

The address of the Trust's principal office is 6 Canal Wharf, Leeds, West Yorkshire, LS11 5BQ. The Trust is registered in the United Kingdom.

The Trust has defined benefit ("DB") sections, the majority of which are closed to new members but some existing members continue to accrue benefits, and defined contribution ("DC") sections which are open to new members and are used as auto-enrolment schemes by certain employers. For details of schemes included as defined benefit or defined contribution see Trustee Report.

The Trust is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the Trust receive preferential tax treatment.

### 2. Basis of Preparation

The individual Financial Statements of The Pensions Trust have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

### 3. Accounting Policies

The principal accounting policies of the Trust, which have been applied consistently, are as follows:

#### a. Currency

The Trust's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

## Notes to the Financial Statements (continued)

### 3. Account Polices (continued)

#### b. Contributions and Other Income

i. Employees' normal contributions and Additional Voluntary Contributions (AVCs) remitted by the employer are accounted for on an accruals basis when deducted from pay.

ii. Employers' normal contributions remitted by the employer that are expressed as a rate of pensionable salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedules of Contributions or Payment Schedules.

iii. Contributions in respect of employees in the first 30 days following auto enrolment are accounted for when their right to opt-out has expired, unless remitted to the Trust earlier.

iv. All contributions payable under salary sacrifice arrangements are classified as employer contributions.

v. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedules of Contributions and recovery plan under which they are being paid.

vi. Special contributions include employer debt on withdrawal contributions (Section 75 debts) which are accounted for on the due dates on which they are payable with provision made where there is uncertainty of receipt.

vii. Other income is recognised on an accruals basis.

#### c. Transfers from and to Other Schemes

i. Group and individual transfers in are accounted for on an accruals basis, which is normally the earlier of when the transfer value is paid, or member liability is accepted by the Trust.

ii. Group transfers out are accounted for in accordance with the terms of the transfer agreement.

iii. Individual transfers out are accounted for on an accruals basis, which is normally when the transfer value is paid, and member liability is discharged.

iv. Where members of new schemes hold externally operated AVC policies, the transfer value is accounted for when the policy is transferred into the name of the Trustee. Payments out to members are made when payments are received from the policy operator.

## Notes to the Financial Statements (continued)

### 3. Account Polices (continued)

#### d. Benefits and Payments to and on Account of Leavers

i. Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

ii. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement or the date the option is exercised.

iii. Other benefits are accounted for on an accruals basis on the date of leaving or death as appropriate. Refunds and opt-outs are accounted for when the Trustee is notified of the member’s decision to leave the Trust.

iv. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefit received from the Trust, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

v. Following the payment of a refund of contributions to a member of any DC arrangement, within the qualifying period, the units purchased by employer contributions in respect of that member are disinvested and the proceeds transferred to the Expenses Reserve Account.

#### e. Administrative and Other Expenses

i. All administrative and investment management expenses incurred by the Trust are accounted for on an accruals basis. The Trust operates an Expenses Reserve Account, which represents the balance arising between expenses deducted from the Schemes and actual costs incurred. The year-end balance is an accumulation of these movements since inception.

ii. Expenses which relate specifically to individual Schemes are allocated to the appropriate scheme on an accruals basis.

iii. The Trustee of The Pensions Trust, Verity Trustees Limited, is also the Trustee of The Pensions Trust 2016. The Pensions Trust pays an administration charge to TPT RSL on behalf of The Pensions Trust 2016 and recharges this on a monthly basis.

iv. Investment management expenses and administrative expenses, other than those relating specifically to a particular scheme, are allocated based on asset values and member numbers, as appropriate.

## Notes to the Financial Statements (continued)

### 3. Account Polices (continued)

#### f. Investment Income and Expenditure

i. Income from equities, and any pooled investment vehicles (including sole investor funds) which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend or, in the case of unquoted instruments, when the dividend is declared.

ii. Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.

iii. Rents from properties are accounted for on an accruals basis from when earned in accordance with the terms of the lease.

iv. Interest is accrued on a daily basis.

v. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.

vi. Income arising from insurance policies is included in investment income. Income from annuities is accounted for on an accruals basis.

vii. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time of the year, i.e. profits and losses realised on sales of investments during the year and unrealised changes in market value on amounts held at the end of the year. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested with the fund without issue of further units, change in market value also includes such income.

viii. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Trust such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within net returns on investments.

#### g. Investments

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price or most recent transaction price is used.

## Notes to the Financial Statements (continued)

### 3. Account Polices (continued)

i. Readily traded investments (equities, bonds and certain pooled investments and qualifying investment funds) are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted.

ii. Where quoted or unquoted unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the Financial Statements where used.

iii. Where the value of a pooled investment vehicle ("PIV") is primarily driven by the fair value of its underlying investments, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.

iv. Properties are included at fair value as at the year end, as determined by independent chartered surveyors who have recent experience of the locations and types of properties held by the Trust, in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein.

v. Derivatives are stated at fair value.

- Exchange-traded derivatives are stated at market values determined using market quoted prices. For exchange-traded derivative contracts which are assets, fair value is based on quoted bid prices. For exchange-traded derivative contracts which are liabilities, fair value is based on quoted offer prices.

- Over-the-counter ("OTC") derivatives are stated at fair value estimated using pricing models and relevant market data as at the year-end date.

- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

## Notes to the Financial Statements (continued)

### 3. Account Polices (continued)

- Options are stated at fair market value determined using specific pricing models and relevant market data at the year end.

- Security pledged is stated at fair market value based on bid prices at the year end.

- All gains and losses arising on derivative contracts are reported within 'Change In Market Value of Investments'.

vi. Insurance policies purchased for retired members in their own names fully discharge the Trust's liability to those members and are therefore not included in these Financial Statements. The individuals are removed from membership records and the cost of purchasing the annuities is reported within payments to and on account of leavers as the former members do not have their pension paid by the Trust.

vii. Insurance policy assets which provide benefits for members, but which are in the name of the Trustee, principally the bulk annuity contracts with Canada Life, Rothesay Life and Legal & General Assurance Society Limited, are valued by the Scheme's Actuary based on the expected future pensioner benefit payments covered by the contract, discounted back to the financial year end using assumptions agreed by the Trustee on advice from the Scheme Actuary. The assets are assumed to be equal to the actuarial liability at the valuation date.

viii. AVCs are invested in accordance with the members' instructions.

#### h. Critical Accounting Judgements and Estimation Uncertainty

i. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ii. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. For the Trust, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Trust investments, and particularly those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments is included within (g) above and within notes 19, 24 and 26. The Trustee does not consider there to be any critical judgements.

iii. Included within level 3 assets is the Trust's investment in TPT RSL which is held at fair value and reassessed annually.

## Notes to the Financial Statements (continued)

### 4. Analysis of Fund Account and Net Assets

For the year ended 30 September 2023

| | 2023 | | | |
|---|---|---|---|---|
| | **DB** | **DC** | **Expenses Reserve** | **Total** |
| | **£m** | **£m** | **£m** | **£m** |
| Total Income | 317.8 | 406.3 | - | 724.1 |
| Total Payments | (432.9) | (160.9) | - | (593.8) |
| Net (withdrawals) / additions from dealing with Members | (115.1) | 245.4 | - | 130.3 |
| Net Return on Investments | (978.6) | 193.0 | - | (785.6) |
| Net (Decrease) / Increase in the Trust | (1,093.7) | 438.4 | - | (655.3) |
| Opening Net Assets | 7,599.2 | 2,427.6 | 25.0 | 10,051.8 |
| Transfers between sections | 5.6 | (2.3) | (3.3) | - |
| **Closing Net Assets (available for benefits)** | **6,511.1** | **2,863.7** | **21.7** | **9,396.5** |

| | **DB** | **DC** | **Expenses Reserve** | **Total** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Investment Assets | 6,587.1 | 2,819.6 | - | 9,406.7 |
| Investment Liabilities | (80.8) | - | - | (80.8) |
| Net Investment Assets | 6,506.3 | 2,819.6 | - | 9,325.9 |
| Net Current Assets | 4.8 | 44.1 | 21.7 | 70.6 |
| **Total Net Asset (available for benefits)** | **6,511.1** | **2,863.7** | **21.7** | **9,396.5** |

## Notes to the Financial Statements (continued)

### 5. Contributions

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **DB** | **DC** | **Total** | **DB** | **DC** | **Total** |
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Employer Contributions** | | | | | | |
| Normal | 35.0 | 310.3 | 345.3 | 41.0 | 272.6 | 313.6 |
| Administrative expenses | 15.6 | - | 15.6 | 15.8 | - | 15.8 |
| Deficit funding | 221.1 | - | 221.1 | 231.0 | - | 231.0 |
| Special contributions | 21.0 | - | 21.0 | 9.6 | - | 9.6 |
| | **292.7** | **310.3** | **603.0** | **297.4** | **272.6** | **570.0** |
| **Employee Contributions** | | | | | | |
| Normal | 8.6 | 118.4 | 127.0 | 10.4 | 114.7 | 125.1 |
| AVCs | - | 5.5 | 5.5 | - | 5.2 | 5.2 |
| | **8.6** | **123.9** | **132.5** | **10.4** | **119.9** | **130.3** |
| | **301.3** | **434.2** | **735.5** | **307.8** | **392.5** | **700.3** |

**Employer normal contributions**: These include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

**Deficit funding**: An actuarial valuation for each DB scheme is carried out every three years. Deficit funding represents payments by employers to eliminate past service deficits in accordance with the Schedules of Contributions prepared by the Actuary.

**Special contributions**: These are paid by employers in addition to the deficit funding requirements identified in the Schedules of Contributions.

Total future commitments as at 30 September 2024 to pay deficit contributions are shown below:

| | **£m** |
|---|---|
| Due in 1 year | 203.1 |
| Due in 1 - 2 years | 198.8 |
| Due in 2 - 5 years | 305.9 |
| Due in > 5 years | 36.7 |
| **TOTAL** | **744.5** |

## Notes to the Financial Statements (continued)

### 6. Transfers In

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Individual Transfers in | - | 10.0 | 10.0 | 0.1 | 7.9 | 8.0 |
| | **-** | **10.0** | **10.0** | **0.1** | **7.9** | **8.0** |

### 7. Other Income

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Claims on Term Insurance Policies | 0.5 | 6.7 | 7.2 | 0.4 | 5.7 | 6.1 |
| Life Assurance Income | 10.1 | - | 10.1 | 8.7 | - | 8.7 |
| Bank Interest | 2.9 | - | 2.9 | 1.0 | - | 1.0 |
| | **13.5** | **6.7** | **20.2** | **10.1** | **5.7** | **15.8** |

Life assurance income relates to premiums paid by employers for the purchase of life assurance for members.

### 8. Benefits Paid or Payable

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Pensions | 254.7 | - | 254.7 | 239.4 | - | 239.4 |
| Commutations and Lump Sum Retirement Benefits | 64.7 | 55.9 | 120.6 | 66.5 | 46.2 | 112.7 |
| Lump Sum Death Benefits | 3.8 | 11.1 | 14.9 | 3.0 | 8.5 | 11.5 |
| Taxation | 0.3 | 0.9 | 1.2 | 0.2 | 0.5 | 0.7 |
| | **323.5** | **67.9** | **391.4** | **309.1** | **55.2** | **364.3** |

Taxation arising on benefits paid or payable is in respect of members whose benefits have exceeded the lifetime or annual allowance and who elected to take lower benefits from the Trust in exchange for the Trust settling their tax liability.

## Notes to the Financial Statements (continued)

### 9. Payments to and on Account of Leavers

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Refund of Contributions | - | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |
| Purchase of Annuities* | 1.0 | 3.2 | 4.2 | 1.1 | 6.3 | 7.4 |
| | **1.0** | **3.4** | **4.4** | **1.2** | **6.4** | **7.6** |

**Annuities are purchased in the name of the member.*

### 10. Transfers Out

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Group Transfers to Other Schemes: | | | | | | |
| Onward Housing Group | 1.0 | 13.0 | 14.0 | 65.3 | 20.6 | 85.9 |
| Moat Homes Limited | - | 5.6 | 5.6 | - | - | - |
| Raven Housing Trust Limited | - | 6.2 | 6.2 | - | - | - |
| Individual Transfers Out | 11.6 | 88.0 | 99.6 | 21.5 | 71.7 | 93.2 |
| | **12.6** | **112.8** | **125.4** | **86.8** | **92.3** | **179.1** |

All group transfer to other schemes were completed as cash transfers. All group transfers to other schemes were employers within the Social Housing Pension Scheme.

### 11. Other Payments

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Premiums on Term Insurance Policies | 10.2 | - | 10.2 | 7.5 | - | 7.5 |
| Compensation | - | - | - | (0.1) | - | (0.1) |
| | **10.2** | **-** | **10.2** | **7.4** | **-** | **7.4** |

## Notes to the Financial Statements (continued)

### 12. Administrative Expenses

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Gross Salaries | - | - | - | 7.8 | 1.6 | 9.4 |
| Other Employment Costs | - | - | - | 6.9 | - | 6.9 |
| Computer Systems and Development | - | - | - | 2.0 | 0.2 | 2.2 |
| Publicity and Design | - | - | - | 0.8 | - | 0.8 |
| Office Miscellaneous and Depreciation | 1.1 | - | 1.1 | 2.2 | 0.1 | 2.3 |
| Administration charge | 16.5 | 11.5 | 28.0 | - | - | - |
| Professional Fees | 4.5 | - | 4.5 | (0.7) | 5.1 | 4.4 |
| Scheme Specific Expenses | 2.5 | - | 2.5 | 6.9 | - | 6.9 |
| Regulatory Fees | 1.2 | - | 1.2 | 2.5 | - | 2.5 |
| | **25.8** | **11.5** | **37.3** | **28.4** | **7.0** | **35.4** |

**The prior year are restated due to a reclassification of £5.5m of historical benefit review costs between scheme specific expenses & professional fees.*

The Trust bears all the costs of administration. On 2 October 2023, the Trust entered into a contract with TPT RSL to provide Pensions Management Services. In the year ended 30 September 2024, £17.5m was paid to TPT RSL from the Expenses Reserve Account for these services.

Scheme Specific Expenses and Regulatory Fees are paid from the Schemes to which they relate.

On 2 October 2023, the Trust entered into an Asset Transfer Agreement with TPT RSL, resulting in a transfer of fixed assets, with the exception of the freehold property. Therefore, there was no depreciation in the year (2023: £0.5m). Included in Professional Fees are the audit fee of £0.3m (2023: £0.3m) and actuarial fees of £1.2m (2023: £1.2m).

The overall audit fee of £335,800 (2023: £328,500) is inclusive of the audit fee for The Pensions Trust 2016 of £68,700 (2023: £67,200), paid from the Trust's bank account and subsequently reimbursed. This is included within Professional Fees. In addition, during the year, the auditors also provided £96,800 (2023: £88,000) of non-audit services of an assurance nature that are permissible services under the FRC Ethical Standard.

In the year, there was no charge to the Fund Account in respect of operating lease expenses following the Asset Transfer Agreement with TPT RSL on 2 October 2023 (2023: £0.2m).

## Notes to the Financial Statements (continued)

### 12. Administrative Expenses (continued)

### Remuneration of Trustee Directors and Key Management Personnel

#### Trustee Director Remuneration

The number of Trustee Directors who received either a salary or fees in the year fall into the following bands of remuneration payable for the year:

| | 2024 | 2023 |
|---|---|---|
| £0-£20,000 | 2 | 7 |
| £20,001-£40,000 | 7 | 1 |
| £100,001-£120,000 | 1 | 1 |

Whilst the Chair of the Management Oversight Board sat on the Trustee Board during the prior year, details of their remuneration have been excluded from the above but have been included within the analysis relating to Committee Co-optee Remuneration.

Trustee Directors may incur costs in fulfilling their duties. The reimbursement of properly incurred expenses is not considered to be remuneration of a Trustee Director.

#### Committee Co-optee Remuneration

The number of members of the Committee Co-optees who received a salary in the year fall into the following bands of remuneration payable for the year:

| | 2024 | 2023 |
|---|---|---|
| £20,001-£40,000 | 4 | 3 |
| £40,001-£60,000 | 2 | 3 |
| £80,001-£100,000 | - | 1 |

#### Employee Remuneration

On 2 October 2023, all employees were transferred in accordance with the Transfer of Undertakings (Protection of Employment) Regulations to TPT RSL.

The number of employees, who received more than £60,000 (excluding pension contributions) in the prior year, fall into the following bands of remuneration payable for the year:

## Notes to the Financial Statements (continued)

### 12. Administrative Expenses (continued)

| | 2024 | 2023 |
|---|---|---|
| £60,001-£80,000 | - | 24 |
| £80,001-£100,000 | - | 12 |
| £100,001-£120,000 | - | 7 |
| £120,001-£140,000 | - | 2 |
| £140,001-£160,000 | - | 3 |
| £160,001-£180,000 | - | 2 |
| £180,001-£200,000 | - | 2 |
| £220,001-£240,000 | - | 2 |
| £240,001-£260,000 | - | 1 |
| £320,001-£340,000 | - | 1 |
| £380,001-£400,000 | - | 1 |

The ratio of highest paid to median paid employee salary in the year to 30 September 2023 was 9:1.

The amount payable to those included within the above tables totalled:

| | 2024 £m | 2023 £m |
|---|---|---|
| Trustee Remuneration | 0.3 | 0.3 |
| Committee Co-Optee Remuneration | 0.2 | 0.3 |
| Employee Remuneration | - | 5.6 |
| | **0.5** | **6.2** |

#### Employees in Trust Pension Schemes

#### DB

The Trust has no employees that are active members of any of its DB pension schemes. The Trust had employees that are deferred members of its DB pension scheme: CARE.

On 2 October 2023, the Trust withdrew from the Growth Plan 1 & 2.

#### DC

Prior to 2 October 2023, the Trust had employees that were members of its Flexible Retirement Plan defined contribution scheme. The contributions paid relating to those employees in the prior year are listed below.

## Notes to the Financial Statements (continued)

### 12. Administrative Expenses (continued)

| | 2024 £m | 2023 £m |
|---|---|---|
| Employer Contributions | | |
| Normal | - | 1.4 |
| Employee Contributions | | |
| Normal | - | 0.6 |
| AVC | - | 0.1 |
| | **-** | **2.1** |

#### Multi-Employer Scheme pension deficits

Under FRS 102 a technical provision to reflect the discounted cash flow of future contributions payable to rectify a participating employer's share of the Trust's deficit must be recognised in the participating employer's Financial Statements. Former employees of the Trust have benefits within the CARE section of the Trust. The administrative expenses in Note 12 include an amount of £0.5m paid during the year in respect of deficit contributions to that section. The table below provides an analysis of this sum and also sets out the net present value (PV) of future deficit contributions payable and the Section 75 debt that would be payable in the event of withdrawal:

| | 2024 Deficit contributions £m | 2024 PV of future contributions £m | 2024 S75 debt payable in the event of withdrawal £m |
|---|---|---|---|
| Growth Plan | - | - | 0.9 |
| CARE | 0.4 | 1.1 | 4.4 |
| | **0.4** | **1.1** | **5.3** |

| | 2023 Deficit contributions £m | 2023 PV of future contributions £m | 2023 S75 debt payable in the event of withdrawal £m |
|---|---|---|---|
| Growth Plan | 0.2 | 0.2 | 1.6 |
| CARE | 0.4 | 1.7 | 6.9 |
| | **0.6** | **1.9** | **8.5** |

## **Notes to the Financial Statements** (continued)

### 13. Investment Income

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **DB** | **DC** | **Total** | **DB** | **DC** | **Total** |
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Dividends from Equities | 3.9 | - | 3.9 | 1.6 | - | 1.6 |
| Income from Bonds | 10.7 | - | 10.7 | 12.9 | - | 12.9 |
| Rents from Properties | 11.7 | - | 11.7 | 12.9 | - | 12.9 |
| Income from PIVs | 174.3 | - | 174.3 | 156.9 | 13.5 | 170.4 |
| Income from Insurance Policies | 15.5 | - | 15.5 | 16.3 | - | 16.3 |
| Other | 0.1 | - | 0.1 | - | - | - |
| | **216.2** | **-** | **216.2** | **200.6** | **13.5** | **214.1** |

## Notes to the Financial Statements (continued)

### 14. Reconciliation of Net Investments

| | Value at 1 Oct 2023 £m | Purchases at cost and derivative payments £m | Sale Proceeds and derivative receipts £m | Change in market value £m | Value at 30 Sept 2024 £m |
|---|---|---|---|---|---|
| **Defined Benefit Section** | | | | | |
| Equities | 143.4 | 272.2 | (124.0) | 34.1 | 325.7 |
| Bonds | 194.1 | 631.3 | (343.6) | (3.6) | 478.2 |
| Property | 168.7 | 0.9 | (8.5) | (6.1) | 155.0 |
| Pooled Investment Vehicles* | 5,646.6 | 7,140.1 | (7,292.3) | 415.7 | 5,910.1 |
| Derivatives - Net | (34.1) | 64.6 | (60.8) | 43.8 | 13.5 |
| Insurance Policies | 119.9 | - | - | (6.8) | 113.1 |
| AVC Investments | 1.1 | - | - | - | 1.1 |
| | **6,239.7** | **8,109.1** | **(7,829.2)** | **477.1** | **6,996.7** |
| Cash (net) | 93.5 | | | (0.2) | 92.5 |
| Other Investment Balances (net) | 173.1 | | | - | (18.6) |
| | **6,506.3** | | | | **7,070.6** |
| **Defined Contribution Section** | | | | | |
| Pooled Investment Vehicles | **2,819.6** | **601.1** | **(353.7)** | **575.7** | **3,642.7** |
| **Total Investments** | **9,325.9** | | | | **10,713.3** |

*During the year the Trust's investment portfolio was reorganised to simplify the management of investment strategy and facilitate consolidation. This was implemented via the setting up of a number of UK-domiciled units trusts, and the subsequent in-specie transfer of the relevant assets held by the custodian into the funds.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Trust such as fees, commissions and taxes.

## Notes to the Financial Statements (continued)

### 14. Reconciliation of Net Investments (continued)

Direct transaction costs analysed by main asset class and type of cost are as follows:

| | 2024 | | | |
|---|---|---|---|---|
| | Fees | Commission | Taxes | Total |
| | £m | £m | £m | £m |
| Equities | 0.2 | 0.1 | - | 0.3 |

| | 2023 | | | |
|---|---|---|---|---|
| | Fees | Commission | Taxes | Total |
| | £m | £m | £m | £m |
| Equities | 0.2 | 0.1 | - | 0.3 |

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

### 15. Investment Management Expenses

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Management, Administration and Custody | 24.8 | 5.0 | 29.8 | 32.9 | 4.2 | 37.1 |
| Investment Consultancy | - | - | - | 0.4 | - | 0.4 |
| Property Expenses | 3.3 | - | 3.3 | 3.1 | - | 3.1 |
| | **28.1** | **5.0** | **33.1** | **36.4** | **4.2** | **40.6** |

The Trust paid £6.5m (2023: £nil) in the year to TPTIM in respect of the DB administration, management and custody of the Trust's investments, and £5.0m (2023: £nil) to TPT RSL in respect of DC administration.

## Notes to the Financial Statements (continued)

### 16. Property

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Freehold Property | 155.0 | - | 155.0 | 168.7 | - | 168.7 |
| | **155.0** | **-** | **155.0** | **168.7** | **-** | **168.7** |

The Trust holds a number of commercial properties in prime locations. There are no legal restrictions on the realisability of these properties or on remittance of income or disposal proceeds, although the Trustees recognise that 3-6 months would be necessary to achieve a disposal on favourable terms. One property is currently vacant and is being prepared for sale. In each other property the tenant is responsible for repairs and maintenance and has provided a bond to cover dilapidations at the end of the lease.

The property portfolio was valued as at 30 September 2024 by an independent valuation expert, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of fair value. The principal assumptions on which the fair value was based were rental income from current tenants, the remaining term of current leases, discount rates and market rents by area for the locations in which the properties were based. Capital values were also checked against relevant evidence from comparable sales of similar properties.

### 17. Pooled Investment Vehicles

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Equities | 366.6 | 2,795.4 | 3,162.0 | 215.9 | 2,016.9 | 2,232.8 |
| Bonds | 473.3 | 638.2 | 1,111.5 | 1,408.8 | 635.3 | 2,044.1 |
| Property | 206.4 | 124.5 | 330.9 | 380.0 | 97.4 | 477.4 |
| Liability Driven Investments | 177.7 | - | 177.7 | 1,213.6 | - | 1,213.6 |
| Sole Investor Funds | 4,479.0 | - | 4,479.0 | 31.1 | - | 31.1 |
| Hedge Funds | 0.3 | - | 0.3 | 415.5 | - | 415.5 |
| Diversified Growth | - | 22.1 | 22.1 | - | 19.8 | 19.8 |
| Venture Capital and Partnerships | 9.8 | - | 9.8 | 1,749.9 | - | 1,749.9 |
| Cash | 196.8 | 6.4 | 203.2 | 226.9 | 6.0 | 232.9 |
| Commodities | 0.2 | 56.1 | 56.3 | 4.9 | 44.2 | 49.1 |
| | **5,910.1** | **3,642.7** | **9,552.8** | **5,646.6** | **2,819.6** | **8,466.2** |

## Notes to the Financial Statements (continued)

## 17. Pooled Investment Vehicle (continued)

At 30 September 2024 and 30 September 2023, the Trust held Sole Investor Funds, included within Pooled Investment Vehicles above. The portfolios are managed by Carne Global Fund Managers (UK) Limited, Insight Investment Management and Legal & General Assurance (Pensions Management) Limited, held by Northern Trust and are specifically tailored for the Trust's individual requirements and there are no other investors in them. In the prior year, there were additional portfolios managed by Legal & General Assurance (Pensions Management) Limited and Chorus Capital Limited. A breakdown of the underlying investment classes held within the fund has been included in the following table:

### Sole Investor Funds

| By type: | 2024<br>£m | 2023<br>£m |
|---|---|---|
| Bonds - net | 5,999.5 | - |
| Pooled Investment Vehicles | 2,090.9 | 0.8 |
| Cash & Cash Equivalents | 379.7 | - |
| Equities | 53.2 | 30.3 |
| Derivatives | 0.3 | - |
| Reverse Repurchase Agreements | 830.1 | - |
| Repurchase Agreements | (4,874.7) | - |
| **Total Sole Investor Funds** | **4,479.0** | **31.1** |

There were no direct transaction costs associated with the sole investor funds (2023: nil).

### List of Sole Investor Funds

| Fund name: | 2024<br>£m | 2023<br>£m |
|---|---|---|
| TPT LDI Bespoke Fund 1 | 921.4 | - |
| TPT Liquid Alternatives Fund | 834.2 | - |
| TPT Private Credit Fund | 633.7 | - |
| TPT Real Assets Fund | 563.6 | - |
| TPT Long Real Fund | 414.2 | - |
| TPT Secure Income Fund | 283.0 | - |
| TPT Short Real Fund | 263.2 | - |
| TPT LDI Bespoke Fund 2 | 211.5 | - |
| TPT Long Nominal Fund | 126.8 | - |
| TPT Short Nominal Fund | 121.4 | - |
| TPT Funded Short Fund | 106.0 | - |
| LGIM - Fundamental Equities | 0.2 | 0.7 |
| Chorus (Fund 3) Risk Sharing | - | 30.3 |
| LGIM - Passive Equity | - | 0.1 |
| **Total Sole Investor Funds** | **4,479.0** | **31.1** |

## Notes to the Financial Statements (continued)

### 18. Derivatives

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Total | Assets | Liabilities | Total |
| | £m | £m | £m | £m | £m | £m |
| **Exchange-Traded Contracts** | | | | | | |
| Options | 0.4 | (0.7) | (0.3) | 1.0 | (0.3) | 0.7 |
| **Over-The-Counter Contracts** | | | | | | |
| Forward Foreign Currency | 15.7 | (1.9) | 13.8 | 4.7 | (39.5) | (34.8) |
| | **16.1** | **(2.6)** | **13.5** | **5.7** | **(39.8)** | **(34.1)** |

### Objectives and Policies for Holding Derivatives

The Trustee has authorised the use of derivative financial instruments by its Investment Managers as part of its investment strategy as follows:

- Forward Foreign Currency: The Trustee uses forward contracts primarily for the purposes of currency risk management.
- Options: The Trustee uses options to adjust the market exposure of its equity holdings. Over the year the Trustee purchased contracts that enabled it to gain some level of protection against losses arising from a fall in equity markets, with the premium paid for receiving this protection offset by selling contracts limiting the upside arising from an equity market rise, also known as an 'equity collar' strategy.

| **Forward Foreign Currency** | | | 2024 | |
|---|---|---|---|---|
| Type: | Expires within | Notional Value | Fair Value | |
| | | | Asset | Liability |
| | | £m | £m | £m |
| Buy EUR for GBP (8 contracts) | 1 Year | 37.8 | - | (0.3) |
| Buy GBP for EUR (16 contracts) | 1 Year | 91.8 | 1.6 | - |
| Buy GBP for JPY (16 contracts) | 1 Year | 40.4 | - | (0.5) |
| Buy GBP for USD (17 contracts) | 1 Year | 410.8 | 14.1 | - |
| Buy JPY for GBP (7 contracts) | 1 Year | 11.6 | - | (0.1) |
| Buy USD for GBP (6 contracts) | 1 Year | 90.6 | - | (1.0) |
| **Total 2024** | | **683.0** | **15.7** | **(1.9)** |
| **Total 2023** | | **1,583.6** | **4.7** | **(39.5)** |

The notional value represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate.

## Notes to the Financial Statements (continued)

### 18. Derivatives (continued)

| **Options** | | | **2024** | |
|---|---|---|---|---|
| Type: | **Expires within** | **Notional Value** | **Fair Value** | |
| | | | **Asset** | **Liability** |
| | | **£m** | **£m** | **£m** |
| Put – UK Equity | 1 Year | 2.0 | - | - |
| Call – UK Equity | 1 Year | - | - | (0.1) |
| Put – European Equity | 1 Year | 9.0 | 0.1 | - |
| Call – European Equity | 1 Year | - | - | (0.1) |
| Put – Japanese Equity | 1 Year | 4.0 | - | - |
| Call – Japanese Equity | 1 Year | - | - | (0.1) |
| Put – US Equity | 1 Year | 48.0 | 0.3 | - |
| Call – US Equity | 1 Year | - | - | (0.4) |
| **Total 2024** | | **63.0** | **0.4** | **(0.7)** |
| **Total 2023** | | **101.8** | **1.0** | **(0.3)** |

The notional value represents the value of the underlying stock protected by the option contracts.

#### Collateral

Cash collateral of £6.2m (2023: £35.8m) is held within the Trust assets for unrealised losses on options. The Trust has pledged cash collateral of £nil (2023: £27.6m) as security which is held in an allocated account with the counterparties' custodians. Details of this can be found in note 21.

## Notes to the Financial Statements (continued)

### 19. Insurance Policies

The Trustee holds insurance policies with Rothesay Life, Canada Life, Legal & General Assurance Society Limited and a number of sundry insurers, as noted below, which provide annuity income to cover pensions for certain members and their beneficiaries. The valuation of these policies is completed by TPT RSL's Actuary and Mercer UK.

| | 2024 £m | Restated* 2023 £m |
|---|---|---|
| Insurance policies with Rothesay Life | 85.6 | 91.6 |
| Insurance policies with Canada Life | 10.4 | 10.6 |
| Insurance policies with Legal & General Assurance Society Limited | 8.4 | 8.9 |
| Insurance policies with OneFamily | 2.6 | 2.7 |
| Insurance policies with Prudential | 2.5 | 2.5 |
| Insurance policies with abrdn | 1.9 | 1.9 |
| Insurance policies with Aviva Life | 1.0 | 1.0 |
| Insurance policies with Just Retirement | 0.4 | 0.4 |
| Insurance policies with Partnership | 0.1 | 0.1 |
| Insurance policies with Aegon Scottish Equitable | 0.1 | 0.1 |
| Insurance policies with Royal National Pension Fund for Nurses | 0.1 | 0.1 |
| | **113.1** | **119.9** |

*Prior year figures have been restated due to a classification error of £0.5m between Aviva and Legal & General annuities.

## Notes to the Financial Statements (continued)

### 19. Insurance Policies (continued)

The table below summarises the main financial and demographic assumptions used for the valuations of insurance policies as at 30 September 2024 and 30 September 2023:

| Scheme funding assumptions | 2024<br>Nominal (%pa) | 2023<br>Nominal (%pa) |
|---|---|---|
| Valuation discount rate | Gilt Curve plus 0.5% | Gilt Curve plus 0.5% |
| Price inflation (RPI) | RPI Inflation Curve | RPI Inflation Curve |
| Pension increases (where not fixed): | | |
| In line with RPI up to 5% p.a.<br>In line with RPI up to 2.5% p.a. | In line with inflation assumptions with relevant caps and collars, and adjusted in line with statistical distribution for increases in payment. The model used is Black-Scholes with 1.75% p.a. volatility. | |
| Post retirement mortality: | | |
| Base Table | 106% of S3PMA (males) and 106% of S3PFA (females) projected to the valuation date | 106% of S3PMA (males) and 106% of S3PFA (females) projected to the valuation date |
| Improvements to mortality | CMI_2023 (A=0.25%) [S=7, 1.50%] for males<br>CMI_2023 (A=0.25%) [S=7, 1.25%] for females<br>W2020 = W2021 = 0%<br>W2023 = W2022 25% | CMI_2022 (A=0.25%) [S=7, 1.50%] for males<br>CMI_2022 (A=0.25%) [S=7, 1.25%] for females<br>W2020 = W2021 = 0%<br>W2022 = 10% |

## Notes to the Financial Statements (continued)

### 20. Additional Voluntary Contributions (AVC) Investments

Members of the DC section are allowed to pay contributions at a higher rate than required by the Rules. These contributions are co-invested with other DC assets and are not separately distinguishable.

Money purchase AVCs are held within the DB section of the Trust and are listed below.

| | 2024 | 2023 |
|---|---|---|
| | £m | £m |
| AVC Investments with abrdn | 0.6 | 0.6 |
| AVC Investments with Aviva Life | 0.3 | 0.3 |
| AVC Investments with Royal London | 0.1 | 0.1 |
| AVC Investments with Utmost Life | 0.1 | 0.1 |
| | **1.1** | **1.1** |

### 21. Cash and Other Investment Balances

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | DB | DC | Total | DB | DC | Total |
| | £m | £m | £m | £m | £m | £m |
| Cash – Sterling | 81.3 | - | 81.3 | 79.2 | - | 79.2 |
| Cash – Foreign Currency | 5.0 | - | 5.0 | 3.2 | - | 3.2 |
| Cash – Collateral Held | 6.2 | - | 6.2 | 35.8 | - | 35.8 |
| **Cash and Cash Equivalents Asset** | **92.5** | **-** | **92.5** | **118.2** | **-** | **118.2** |
| Cash – Collateral Pledged | - | - | - | (27.6) | - | (27.6) |
| **Cash and Cash Equivalents Liability** | **-** | **-** | **-** | **(27.6)** | **-** | **(27.6)** |
| Amounts due from Brokers | 0.3 | - | 0.3 | 13.5 | - | 13.5 |
| Accrued Investment Income | 9.5 | - | 9.5 | 3.5 | - | 3.5 |
| Pending Transactions | 8.3 | - | 8.3 | - | - | - |
| Cash in Transit | - | - | - | 172.4 | - | 172.4 |
| **Other Investment Balances Asset** | **18.1** | **-** | **18.1** | **189.4** | **-** | **189.4** |
| Pending Transactions | (32.9) | - | (32.9) | - | - | - |
| Amounts due to Brokers | (3.8) | - | (3.8) | (13.4) | - | (13.4) |
| **Other Investment Balances Liability** | **(36.7)** | **-** | **(36.7)** | **(13.4)** | **-** | **(13.4)** |
| **Total Cash and Other Investment Balances** | **73.9** | **-** | **73.9** | **266.6** | **-** | **266.6** |

## **Notes to the Financial Statements** (continued)

### 22. Stock Lending

Securities which were on loan at the year end are included in the Statement of Net Assets and refer to the Trust's ongoing economic interest in such securities. At 30 September 2024, £0.9m equities and £8.5m bonds (2023: £2.9m equities and £11.2m bonds) were on loan through the stock-lending programme managed by the Custodian. In exchange the Custodian held collateral of £9.9m (2023: £14.6m) in the form of obligations issued or guaranteed by the governments of Organisation for Economic Co-operation and Development (OECD) member states, as well as supranational debt, which is not included in the Statement of Net Assets. Collateral is only held for stock that is out on loan. As the amount of securities out on loan has reduced in 2024, the amount of collateral has also reduced. All assets that are included in a stock-lending arrangement have been classified within the relevant investment category within investment assets.

### 23. Defined Contribution Assets

Defined Contribution section investments purchased by the Trust are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee. The Defined Contribution Administrator allocates investment units to members.

All the Defined Contribution Assets are allocated to members (2023: all).

### 24. Fair Value of Investments

The fair value of investments has been determined using the following hierarchy.

| **Investment Category** | **Description** |
|---|---|
| Level 1 | The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. |
| Level 3 | Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. |

The Trust's investment assets and liabilities have been included at fair value within these categories as follows:

## Notes to the Financial Statements (continued)

### 24. Fair Value of Investments (continued)

| Category: | | | | 2024 |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | £m | £m | £m | £m |
| **Defined Benefit Section** | | | | |
| **Investment Assets** | | | | |
| Equities* | 320.4 | - | 5.3 | 325.7 |
| Bonds** | 8.5 | 469.7 | - | 478.2 |
| Property | - | - | 155.0 | 155.0 |
| Pooled Investment Vehicles | - | 4,352.2 | 1,557.9 | 5,910.1 |
| Derivatives | - | 16.1 | - | 16.1 |
| Insurance Policies | - | - | 113.1 | 113.1 |
| AVC Investments | - | - | 1.1 | 1.1 |
| Cash | 92.5 | - | - | 92.5 |
| Other Investment Balances | 18.1 | - | - | 18.1 |
| | **439.5** | **4,837.9** | **1,832.4** | **7,109.9** |
| **Investment Liabilities** | | | | |
| Derivatives | - | (2.6) | - | (2.6) |
| Other Investment Balances | (36.7) | - | - | (36.7) |
| | **(36.7)** | **(2.6)** | **-** | **(39.3)** |
| **Total Defined Benefit** | **402.8** | **4,835.3** | **1,832.4** | **7,070.6** |
| | | | | |
| **Defined Contribution Section** | | | | |
| Pooled Investment Vehicles | - | 3,637.6 | 5.1 | 3,642.7 |
| **Total Defined Contribution** | **-** | **3,637.6** | **5.1** | **3,642.7** |
| | | | | |
| **Total Investments** | **402.8** | **8,472.9** | **1,837.6** | **10,713.3** |

**Level 3 equities include the investment in TPT RSL, as detailed in the critical accounting judgements.*

***Level 1 Bonds are UK Government Gilts*

## Notes to the Financial Statements (continued)

### 24. Fair Value of Investments (continued)

**Category:**

| | Level 1 £m | Level 2 £m | Level 3 £m | 2023 Total £m |
|---|---|---|---|---|
| **Defined Benefit Section** | | | | |
| **Investment Assets** | | | | |
| Equities* | 138.1 | - | 5.3 | 143.4 |
| Bonds** | 44.4 | 149.7 | - | 194.1 |
| Property | - | - | 168.7 | 168.7 |
| Pooled Investment Vehicles | - | 2,261.4 | 3,385.2 | 5,646.6 |
| Derivatives | - | - | 5.7 | 5.7 |
| Insurance Policies | - | - | 119.9 | 119.9 |
| AVC Investments | - | 1.1 | - | 1.1 |
| Cash | 118.2 | - | - | 118.2 |
| Other Investment Balances | 189.4 | - | - | 189.4 |
| | **490.1** | **2,412.2** | **3,684.8** | **6,587.1** |
| **Investment Liabilities** | | | | |
| Derivatives | - | - | (39.8) | (39.8) |
| Cash and Cash Equivalents | (27.6) | - | - | (27.6) |
| Other Investment Balances | (13.4) | - | - | (13.4) |
| | **(41.0)** | **-** | **(39.8)** | **(80.8)** |
| **Total Defined Benefit** | **449.1** | **2,412.2** | **3,645.0** | **6,506.3** |
| | | | | |
| **Defined Contribution Section** | | | | |
| Pooled Investment Vehicles | - | 2,814.3 | 5.3 | 2,819.6 |
| **Total Defined Contribution** | **-** | **2,814.3** | **5.3** | **2,819.6** |
| | | | | |
| **Total Investments** | **449.1** | **5,226.5** | **3,650.3** | **9,325.9** |

**Level 3 equities include the investment in TPT RSL, as detailed in the critical accounting judgements.*

***Level 1 Bonds are UK Government Gilts*

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted, and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market are valued by the Investment Managers. Where the value of the pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made.

## Notes to the Financial Statements (continued)

### 24. Fair Value of Investments (continued)

Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in

the absence of observable market data. The assumptions underlying the Insurance Policies are detailed in note 19. Details of the valuation of Property investments is included in note 16.

### 25. Concentration of Investments

The following investments exceeded 5% of the Trust's net assets at the financial year end.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Value £m | % | Value £m | % |
| TPT LDI Bespoke Fund 1 | 921.4 | 8.5 | - | - |
| TPT Liquid Alternatives Fund | 834.2 | 7.7 | - | - |
| TPT Private Credit Fund | 633.7 | 5.8 | - | - |
| TPT Real Assets Fund | 563.6 | 5.2 | - | - |
| BlackRock Investment Management (UK) Limited – Liability Solutions III Tailored Fund | - | - | 971.4 | 10.3 |
| BlackRock Investment Management (UK) Limited – Liability Leveraged Fund | - | - | 563.1 | 6.0 |

### 26. Investment Risks

#### Types of Risk Relating to Investments

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**Credit Risk:** The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market Risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- **Currency Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest Rate Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

- **Other Price Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In the following table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

| | Credit Risk | Market Risk: Currency Risk | Market Risk: Interest Rate Risk | Market Risk: Other Price Risk | 2024 £m | 2023 £m |
|---|---|---|---|---|---|---|
| **DB Section** | | | | | | |
| Equities | ○ | ◐ | ○ | ● | 325.7 | 143.4 |
| Bonds | ● | ◐ | ● | ◐ | 478.2 | 194.1 |
| Property risks | ◐ | ○ | ○ | ● | 155.0 | 168.7 |
| Pooled Investment Vehicles | | | | | 5,910.1 | 5,646.6 |
| Direct exposure | ● | ○ | ○ | ○ | | |
| Indirect exposure | ◐ | ◐ | ◐ | ◐ | | |
| Derivatives | ◐ | ◐ | ● | ◐ | 13.5 | (34.1) |
| AVC Investments | ◐ | ◐ | ◐ | ◐ | 1.1 | 1.1 |
| Insurance Policies | ◐ | ○ | ● | ○ | 113.1 | 119.9 |
| Cash Deposits and Other Net Investment Assets | ● | ◐ | ● | ○ | 73.9 | 266.6 |
| | | | | | **7,070.6** | **6,506.3** |
| **DC Section** | | | | | | |
| Pooled Investment Vehicles | ● | ◐ | ◐ | ◐ | 3,642.7 | 2,819.6 |
| | | | | | **3,642.7** | **2,819.6** |

## Defined Benefit Section

*Investment Strategy*

In the year under review, the Trustee's objective was to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns sufficient to meet, together with future contributions, the benefits payable under the Rules as they fall due.

The Trust is a multi-employer pension scheme that provides tailored investment solutions for a number of underlying DB sections. In order to achieve its objective the Trustee constructs pools of

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

assets that are then used to determine scheme-specific investment strategies tailored to meet their individual set of liabilities.

The Trustee has delegated the power to set investment strategy to its Investment Committee and Funding Committee. In summary, the Investment Committee determines the strategic asset allocation

and fund selection, after taking advice from the Trust's independent investment consultants, for the various pools of assets from which the scheme-specific strategies are drawn. The Funding Committee sets scheme-specific asset allocation strategies at the same time as assessing scheme-specific funding needs.

When constructing the pools of assets from which scheme-specific investment strategies are drawn the Investment Committee considers a number of factors including, but not limited to, the expected risk and return of each asset class, diversification benefits, liquidity requirements and fees. In order to support its decision-making the Investment Committee takes independent advice from the Trust's investment consultants, as well as receiving input from the Trust's Chief Investment Officer.

In October 2023, the Trustee reviewed a set of 10 Investment Beliefs that the Investment Committee must use as a framework when making decisions and agreeing the investment strategy. These Investment Beliefs can be found in full on the Trust's website.

In October 2023, the Trustee also reviewed a set of 10 Responsible Investment Principles which are used in conjunction with the Investment Beliefs to inform the investment strategy. The Responsible Investment Principles can be found in full on the Trust's website.

The Trustee employs third-party fund managers to implement the investment strategy, meaning that the Trust does not manage any money in-house. The Trust uses a combination of both passive and active investments depending on the perceived ability to add value in the relevant area. Fund managers are monitored on an ongoing basis by both the Investment Committee and the in-house Investment Management Team, and are met with at least annually.

When considering the investment strategy on a scheme-specific basis for each section of the Trust, the Funding Committee takes into account a number of considerations such as the strength of the employer covenant, the long-term liabilities of the scheme, the appetite for investment risk and the funding strategy agreed with the employer(s). These are reviewed at least every three years in line with the scheme's valuation to ensure that the strategy remains appropriate.

*Credit Risk*

The Trust is subject to direct credit risk because it invests in bonds, commercial property, over-the-counter (OTC) derivatives, has cash equivalents and undertakes stock-lending activities. The Trust also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the provider of the pooled investment vehicle and also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

A summary of exposures to credit risk is given in the following table. The notes below explain how this risk is managed and mitigated for the different asset classes.

| **DB Investments exposed to Credit Risk** | **2024 £m** | **2023 £m** |
|---|---|---|
| Bonds | 478.2 | 194.1 |
| Property | 155.0 | 168.7 |
| Pooled Investment Vehicles: | | |
| Bond Funds (Direct and Indirect) | 3,732.2 | 1,408.8 |
| Other Funds (Direct Risk only) | 2,177.9 | 4,237.8 |
| Derivatives: | | |
| Assets | 16.1 | 5.7 |
| Liabilities | (2.6) | (39.8) |
| Insurance Policies | 113.1 | 119.9 |
| AVC Investments | 1.1 | 1.1 |
| Cash Deposits and Other Net Investment Assets | 73.9 | 266.6 |
| | **6,744.9** | **6,362.9** |

Credit risk arising on bonds held directly is mitigated by ensuring that the investment manager has a suitable framework in place for assessing the creditworthiness of the counterparty and that the credit rating of the bonds matches the desired risk profile of the mandate. Similarly, the credit risk arising from the letting of commercial property is mitigated by ensuring that the tenant has an appropriate covenant to ensure that rents are paid as they fall due.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB– or higher by S&P or Fitch or rated at Baa3 or higher by Moody's. Included in investments is £2.6m (2023: £6.0m) of non-investment grade bonds. All other bonds are investment grade.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Indirect credit risk arises in relation to underlying investments held in a number of the pooled investment vehicles and qualifying investment funds. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager's investment process at appointment.

OTC derivative contracts are not guaranteed by any regulatory exchange and therefore the Trust is subject to the risk of failure of the counterparty. The credit risk for OTC contracts is reduced by collateral arrangements (see note 18). Credit risk also arises on forward currency contracts where there are no collateral arrangements; however, all counterparties are required to be at least investment grade. Cash on deposit is held within financial institutions that have an investment grade credit rating.

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

The Trust manages the credit risk arising from stock-lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated two notches above investment grade and putting in place collateral arrangements (see note 22).

A summary of pooled investment vehicles by type of arrangement is as follows:

| **DB Section** | **2024** | **2023 (restated*)** |
|---|---|---|
| **Legal nature of the pooled arrangements:** | **£m** | **£m** |
| Authorised Unit Trust | 49.5 | 2,456.7 |
| Partnerships | 9.8 | 1,715.1 |
| Unit-linked insurance contracts* | 620.9 | 710.6 |
| Open ended investment company | 230.4 | 623.2 |
| Closed ended funds | - | 53.6 |
| Société d'investissement à Capital Variable (SICAV) | 502.5 | 50.2 |
| Sole investor authorised funds** | 4,479.0 | 31.1 |
| Exempted Investment Company | 18.0 | - |
| Exchange-Traded Commodities | - | 6.1 |
| | **5,910.1** | **5,646.6** |

*Reclassification of the legal nature from cash to unit linked contracts.

**Within Sole investor authorised funds is £2,314.5m of Exempt Unauthorised Unit Trusts and £2,164.5m of SICAV funds.

*Currency Risk*

The Trust is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). To mitigate this risk, the Trustee has put in place a currency hedging arrangement and hedges the exposures to the major currencies, being USD, EUR (as a proxy for European currency exposure) and JPY in line with the percentages below:

- Developed market equities: 70%
- Emerging market debt: 70%
- Other asset classes: 100%

Some assets recognise the currency risk as part of the overall fund strategy and therefore it is recognised that no additional hedging is required in respect of these assets.

The net currency exposure at the current and previous year ends was as follows:

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

| | Direct Exposure £m | Indirect Exposure £m | Hedging £m | 2024 Net Exposure after Hedging £m | 2023 Net Exposure after Hedging £m |
|---|---|---|---|---|---|
| Euros (EUR) | 32.4 | 1.0 | (43.9) | (10.5) | (218.1) |
| US Dollars (USD) | 187.5 | 18.0 | (71.0) | 134.5 | 1,001.9 |
| Japanese Yen (JPY) | 5.1 | - | (8.2) | (3.1) | 520.8 |
| Other Currencies | 101.9 | - | - | 101.9 | 182.1 |
| | **326.9** | **19.0** | **(123.1)** | **222.8** | **1,486.7** |

*Interest Rate Risk*

The Trust is subject to interest rate risk because some of the investments are held in bonds, interest rate swaps or repos (either segregated investments or through pooled investment vehicles), and cash.

A summary of exposures to interest rate risk is given in the following table:

| **DB Investments exposed to Interest Rate Risk** | **2024 £m** | **2023 £m** |
|---|---|---|
| Bonds | 478.2 | 194.1 |
| Pooled Investment Vehicles: | | |
| Bond Funds (Indirect) | 3,732.2 | 1,408.8 |
| Derivatives: | | |
| Assets | 16.1 | 5.7 |
| Liabilities | (2.6) | (39.8) |
| Insurance Policies | 113.1 | 119.9 |
| AVC Investments | 1.1 | 1.1 |
| Cash Deposits and Other Net Investment Assets | 73.9 | 266.6 |
| | **4,412.0** | **1,956.4** |

*Other Price Risk*

The Trust is subject to other price risk, principally in relation to the growth assets which include directly held equities, equities held through pooled vehicles, commercial property, unlisted infrastructure and a range of strategies that aim to produce absolute returns in all market environments. There is also more limited exposure to other price risk within the Matching-Plus Portfolio, principally in relation to the allocation to commercial property.

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

A summary of exposures to other price risk is given in the following table.

| DB Investments exposed to Other Price Risk | 2024 £m | 2023 £m |
|---|---|---|
| Equities | 325.7 | 143.4 |
| Bonds | 478.2 | 194.1 |
| Property Let to Tenants | 155.0 | 168.7 |
| Pooled Investment Vehicles: | | |
| Other Funds (Indirect) | 2,177.9 | 4,237.8 |
| Derivatives: | | |
| Assets | 16.1 | 5.7 |
| Liabilities | (2.6) | (39.8) |
| AVC Investments | 1.1 | 1.1 |
| | **3,151.4** | **4,711.0** |

### Defined Contribution Section

#### Investment Strategy

The Trustee's objective is to make available to members an appropriate range of investment options designed to generate income and capital growth which, together with new contributions from members and their employers, will provide a retirement amount with which the member can purchase an annuity or other types of retirement solutions.

In order to achieve this objective, the Trust offers a range of Target Date Funds and Ethical Target Date Funds managed by AllianceBernstein Limited alongside a number of self–select funds. These funds sit on an investment platform provided by Phoenix Life Limited.

The Trust monitors the underlying risks through regular reporting and annual investment reviews with AllianceBernstein Limited.

#### Credit Risk

The DC Section is subject to direct credit risk in unit-linked insurance funds provided by Phoenix Life Limited.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the Target Date Funds, Ethical Target Date Funds and self-select options. Member-level risk exposures will be dependent on the funds in which members are invested.

## Notes to the Financial Statements (continued)

### 26. Investment Risks (continued)

| Fund | Exposed to indirect: | Credit Risk |
|---|---|---|
| Target Date Funds | | ✓ |
| Ethical Target Date Funds | | ✓ |
| Diversified Growth Fund | | ✓ |
| Global Equity Fund | | - |
| Ethical Global Equity Fund | | - |
| Property Fund | | ✓ |
| Index-Linked Gilts Fund | | ✓ |
| Annuity Aware Fund | | ✓ |
| Cash Fund | | ✓ |
| Emerging Markets Equity Fund | | - |
| Global Corporate Bond Fund | | ✓ |
| Global Impact Bond Fund | | ✓ |
| Global Impact Equity Fund | | - |
| Islamic Global Equity Fund | | - |
| Low Carbon Transition Equity Fund | | - |
| UK Equity Index Fund | | - |

Key - ✓ indicates a fund is subject to credit risk.

A summary of pooled investment vehicles by type of arrangement is as follows:

| **DC Section** | **2024** | **2023** |
|---|---|---|
| **Legal nature of the pooled arrangements:** | **£m** | **£m** |
| Unit-linked insurance contracts | 3,642.7 | 2,819.6 |

## Notes to the Financial Statements (continued)

## 26. Investment Risks (continued)

### Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from underlying financial instruments held in the funds on the Phoenix Life Limited platform.

| Fund | Exposed to indirect: | Currency Risk | Interest Rate Risk | Other Price Risk |
|---|---|---|---|---|
| Target Date Funds | | ✓ | ✓ | ✓ |
| Ethical Target Date Funds | | ✓ | ✓ | ✓ |
| Diversified Growth Fund | | ✓ | ✓ | ✓ |
| Global Equity Fund | | ✓ | - | ✓ |
| Ethical Global Equity Fund | | ✓ | - | ✓ |
| Property Fund | | - | ✓ | ✓ |
| Index-Linked Gilt Fund | | - | ✓ | - |
| Annuity Aware Fund | | - | ✓ | - |
| Cash Fund | | - | ✓ | - |
| Emerging Markets Equity Fund | | ✓ | - | ✓ |
| Global Corporate Bond Fund | | ✓ | ✓ | ✓ |
| Global Impact Bond Fund | | ✓ | ✓ | ✓ |
| Global Impact Equity Fund | | ✓ | - | ✓ |
| Islamic Global Equity Fund | | ✓ | - | ✓ |
| Low Carbon Transition Equity Fund | | ✓ | - | ✓ |
| UK Equity Index Fund | | - | - | ✓ |

Key - ✓ indicates a fund is subject to market risk.

## Notes to the Financial Statements (continued)

### 27. Fixed Assets

| | DB Freehold Office £m | Expenses Reserve Computers and Software £m | Expenses Reserve Equipment and Fittings £m | Total £m |
|---|---|---|---|---|
| **Cost or Valuation** | | | | |
| At 1 October 2023 | 5.2 | 4.5 | 1.7 | 11.4 |
| Additions | - | - | - | - |
| Revaluation | 0.5 | - | - | 0.5 |
| Disposal | (5.7) | (4.5) | (1.7) | (11.9) |
| **At 30 September 2024** | **-** | **-** | **-** | **-** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| At 1 October 2023 | - | (2.0) | (1.6) | (3.6) |
| Disposal | - | 2.0 | 1.6 | 3.6 |
| **At 30 September 2024** | **-** | **-** | **-** | **-** |
| | | | | |
| **Net Book Value** | | | | |
| At 1 October 2023 | 5.2 | 2.5 | 0.1 | 7.8 |
| **At 30 September 2024** | **-** | **-** | **-** | **-** |

On 2 October 2023, the Trust entered into an Asset Transfer Agreement with TPT RSL, resulting in a transfer of computers, software, equipment and fittings to TPT RSL.

#### Freehold Office

The freehold office in Leeds was sold on 25 September 2024 for £5.7m.

## Notes to the Financial Statements (continued)

### 28. Current Assets

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | DB | DC | Expenses Reserve | Total | DB | DC | Expenses Reserve | Total |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Contributions due in respect of: | | | | | | | | |
| Employers | 30.1 | 22.8 | - | 52.9 | 28.4 | 20.8 | - | 49.2 |
| Employees | 0.5 | 9.4 | - | 9.9 | 0.7 | 9.1 | - | 9.8 |
| Other Debtors | 13.0 | 1.6 | 21.6 | 36.2 | 5.3 | 7.1 | 9.1 | 21.5 |
| Prepayments | 0.7 | - | 1.7 | 2.4 | - | - | 3.0 | 3.0 |
| Cash Balances | 18.8 | 16.6 | 31.8 | 67.2 | 18.7 | 12.4 | 28.0 | 59.1 |
| | **63.1** | **50.4** | **55.1** | **168.6** | **53.1** | **49.4** | **40.1** | **142.6** |

Details of Employer-Related Investments relating to contributions due at the year end are included in note 31.

### 29. Current Liabilities

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | DB | DC | Expenses Reserve | Total | DB | DC | Expenses Reserve | Total |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Unpaid Benefits | 4.1 | 2.6 | - | 6.7 | 2.0 | 4.6 | - | 6.6 |
| Tax Deducted from Pensions | 0.2 | 0.6 | - | 0.8 | 0.1 | 0.7 | - | 0.8 |
| Other Creditors | 12.2 | 0.1 | 25.7 | 38.0 | 46.9 | - | 7.6 | 54.5 |
| Accrued Expenses | 1.6 | - | 5.6 | 7.2 | 4.5 | - | 13.4 | 17.9 |
| | **18.1** | **3.3** | **31.3** | **52.7** | **53.5** | **5.3** | **21.0** | **79.8** |

### 30. Related-Party Transactions

#### Key management personnel

Contributions (note 5) and contributions receivable (note 28) include amounts in respect of two Trustees and pensions paid (note 8) include amounts in respect of two Trustees (2023: contributions two Trustees, pensions two Trustee).

Contributions received in respect of Trustee Directors who are members of the Trust have been made in accordance with the Rules.

## Notes to the Financial Statements (continued)

### 30. Related-Party Transactions (continued)

In addition, contributions were received or are receivable in respect of one spouse of a Trustee (2023: one).

Fees and expenses of £0.5m (2023: £0.6m (restated)) were paid to the Trustee Directors and Co-opted Committee Members.

The Trustee, Verity Trustees Limited, is also the Trustee of The Pensions Trust 2016. All of the Trustee Directors serve as Trustee Directors for each Trust.

#### TPT Retirement Solutions Limited

The Trust owns 5,320,001 (2023: 5,320,001) ordinary shares of £1 each, in TPT Retirement Solutions Limited ("TPT RSL"), a wholly-owned subsidiary of Verity Trustees Limited in its capacity as Trustee of The Pensions Trust. As at 30 September 2024, the fair value of £5.3m is included within equities in note 14 in the DB section (2023: £5.3m).

#### TPT Investment Management Limited

TPT RSL owns 3,000,000 (2023: 3,000,000) ordinary shares of £1 each, in TPT Investment Management Limited ("TPTIM"). TPTIM is a wholly-owned subsidiary of TPT RSL.

#### The Pensions Trust 2016

From 2 October 2023 onwards, administration of the Trust is undertaken by TPT RSL. The Pensions Trust's Expenses Reserve Account pays an administration charge to TPT RSL on behalf of the Trust.

The Trust received £1.2m (2023: £1.0m) in the year from The Pensions Trust 2016 in respect of the administration and management of the Trust over the period 1 October 2023 to 31 August 2024. A further £0.1m is due in respect of September 2024 (2023: £0.1m) and is included as a debtor. The Trust received £0.6m (2023: £0.5m) in the year from The Pensions Trust 2016 in respect of the administration, management and custody of its investments over the period 1 October 2023 to 31 August 2024. A further £0.1m is due in respect of September 2024.

### 31. Employer-Related Investments

The Trust invests in various housing bonds, whose underlying borrowers are drawn from a pool of registered social landlords. The names of the actual borrowers are not disclosed and can vary over time. Given the number of registered social landlords that participate in the Trust, it is possible that these are technically Employer-Related Investments. The value of the Trust's holdings in these bonds at 30 September 2024 was £11.5m (2023: £4.3m), which represents less than 1.0% of the Trust's net assets (2023: less than 0.1%).

Employer-Related Investments include contributions that were received later than the due date set out on the Schedules of Contributions. As at 30 September 2024, £0.2m (2023: £0.5m) of outstanding contributions were received late; this included defined benefit employer normal, employee normal and deficit funding contributions. The value of late contributions outstanding at both year-end dates

## Notes to the Financial Statements (continued)

### 31. Employer-Related Investments (continued)

represents less than 0.1% of the Trust's net assets. At the date of signing, there was £0.2m of outstanding contributions in relation to the year ended 30 September 2024.

Not more than 5% of the current market value of the Trust may at any time be Employer-Related Investments as defined in Section 40 of the Pensions Act 1995.

Pension contributions in respect of the Trust's employees are included in notes 5 and 12.

### 32. Update on GMP Equalisation

Between 1978 and 2016, it was possible to contract out of part of the State Pension by being a member of an occupational pension scheme that met certain conditions.  Where the scheme was contracted out, members and the employer paid a reduced rate of National Insurance to reflect the fact that the Scheme would provide benefits to replace some of the members' state pension rights. Between 1978 and 1997, contracted out defined benefit schemes were required to provide a Guaranteed Minimum Pension for each member. From 1997 to 2016 different rules applied.

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be assessed against the impact of the equalisation of state pension ages between May 1990 and April 1997 for both men and women. On 20 November 2020, the High Court issued a follow-on judgement in the Lloyds case and ruled that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to consider if any additional value is due as a result of GMP equalisation.

The Trustee is aware that this issue will affect each of the previously contracted out defined benefit schemes in the Trust and it has considered this matter in 23/24. The Trustee will be discussing this matter at future meetings during which decisions will be made as to the next steps. An approximate allowance has been made in each affected scheme's actuarial valuation, with the typical impact being an increase in liabilities of less than 2%. Based on the work performed to date, the Trustees do not consider this to have a material impact in respect of historic payments.

### 33. Contingencies

As at 30 September 2024, there were no contingent assets.

As at 30 September 2024 the Trust had the following contingent liabilities:

#### Historic Benefit Review

The Trustee has performed a review of certain historic changes made to the Trust Deed and Rules and to the benefits of all Schemes in the DB section of the Trust, and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the High Court on these benefit changes and the case is being heard by the High Court (from mid-February 2025). The Court is asked to answer a series of questions including on the interpretation of the Trust's rules and representative parties will present arguments for the alternative outcome to each question.  If the

## Notes to the Financial Statements (continued)

### 33. Contingencies (continued)

outcome of the Court case leads to a change in the benefits currently being provided to members, where some changes to Scheme Rules and benefits are found to have not been validly made, this may increase benefits for some members, potentially also resulting in arrears being due in respect of benefits that have already been paid. The court case is complex and there are multiple possible outcomes. It is therefore not possible to estimate with any reliability the quantum of any potential additional liabilities and arrears that may be due to members, and any future rectification costs.

#### Virgin Media Case

During the year ended 30 September 2024, the Trustee also became aware of the Court of Appeal's judgment in the case of Virgin Media v NTL Pension Trustees II. This case was concerned with the validity of changes to certain pension scheme rules in a salary-related contracted out scheme made between 1997 and 2016 without the necessary actuarial confirmation. The Court found that the changes made without the necessary actuarial confirmation were invalid. The Trustee is aware that this issue might lead to certain changes to the Trust being treated as invalid and might increase the benefits payable to some members of the Trust. However, the structure of the Trust, in which changes to rules can be made in a variety of different ways, is such that there remains uncertainty over how the Virgin Media judgment should be applied to the Trust. The Trustee is therefore asking the High Court as part of the case described above to provide directions on a number of issues arising from the Virgin Media case. In addition, industry bodies have made representations to the Department of Work and Pensions for the Secretary of State to make regulations that would, subject to appropriate safeguards, enable the retrospective validation of amendments. Pending the outcome of the Court case and any action by the DWP, it will not be possible to estimate with any reliability the quantum of any potential additional liability and arrears (if any) that may be due to members, and any future rectification costs.

### 34. Commitments

The Trust has made capital commitments in respect of a number of direct lending, infrastructure and risk-sharing funds. The balance of the commitments can be drawn down by the Investment Manager when required to fund purchases and costs. At the year end, the outstanding commitments were:

| | 2024 Committed (Local CCY)* | Outstanding at 30 Sept 24 (Local CCY) | 2023 Committed (Local CCY) | Outstanding at 30 Sept 23 (Local CCY) |
|---|---|---|---|---|
| Infrastructure | $99.10m | $19.8m | $100.0m | $26.1m |
| Risk Sharing | £112.6m | £74.0m | £621.5m | £32.7m |
| Long Income | - | - | £10.0m | £10.0m |
| Renewable Infrastructure | €121.0m | €21.7m | €120.0m | €46.5m |
| Renewable Infrastructure | $141.2m | $82.1m | $140.0m | $107.6m |
| Core Property | - | - | £9.6m | £0.1m |
| Direct Lending | £190.9m | £28.6m | - | - |

## Notes to the Financial Statements (continued)

### 35. Operating Lease Commitments

All operating lease commitments were transferred to TPT RSL as part of the Asset Transfer Agreement on 2 October 2023.

| | 2024 | 2023 |
|---|---|---|
| | £m | £m |
| Between one year and five years | - | 0.2 |

### 36. Subsequent Events

There were no subsequent events requiring disclosure in the Financial Statements.

## Notes to the Financial Statements (continued)

### 37. Expenses Reserve Account

The Trust operates an Expenses Reserve Account, which represents the balance arising between expenses deducted from the schemes and actual costs incurred. All administrative and investment management expenses incurred by the Trust are charged to this account prior to allocation to individual schemes.

**Expenses Reserve Account**

| | 2024 £m | 2023 £m |
|---|---|---|
| Administrative expenses allocated during the year | 31.1 | 25.0 |
| Investment management expenses allocated during the year | 7.2 | 5.0 |
| Life Assurance income | 10.1 | 8.7 |
| Bank Interest received | 2.9 | 1.0 |
| **Total transfers to the Expenses Reserve Account** | **51.3** | **39.7** |
| Administrative expenses incurred during the year | (31.7) | (26.0) |
| Investment management expenses incurred during the year | (7.3) | (4.2) |
| Life Assurance Premiums | (10.2) | (7.5) |
| Refund of Contributions | - | - |
| **Total transfers from the Expenses Reserve Account** | **(49.2)** | **(37.7)** |
| Net transfer to the Expenses Reserve Account during the year | 2.1 | 2.0 |
| Transfer of TPT RSL equity holding* | - | (5.3) |
| Balance brought forward | 21.7 | 25.0 |
| **Balance carried forward** | **23.8** | **21.7** |

**Summary of Schemes**

| | 2024 £m | 2023 £m |
|---|---|---|
| DB Schemes | 7,115.6 | 6,511.1 |
| DC Schemes | 3,689.8 | 2,863.7 |
| Expenses Reserve Account | 23.8 | 21.7 |
| | **10,829.2** | **9,396.5** |

**During the prior year, the Trust's investment in TPT RSL was transferred from the ERA section to the DB section with the carrying value allocated across the segregated sections.*

## Summary of Actuarial Certificates

The Pensions Trust is a multi-employer pension scheme where the Scheme's Actuary has signed actuarial certificates. The following two statements have been given by the Actuary together with the signature and details of the Actuary.

Statement 1

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 30 September 202X is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on) [Date].

Statement 2

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that –

the Statutory Funding Objective could have been expected on 30 September 202X to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the Trustee on) [Date].

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on [Date]).

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

The dates of the last triennial actuarial valuation and the dates of the Actuary's certification of that valuation for each pension scheme are listed below.

In interim years where no triennial actuarial valuation is required, an Actuarial Report is produced to provide an update on the funding position of the scheme. The date of the latest Actuarial Report for each scheme is detailed in the below table.

## Summary of Actuarial Certificates (continued)

| Scheme | Most recent Triennial Valuation as at 30 September | Date of Certification of Schedule of Contributions | Date of Actuarial Report (annual update)* |
|---|---|---|---|
| A2Dominion Benefit Scheme | 2021 | 19 December 2022 | 30 September 2023 |
| ABRI Group Limited Pension Scheme | 2022 | 15 December 2023 | 30 September 2023 |
| Action for Blind People Final Salary Pension Scheme | 2023 | 18 December 2024 | N/A |
| Anchor Trust Final Salary Scheme | 2021 | 16 December 2022 | 30 September 2023 |
| Arthritis Care Pension Scheme | 2021 | 15 December 2022 | 30 September 2023 |
| Bromford DB Scheme | 2021 | 15 December 2022 | 30 September 2023 |
| CARE Scheme | 2022 | 16 November 2023 | 30 September 2023 |
| Christian Aid Final Salary Scheme (1988) | 2023 | 18 December 2024 | N/A |
| Flagship Housing Group ex-SHPS Scheme | 2022 | 23 November 2023 | 30 September 2023 |
| Growth Plan Series 1, 2 and 3 | 2023 | 17 December 2024 | N/A |
| Guinness Partnership Pension Scheme | 2021 | 19 December 2022 | 30 September 2023 |
| Housing Plus Pension Scheme | 2022 | 14 December 2023 | 30 September 2023 |
| Independent Age Final Salary Scheme | 2022 | 13 December 2023 | 30 September 2023 |
| Independent Schools' Pension Scheme | 2023 | 12 December 2024 | N/A |
| Leonard Cheshire Disability Group Pension Scheme | 2021 | 21 December 2022 | 30 September 2023 |
| Manchester Grammar Pension Scheme | 2023 | 19 December 2024 | N/A |
| Methodist Homes for the Aged Final Salary Pension Scheme | 2021 | 07 September 2022 | 30 September 2023 |
| MIND (The National Association for Mental Health) Final Salary Scheme | 2022 | 18 December 2023 | 30 September 2023 |
| Moat Homes Pension Scheme | 2023 | 06 December 2024 | N/A |
| National Council for Voluntary Organisations Final Salary Pension Scheme | 2022 | 21 December 2023 | 30 September 2023 |
| Northern Ireland Charities Pension Scheme | 2022 | 18 December 2023 | 30 September 2023 |
| Notting Hill Genesis 2023 Pension Scheme | 2024[1] | 30 November 2023[2] | N/A |
| Notting Hill Genesis Pension Scheme | 2022 | 18 December 2023 | 30 September 2023 |
| OHG (ex SHPS) DB Scheme | 2023 | 08 November 2024 | N/A |
| Optivo Defined Benefit Pension Scheme | 2023 | 17 September 2024 | N/A |
| Oxfam Pension Scheme | 2022 | 5 August 2024 | 30 September 2023 |
| PCHA 2001 Pension Scheme | 2022 | 12 September 2023 | 30 September 2023 |
| Pobl Pension Scheme | 2024[1] | 26 January 2024[2] | N/A |
| Riverside DB Scheme | 2023 | 02 December 2024 | N/A |
| Royal College of Nursing of the United Kingdom Pension Scheme | 2022 | 15 December 2023 | 30 September 2023 |
| Royal National College for the Blind Defined Benefit Scheme | 2022 | 21 December 2023 | 30 September 2023 |

| Scheme | Most recent Triennial Valuation as at 30 September | Date of Certification of Schedule of Contributions | Date of Actuarial Report (annual update)* |
|---|---|---|---|
| Sanctuary Housing Association Final Salary Pension Scheme | 2022 | 12 December 2023 | 30 September 2023 |
| Scottish Housing Associations' Pension Scheme | 2021 | 30 November 2022 | 30 September 2023 |
| Scottish Voluntary Sector Pension Scheme | 2023 | 11 July 2024 | N/A |
| SeeABILITY Pension Scheme | 2023 | 13 December 2024 | N/A |
| Social Housing Pension Scheme | 2023 | 15 October 2024 | N/A |
| Sovereign Pension Plan | 2023 | 19 September 2024 | N/A |
| St Mungo's Defined Benefit Scheme | 2021 | 19 December 2022 | 30 September 2023 |
| Stonham Final Salary Pension Scheme | 2021 | 21 December 2022 | 30 September 2023 |
| The Children's Society Pension Scheme | 2021 | 16 December 2022 | 30 September 2023 |
| The Clarion Housing Group Pension Scheme | 2021 | 13 December 2022 | 30 September 2023 |
| The Harpur Trust Pension Scheme for Non-Teaching Staff | 2021 | 08 December 2022 | 30 September 2023 |
| The Livability Final Salary Pension Scheme | 2021 | 17 May 2024 | 30 September 2023 |
| The Orbit Group Defined Benefit Pension Scheme | 2023 | 19 December 2024 | N/A |
| The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme | 2023 | 13 December 2024 | N/A |
| The Save the Children Defined Benefit Scheme | 2023 | 19 December 2024 | N/A |
| The Together Trust Final Salary Scheme | 2021 | 21 December 2022 | 30 September 2023 |
| The Winchester College Support Staff Pension Scheme | 2023 | 27 August 2024 | N/A |
| Thirteen Housing Group Pension Scheme | 2022 | 15 December 2023 | 30 September 2023 |
| United Reformed Church Final Salary Scheme | 2022 | 19 December 2023 | 30 September 2023 |
| VIVID Housing Defined Benefit Scheme | 2021 | 08 December 2022 | 30 September 2023 |
| Wales & West Housing Group Pension Plan | 2022 | 18 July 2023 | 30 September 2023 |
| Workers' Educational Association Pension Scheme | 2023 | 23 September 2024 | N/A |
| YHA (England & Wales) Pension Scheme | 2023 | 05 November 2024 | N/A |

[1] *New Scheme, valuation to be performed as at 30 September 2024.*

[2] *Interim Schedule of Contributions is in place until the completion of the 30 September 2024 actuarial valuation.*

**This is the date of the annual update, if later than the triennial valuation.*

Copies of the above certificates are available on request from the address for enquiries on page 3.

## Appendix 1 – Trustee Statement of Investment Principles

# Trustee Statement of Investment Principles
## Defined Contribution Elements

| | |
|---|---|
| **Reviewed by the Investment Oversight Committee:** | 26 September 2024 |
| **Approved by the Trustee Board:** | 14 October 2024 |

### 1. Introduction

1.1. TPT Retirement Solutions administers two occupational pension schemes, The Pensions Trust (TPT) and The Pensions Trust 2016 (TPT 2016). TPT is an occupational pension scheme providing Defined Contribution (DC) pension benefits. This Statement of Investment Principles (SIP) governs decisions about investments in respect of the defined contribution elements of TPT, including the "default arrangement" (DC SIP). The default arrangement is, broadly, the fund into which members' accounts are invested if they do not exercise a choice of investments.

1.2. In considering the appropriate investments and preparing this DC SIP, the Corporate Trustee, Verity Trustees Limited (the Trustee), has obtained and considered the written advice of its Investment Consultant, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee has consulted the participating employers about this DC SIP.

1.3. For the purposes of this DC SIP, references to 'default arrangement' include the TPT Cash Fund (for as long as it is a default arrangement), unless otherwise stated.

### 2. Appointments and Delegation

2.1. The Trustee has delegated investment decisions and compliance stewardship of the default arrangement to the investment manager (AllianceBernstein) that reports back to the Trustee via an Investment Oversight Committee (IOC).

2.2. The investment manager has delegated day-to-day investment management of the default arrangement to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Trustee's investments. The managers are not appointed for a fixed period of time but these appointments are regularly reviewed as part of the monitoring and review processes already in place. The continued appointment of an investment manager who fails to comply with the Trustee's policies and fails to give a satisfactory explanation will be reviewed. The details of individual managers are published each year in the investment report within the Trustee's Annual Report.

## 3. Investment Beliefs

3.1. The Trustee has agreed a set of Investment Beliefs that the investment manager uses as a framework when making decisions and agreeing investment strategy with respect to the default arrangement. The Investment Beliefs are reviewed annually and published each year and are available on TPT Retirement Solutions' website. The Trustee regularly reviews the asset allocation of its DC investments in line with its Responsible Investment Framework (RI Framework), available on TPT Retirement Solutions' website, to ensure the security, liquidity, quality and performance of the DC portfolio as a whole and to ensure DC investments are appropriately diversified.

## 4. Investment Strategies

4.1. The Trustee recognises that individual members have differing investment needs, that these may change during the course of members' working lives and that members have differing attitudes to risk. The Trustee has established a suite of funds based on the 'target date fund' concept, i.e. funds that do not require members to make their own investment decisions and are designed to be suitable given for members' own individual expected retirement dates.

4.2. The Trustee invests TPT's DC assets via a unit-linked insurance policy with Phoenix Life (the "provider"), who provides the DC investment platform and manages the default arrangement and self-select funds. By investing in this way, the Trustee has no direct ownership of the underlying funds, which has implications for stewardship and aspects of other policies referred to in this SIP. The Trustee has appointed a third-party manager, Alliance Bernstein (the "investment manager"), to appoint underlying investment managers, monitor investment performance and vary the asset allocation of the underlying funds with a view to enhancing investment returns.

4.3. For those members who do wish to make their own investment decisions, self- select investment funds are available. The Trustee offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership. A suite of ethical target date funds is available within the default option for members who wish to invest in accordance with ethical considerations and the Trustee's Ethical Investment Framework. The Framework is reviewed annually and published each year and is available on TPT Retirement Solutions' website.

4.4. All funds are made available after the provision to the Trustee of appropriate written advice from its investment consultant. In doing this the Trustee has taken into account the risk that the investments might not, over a member's working life, produce adequate returns and that during the period preceding retirement a change in investment market conditions might lead to a reduction in anticipated benefits.

4.5. The performance of the default arrangement and the self-select funds is monitored on a quarterly basis by the IOC and reviewed annually in conjunction with the managers of the funds.

4.6. The on-going suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the Trustee Board in conjunction with its Investment Consultant, taking into account member feedback and benchmarking material provided by the Investment Consultant.

4.7. The aims and objectives of the default arrangement and default investment strategy are to provide an investment return in excess of inflation (measured by CPI). The investment manager seeks to dampen the impact of short-term market moves by adjusting the asset allocation tactically. Over the life of the funds, the strategic asset allocation shifts so that as a member approaches retirement the exposure to growth assets (such as equities) is reduced in favour of more defensive, less volatile assets (such as bonds). This default strategy and the aims and objectives of the default arrangement are intended to ensure that assets are invested in the best interests of members and their beneficiaries. The self-select funds are chosen by members who bear the risks associated with their chosen fund(s).

4.8. The range of default funds consists of unitised products which are dealt on a daily basis and so are readily realisable. The relevant number of units are purchased with the underlying funds on a bulk basis and allocated to each individual member. Reconciliations of investments take place through the daily investment cycle, with money sent for investment reconciled against unit information returned to the scheme's administrator at a member level.

4.9. The default arrangement does not yet invest in illiquid assets and the Trustee currently has a policy of not investing in illiquid assets. The Trustee does not consider that the members' best interests are currently met by the use of this asset class. However, the Trustee plans to keep its policy on illiquid investments under regular review.

4.10. The aims and objectives of the TPT Cash Fund as a default arrangement for relevant members are different from the aims and objectives of the overall default arrangement and default investment strategy. The Trustee takes the view that diverting members' contributions to the TPT Cash Fund during a suspension of trading in a self-select Fund is in the best interests of the relevant members because the TPT Cash Fund is a low risk, liquid option with diversified exposure to a range of high quality financial institutions and a total expense ratio well below the statutory charge cap.

## 5. Investment Return

5.1. The Trustee Board determines the targets for the default arrangement and self-select funds. The long–term performance of the target date funds comprising the default depends on the asset allocation strategy and the Trustee Board has appointed the investment manager to oversee the asset allocation of the passive funds comprising the default arrangement to ensure appropriate risk-adjusted returns. The passive self-select funds are designed to match the performance of the underlying index tracking funds (before allowing for fees).

## 6. Management and Risk

6.1. The default funds and the self-select options invest in a range of (mainly) index tracking funds which are provided by leading investment houses. Regular meetings are held with the provider and the investment manager to assess protection for members and contingency plans. All funds are accessible on a daily basis.

6.2. The following risks, which are not exhaustive, are assessed and monitored regularly.

| Risk | Description | Mitigation |
|---|---|---|
| Counterparty | Exposure to credit risk of insurance provider | Maintain regular reporting from provider and regular meetings to assess credit worthiness |
| Costs and charges | The charging structure of the self- select funds (and transaction costs) are disproportionately high compared to the type of investment | Regular review of the charging structure; benchmarking process against charging structures of similar funds and providers in the market; and annual value for money assessment |
| Diversification | A high proportion of the assets are invested in securities of the same, or related, issuer or in the same or similar industry sector | Regularly review and monitor the composition of the default arrangement and self-select funds to ensure diversity of asset class and risk profile |
| ESG & Climate Change | Downside risk that results from environmental, social and governance (ESG) related factors including climate-change | RI Framework sets out ESG risk management strategy as an integral part of investment decision making process, with specific reference to climate-change and the Trustee's approach to engaging with and monitoring its investment managers in relation to ESG |
| Illiquidity | Inability of assets to be sold quickly or sold at fair market value | Set a prudent limit for the proportion of illiquid assets to be held in the portfolio |

| | | |
|---|---|---|
| | | and monitor the exposure on a regular basis |
| Managers / Product provider | Investment managers / product provider persistently underperform their performance objectives | Maintain a robust manager selection and monitoring process, manager diversification, tracking error limits and performance targets. This is delegated to the investment manager for the default arrangement |
| Operational | Loss arising from insufficient internal processes, people or systems and external events. This includes risk arising from the custody or transfer of assets,<br><br>either internally or from new schemes entering TPT | Ensure processes and procedures are robust, documented and operated by trained personnel. Appropriately test systems and put in place appropriate business continuity plans |
| Strategic Investment | The selected long-term investment strategy fails to deliver the level of expected return or risk characteristics necessary to meet members' objectives | Set risk measures and limits, to be monitored regularly. Consider valuation metrics for investments, review strategic allocations on a regular basis |

6.3. The Trustee acknowledges and accepts that portfolio turnover (which means the frequency with which scheme assets are expected to be bought or sold) and associated transaction costs are a necessary part of investment management. The Trustee also accepts that the impact of portfolio turnover costs (which means the costs of buying, selling, lending or borrowing investments), which are incurred by the investment managers, is reflected in performance figures provided by the investment managers.

## 7. Decumulation phase

7.1. Whilst the Trustee does not currently offer a drawdown facility within TPT, members are able to take multiple lump sums at retirement and they have access to a drawdown service provided by Mercer for a fee.

## 8. Responsible Investment (including ESG factors) and non-financial matters

### 8.1. Introduction

8.1.1. The Investment Regulations require that trustees disclose their policies in relation to:

A. financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments;

B. the exercise of the rights (including voting rights) attaching to the investments;

C. undertaking engagement activities in respect of investments (including methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters); and

D. the extent (if at all) to which non-financial matters (the views of members and beneficiaries including their ethical views) are taken into account in the selection, retention and realisation of investments.

8.1.2. The Investment Regulations also require trustees to be transparent about their scheme's arrangements with their asset managers including how (if at all) the arrangement incentivises the asset manager to act in accordance with trustee policies and the duration of the arrangement.

### 8.2. Financially material considerations

8.2.1. Financially material considerations are defined in the Investment Regulations as environmental, social and governance (ESG) considerations, including but not limited to climate change.

8.2.2. The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible Investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices.

8.2.3. The Trustee believes that certain ESG factors can have an impact on financial performance and that it is part of its fiduciary and its legal duties to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns over the appropriate time horizon for an individual scheme in a way which reflects the demographics of members and beneficiaries. This view is expressed formally as a statement (number 10) in the Trustee's Investment Beliefs.

8.2.4. In order to formalise the activities that the Trustee undertakes to demonstrate its commitment to being a responsible investor, it has put in place a Responsible Investment (RI) Framework. The RI Framework covers the key activities undertaken by the Trustee in managing the assets of the scheme and ultimately allows it to communicate its approach to both key suppliers and members.

8.2.5. Responsible Investment forms an integral part of the governance and risk management framework used to protect the long-term value of the assets we manage on behalf of our members and beneficiaries.

8.2.6. The Trustee Board delegates responsibility for implementation of the RI Framework to the investment manager. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IOC and the Trustee Board.

### Fund Manager Selection and Monitoring

8.2.7. The Trustee's RI Framework applies to all of its investments although its expectations are tailored according to the different asset classes and the investment styles of its managers (e.g. active or passive strategies).

8.2.8. The third-party manager selects a number of underlying investment managers who share key attributes, including: a long-term mind-set; appropriate remuneration structures; robust risk management; and integration of ESG factors into their decision-making process. The Trustee's monitoring process for asset managers is robust and it monitors performance and the manager's remuneration on an ongoing basis which allows it to make decisions about a manager's value throughout that manager's appointment.

8.2.9. The Trustee incorporates its expectations on ESG and climate-change in the manager selection process to ensure that it understands the extent to which ESG is integrated into the investment philosophy and process. It also incorporates specific requirements for ESG capabilities and reporting into its operational due diligence and into the Investment Management Agreements put in place which are tailored according to the particular mandate.

8.2.10. The Investment Management Team (IMT) discusses the approach of the Trustee's incumbent managers to stewardship, climate-change and ESG risks as part of the manager monitoring process and requires the managers to report back on their Responsible Investment activities on a regular basis.

8.2.11. Each manager's approach is assessed using the Trustee's rating system, with four key areas considered: Values, Stewardship, RI Integration and RI Reporting and Transparency. Each investment manager is then assigned a Responsible Investment rating.

8.2.12. The Trustee agrees the Responsible Investment manager rating of the appointed investment manager at least annually.

8.2.13. The Trustee does not offer individual incentives to managers but managers are incentivised by various other means. For example, the robust processes for selecting, monitoring and reviewing managers (together with the overriding possibility of their appointment being terminated) ensure that managers are incentivised to provide a high quality service that is aligned with the Trustee's policies and objectives, as outlined in this SIP and in the Investment Beliefs and RI Framework. In addition, if the managers are not aligned with the Investment Beliefs and the Investment Committee's objectives, their appointment could be terminated.

### Environmental, Social and Governance Factors

8.2.14. As part of its approach to Responsible Investment, the Trustee considers a range of ESG risks, including corporate governance, human rights, bribery and corruption as well as labour and environmental standards. Of the environmental and social issues that we consider, we believe that climate-change presents a material financial risk to the assets held in our portfolios.

8.2.15. The Trustee therefore supports the goals of the Paris Agreement and has signed the Global Investor Statements to Governments on Climate Change.

8.2.16. The Trustee has developed an approach to ensure that climate-change risk, including physical, regulatory and transition risks are more explicitly considered through the investment process, from portfolio construction through to asset allocation. The Trustee's approach to climate-change is set by its Climate Change Policy and commitments towards net zero.

8.2.17. The Trustee is taking action to tackle the risks of climate-change through a commitment to net zero by 2050. Climate considerations are an integral part of the Trustee's Responsible Investment (RI) Principles and set our RI and stewardship approach in portfolio construction and monitoring, advocacy and reporting. Investments in thermal coal, oil sands and arctic drilling activities are not aligned with an ambition for net zero emissions.

8.2.18. The Trustee is a member of the Institutional Investors Group for Climate Change and part of the Global Steering Group of the Paris Aligned Investment Initiative. Due to the interdependence of climate-change with nature and society, it is a signatory of Climate Action 100+, the Investor Statement on Just Transition (World Benchmarking Alliance) and the Investors' Policy Dialogue on Deforestation (IPDD) initiative. This means that the Trustee is a part of the public discourse on climate-change risks and opportunities and can influence change collaboratively.

8.2.19. The investment manager provides regular updates to the IOC and Trustee Board on its activities related to climate-change considerations and it is committed to reporting on its progress as part of its annual update on Responsible Investment.

### Social Factors

8.2.20. The Trustee considers that companies it invests in have a responsibility to support and uphold the observance of basic human and labour rights in accordance with the United Nations Global Compact. The Trustee does not condone any activity which constitutes modern slavery or human trafficking under the Modern Slavery Act 2015.

8.2.21. The Trustee expects investment managers to choose an investment that has a positive social impact when compared to a similar investment with the same expected return and risk.

8.2.22. The Trustee recognises that the Defence sector poses particular risks to the value of the assets held within its portfolio, specifically with regard to the status of certain weapons, and that investments in the sector have to be informed by the restrictions set out in international conventions. As a result, the Trustee does not invest in companies involved in certain controversial weapons.

8.2.23. The Trustee defines corporate involvement in controversial weapons as development, production, stockpiling, maintenance and offering for sale of controversial weapons and their key components.

8.2.24. In order to identify companies involved in controversial weapons the Trustee uses external data to compile an Exclusions List. Total avoidance of companies identified on the Exclusions List may not however always be practicable from an implementation perspective, partly because of the range of asset classes and investment strategies in which the Trustee invests and in particular the use of derivatives in the portfolio.

8.2.25. The exclusion of companies involved in controversial weapons as defined above therefore applies to investments in physical equities and corporate bonds where the Trustee also has the ability to direct which assets are held within the fund structure.

8.2.26. The Trustee does not restrict investments in sovereign bonds based on states' commitment or adherence to the above international legal instruments.

8.2.27. The Trustee carries out regular reviews of its portfolio to ensure adherence with is approach to restricting investments in controversial weapons.

### Governance Factors

8.2.28. The Trustee considers that companies it invests in have a responsibility to comply with the UK Corporate Governance Code and international best practice pertaining corporate governance such as G20/OECD Corporate Governance Principles and the ICGN Global Governance

Principles.

8.2.29. Where a company's activities are found clearly to conflict with relevant English law or guidance from the UK government, or with international treaties ratified by the British parliament, this may result in one of two outcomes:

A. A decision to engage with the company with a view to having the company desist from that activity. Such engagement should be held at an appropriate level and be subject to ongoing review as to its progress. If after a reasonable time engagement has been unsuccessful then divestment might be the response.
B. In exceptional circumstances where conduct is overtly unacceptable and/or there seems no reasonable prospect of engagement success, an immediate decision by the Trustee to divest from the company.

### 8.3. Voting

8.3.1. The Trustee aims to vote its shares in all markets where practicable. In the normal course of events it delegates this activity to its investment managers. That said, the Trustee retains the right (where possible) to direct its investment managers to vote in a particular way that it believes is in the best interest of its members. The Trustee expects its managers to use their best endeavours to facilitate the implementation of client voting decisions. This right is most noteworthy in situations where the voting decision taken on a resolution would enable the Trustee to better implement the commitments set out in its RI Framework. The Trustee Board delegates judgement on these matters to the investment manager.

8.3.2. The Trustee expects its investment managers to exercise its voting rights, on behalf of the Trustee, in line with this DC SIP and/or consistent with the Corporate Governance Policy and Voting Guidelines issued by the Pension and Lifetime Savings Association (PLSA). Although the PLSA guidelines focus solely on voting at UK companies, they reference support for the G20/OECD Corporate Governance Principles and the ICGN Global Governance Principles. The Trustee expects its investment managers to use these guidelines when voting in markets outside the UK. In some cases where the Trustee deems the investment manager to have Voting policies that better reflect the Trustee's approach to Responsible Investment than those set out by the PLSA, the IMT may choose to instruct the investment manager to vote in line with the investment manager's own policies.

8.3.3. Where an investment manager intends to vote at variance with this policy, the manager is asked to inform the Trustee as far in advance as possible to afford the best possible chance for the IMT to review the appropriateness of that manager's voting intentions on behalf of the Trustee.

8.3.4. The Trustee has an active securities lending programme which can sometimes prevent it from voting all of its shares. The Trustee may choose to recall or restrict the amount of stock lent in case of a contentious vote or a vote relating to the Trustee's engagement activities. This decision will be considered on a case-by-case basis with counsel from the relevant investment manager(s).

### 8.4. Engagement

8.4.1. The Trustee's approach to engagement applies to equity and corporate bond holdings and consists of four elements:

A. **Engagement by investment managers:** The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that investment managers are best placed to engage with invested companies on ESG matters, given their knowledge of the company and the level of access they have to company management. This is a pragmatic approach because of the number of stocks owned by the Trustee, and the amount of time corporate entities have available for single investors. Engagement, with the aim of improving the medium to long-term performance of investor companies, is one of the factors taken into account by the Trustee in the selection, monitoring and review of managers. The Trustee expects its managers to engage on ESG matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests the Trustee might have.

B. **Joint engagements with investment managers:** There may be occasions when engagement topics identified by the Trustee overlap with the engagement efforts of its investment managers. In these situations, the Trustee will seek to undertake joint engagement activities with investment managers.

C. **Collaborative engagements:** The Trustee recognises that as a responsible asset owner, it should, wherever practicable given time and resources, support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this, the Trustee will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its RI Framework. As part of its efforts in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, 30% Club, Investors Policy Dialogue on Deforestation (IPDD) and the Institutional Investors Group on Climate Change (IIGCC). This list is not considered to be exhaustive.

D. **Direct engagements:** On occasions, an issue may arise where the Trustee believes it is necessary to directly engage with companies on particular ESG related issues.

In each case, the Trustee's approach to engagement is designed so that there is effective stewardship over the investments. It therefore requires an investment manager to consider a range of financial and non-financial considerations concerning the Trustee's investments, including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

8.4.2. The Trustee's engagement activities will include written, oral and electronic communication and personal meetings with a company's senior policy makers.

### Codes and industry initiatives

8.4.3. The Trustee supports industry wide initiatives to promote Responsible Investment and Stewardship and is a signatory to the Principles for Responsible Investment (PRI and the Montreal Pledge.

8.4.4. The Trustee does not insist that current and potential future investment managers are themselves PRI signatories, but it will discuss with its investment managers how they are implementing the spirit of these principles and whether they are signatories. The Trustee does not insist the investment managers publicly support the UK Stewardship Code but it will seek detail from its investment managers on how they demonstrate their support for the code (for asset classes where it is appropriate).

8.4.5. The Trustee also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support the Trustee's work in this regard it is a member of the IIGCC and the UK Sustainable Investment and Finance Association (UKSIF).

### Communicating and reporting

8.4.6. The Trustee shares information on its Responsible Investment activities via regular member and employer reporting channels.

8.4.7. As a substantial investor in both UK and non-UK listed companies, the Trustee accepts its responsibilities as a shareholder and owner, whether that ownership is directly or indirectly held. This responsibility includes ensuring, where possible, that the companies in which it invests are run by executive officers and directors in the best long-term interests of shareholders.

## 8.5. Non-financial matters

8.5.1. Non-financial matters are taken into account in the selection, retention and realisation of investments. Non-financial matters for the purposes of the Occupational Pension Schemes (Investment) Regulations 2005 means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of TPT and TPT2016.

8.5.2. The Trustee recognises that by delegating the selection, retention and realisation of its DC investments to its investment managers, there are limitations to the extent to which it can take into account non-financial matters in its DC investments. However, the Trustee has adopted a practical and holistic approach to non-financial matters in relation to DC investment as set out in its Ethical Investment Framework. Further, the Trustee Board requires its relevant investment managers to report regularly on the application of the Ethical Investment Framework in the selection, retention and realisation of ethical investments across all asset classes and how they seek to exclude companies with business interests and activities that conflict with members' moral and ethical preferences (e.g. tobacco).

8.5.3. The Trustee will review its policy on non-financial matters on an annual basis.

## 9. Compliance

9.1. The Trustee Board requires all investment managers to confirm, through their reporting, that the investments are diversified and suitable, and that they have complied with the principles set out in this DC SIP. The Trustee will review this DC SIP annually and without delay after any significant change in investment policy and in addition, the default strategy and funds after any significant change in the demographic profile of members invested in these funds.

9.2. Consultation with participating employers will be undertaken if these investment principles change.

9.3. A common investment policy is offered to all employers, with the target date funds being offered as the default and members able to choose from a range of self-select options. Fact sheets on all the funds are available to members on TPT’s website.

# Appendix 2 – Member-borne Costs & Charges

## Administration charges

| Investment | AMC (pa) | Additional Charge (pa)* | Default |
|---|---|---|---|
| TDF | 0.50% | 0.02% | Yes |
| ETDF (post-99)** | 0.63% | 0.07% | Yes |
| ETDF (pre-99)** | 0.50% | 0.07% | Yes |
| Annuity Aware Fund | 0.45% | N/A | No |
| Cash Fund | 0.45% | N/A | Yes, for technical reasons |
| Global Equity Fund | 0.45% | N/A | No |
| Index-Linked Gilts Fund | 0.45% | N/A | No |
| Ethical Global Equity Fund | 0.45% | 0.02% | No |
| Diversified Growth Fund | 0.52% | N/A | No |
| Property Fund | 1.00% | 0.865% | No |
| Emerging Markets Equity Fund | 0.55% | NA | No |
| Global Corporate Bond Fund | 0.50% | NA | No |
| Global Impact Bond Fund | 0.50% | 0.10% | No |
| Global Impact Equity Fund | 0.70% | 0.03% | No |
| Islamic Global Equity Fund | 0.33% | 0.09% | No |
| Low Carbon Transition Global Equity | 0.344% | 0.016% | No |
| UK Equity Index Fund | 0.30% | N/A | No |
| Global Infrastructure Fund | 0.95% | 0.10% | No |

These charges are deducted from members' funds in addition to the AMC. In respect of the default investment options, these charges are considered when ensuring adherence to the charge cap.

** The higher charge for ETDFs reflects the additional screening required to ensure they meet the ethical standards required. Members who joined the Ethical Fund before 1999 pay a lower AMC of 0.5% a year because they paid a fixed price on joining the Fund (as required by the Rules at that time). We have included the higher end of a range of possible additional charges for the ETDFs.

Three employers have reduced charges: Employer A – 41bps on TDFs; Employer B – 32bps on TDFs; Employer C – 38bps on TDFs.

## Transaction Costs

### Target date funds (default investment)

The default investment is a Target Date Fund. Members are enrolled in a target date fund which matches their expected retirement date. For example, a member retiring in 2045 will be invested in the AB Retirement Fund 2044-2046 fund.

The underlying assets of the fund are moved between different investment funds as members approach their retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to retirement and in which fund they are invested.

For the period covered by this statement, annual charges and transaction costs are set out in the following tables:

### Default arrangement charges and transaction costs:

| ***TDF Vintage*** | ***Admin Costs*** | ***Transaction Costs*** | ***Total Costs*** |
|---|---|---|---|
| *AB Retirement Fund 2011-2013* | *0.5137%* | *0.0823%* | *0.5960%* |
| *AB Retirement Fund 2014-2016* | *0.5138%* | *0.0831%* | *0.5969%* |
| *AB Retirement Fund 2017-2019* | *0.5138%* | *0.0847%* | *0.5985%* |
| *AB Retirement Fund 2020-2022* | *0.5141%* | *0.0859%* | *0.6000%* |
| *AB Retirement Fund 2023-2025* | *0.5146%* | *0.0868%* | *0.6014%* |
| *AB Retirement Fund 2026-2028* | *0.5163%* | *0.0882%* | *0.6090%* |
| *AB Retirement Fund 2029-2031* | *0.5183%* | *0.0907%* | *0.6199%* |
| *AB Retirement Fund 2032-2034* | *0.5207%* | *0.0992%* | *0.6322%* |
| *AB Retirement Fund 2035-2037* | *0.5222%* | *0.1100%* | *0.6449%* |

| | | | |
|---|---|---|---|
| *AB Retirement Fund 2038-2040* | *0.5229%* | *0.1220%* | *0.6504%* |
| *AB Retirement Fund 2041-2043* | *0.5223%* | *0.1281%* | *0.6511%* |
| *AB Retirement Fund 2044-2046* | *0.5223%* | *0.1288%* | *0.6511%* |
| *AB Retirement Fund 2047-2049* | *0.5223%* | *0.1288%* | *0.6511%* |
| *AB Retirement Fund 2050-2052* | *0.5223%* | *0.1288%* | *0.6511%* |
| *AB Retirement Fund 2053-2055* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2056-2058* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2059-2061* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2062-2064* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2065-2067* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2068-2070* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2071-2073* | 0.5223% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2074-2076* | 0.5233% | 0.1288% | 0.6511% |
| *AB Retirement Fund 2077-2079* | 0.5233% | 0.1288% | 0.6511% |

| ***Ethical TDF Vintage*** | ***Admin Costs*** | ***Transaction Costs*** | ***Total Costs*** |
|---|---|---|---|
| *AB Ethical Retirement Fund Pre 1999 (2011-2013)* | *0.5478%* | *0.1176%* | *0.6654%* |
| *AB Ethical Retirement Fund Post 1999 (2011-2013)* | *0.6778%* | *0.1176%* | *0.7954%* |
| *AB Ethical Retirement Fund Pre 1999 (2014-2016)* | *0.5501%* | *0.1210%* | *0.6711%* |
| *AB Ethical Retirement Fund Post 1999 (2014-2016)* | *0.6801%* | *0.1210%* | *0.8011%* |

| | | | |
|---|---|---|---|
| *AB Ethical Retirement Fund Pre 1999 (2017-2019)* | *0.5517%* | *0.1235%* | *0.6752%* |
| *AB Ethical Retirement Fund Post 1999 (2017-2019)* | *0.6817%* | *0.1235%* | *0.8052%* |
| *AB Ethical Retirement Fund Pre 1999 (2020-2022)* | *0.5530%* | *0.1253%* | *0.6783%* |
| *AB Ethical Retirement Fund Post 1999 (2020-2022)* | *0.6830%* | *0.1253%* | *0.8083%* |
| *AB Ethical Retirement Fund Pre 1999 (2023-2025)* | *0.5339%* | *0.1264%* | *0.6603%* |
| *AB Ethical Retirement Fund Post 1999 (2023-2025)* | *0.6839%* | *0.1264%* | *0.8103%* |
| *AB Ethical Retirement Fund Pre 1999 (2026-2028)* | *0.5357%* | *0.1296%* | *0.6653%* |
| *AB Ethical Retirement Fund Post 1999 (2026-2028)* | *0.6857%* | *0.1296%* | *0.8153%* |
| *AB Ethical Retirement Fund Pre 1999 (2029-2031)* | *0.5392%* | *0.1358%* | *0.6750%* |
| *AB Ethical Retirement Fund Post 1999 (2029-2031)* | *0.6892%* | *0.1358%* | *0.8250%* |
| *AB Ethical Retirement Fund Pre 1999 (2032-2034)* | *0.5481%* | *0.1484%* | *0.6965%* |
| *AB Ethical Retirement Fund Post 1999 (2032-2034)* | *0.6981%* | *0.1484%* | *0.8465%* |
| *AB Ethical Retirement Fund Pre 1999 (2035-2037)* | *0.5499%* | *0.1311%* | *0.6810%* |
| *AB Ethical Retirement Fund Post 1999 (2035-2037)* | *0.6999%* | *0.1311%* | *0.8310%* |
| *AB Ethical Retirement Fund Pre 1999 (2038-2040)* | *0.5348%* | *0.0810%* | *0.6158%* |
| *AB Ethical Retirement Fund Post 1999 (2038-2040)* | *0.6948%* | *0.0810%* | *0.7758%* |

| | | | |
|---|---|---|---|
| *AB Ethical Retirement Fund Pre 1999 (2041-2043)* | *0.5320%* | *0.0610%* | *0.5930%* |
| *AB Ethical Retirement Fund Post 1999 (2041-2043)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2044-2046)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2047-2049)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2050-2052)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2053-2055)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2056-2058)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2059-2061)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2062-2064)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2065-2067)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2068-2070)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Pre 1999 (2071-2073)* | *0.5320%* | *0.0610%* | *0.5930%* |
| *AB Ethical Retirement Fund Post 1999 (2071-2073)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2074-2076)* | *0.6920%* | *0.0610%* | *0.7530%* |
| *AB Ethical Retirement Fund Post 1999 (2077-2079)* | *0.6920%* | *0.0610%* | *0.7530%* |

## Self-select investment arrangements

For the period covered by this statement, annual charges and transaction costs for the self-select investment options are set out in the table below:

| *Fund* | *Admin Costs* | *Transaction Costs* | *Total Costs* |
|---|---|---|---|
| *Global Equity* | *0.450%* | *0.0622%* | *0.5122%* |
| *Cash* | *0.450%* | *-0.0829%* | *0.3671%* |
| *Annuity Aware* | *0.450%* | *0.0335%* | *0.4835%* |
| *Index Linked Gilts* | *0.450%* | *0.0675%* | *0.5175%* |
| *Property* | *1.8653%* | *-1.5372%* | *0.3281%* |
| *Ethical Global Equity* | *0.4502%* | *0.0177%* | *0.4679%* |
| *Diversified Growth* | *0.5200%* | *0.0013%* | *0.5213%* |
| *Islamic Global Equity* | *0.420%* | *0.0044%* | *0.4244%* |
| *Global Corporate Bond* | *0.50%* | *0.3247%* | *0.8247%* |
| *Emerging Markets Equity* | *0.55%* | *0.3765%* | *0.9265%* |
| *UK Equity Index* | *0.30%* | *0.0171%* | *0.3171%* |
| *Global Impact Bond* | *0.60%* | *0.1640%* | *0.7640%* |
| *Low Carbon Transition Global Equity* | *0.36%* | *-0.0136%* | *0.3464%* |
| *Global Impact Equity* | *0.73%* | *0.0541%* | *0.7841%* |
| *Global Infrastructure* | *1.05%* | *0.1224%* | *1.1724%* |

Transaction costs can be negative from time to time where, for example, an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold. Managers often report these negative costs as zero. It is not expected that transaction costs will always be negative or zero. Where the transaction costs figures are negative or zero in any one scheme year, it is important to note that this may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.

# Appendix 3 – Cumulative Illustrations

## Default arrangement illustrations

**Notes**

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.

2. The starting pot size is assumed to be £3,994 at age 16 for a member retiring at age 65.

3. Inflation is assumed to be 2.5% each year.

4. Contributions are assumed to be paid at the end of each month from age 16 to 65 and increase in line with assumed earnings growth of inflation plus 1% each year on the anniversary of the first contribution. The initial contribution level is considered to be £252 per month.

5. Values shown are estimates and are not guaranteed.

6. Charges are based on a prudent historical average of charges (as a percentage of the fund invested), including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies has been included in this analysis, which is noted as a optional for trustees and investment managers within the guidance provided by the DWP. Three employers have reduced charges: Employer A – 41bps on TDFs; Employer B – 32bps on TDFs; Employer C – 38bps on TDFs.

7. The projected future growth rate is 3.54% above inflation for both the Ethical TDF and the TDFs

8. The provision of these outcomes on behalf of members assumes the provision of administration and investment services. As such, the numbers shown for the accumulated fund allowing for investment returns but before the deduction of costs and charges are purely hypothetical and do not represent an achievable member outcome.

9. In addition, the trustee is required to provide value for money to members and as such, it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost. The Trustee considers that a key determinant of overall value is the net investment return to members after charges. It is, therefore, important that the investment manager has a sufficient budget to deliver a diversified investment strategy that includes a variety of asset classes in public and private markets.

**TPT Ethical Target Date Fund 2071 – 2073**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,165 | 7,127 |
| 3 | 13,938 | 13,752 |
| 5 | 21,323 | 20,879 |
| 10 | 42,770 | 41,106 |
| 15 | 69,158 | 65,215 |
| 20 | 101,471 | 93,830 |
| 25 | 140,878 | 127,671 |
| 30 | 188,777 | 167,568 |
| 35 | 246,830 | 214,477 |
| 40 | 317,020 | 269,502 |
| 49 | 481,771 | 393,172 |

**TPT Target Date Fund 2077-2079**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,165 | 7,136 |
| 3 | 13,938 | 13,795 |
| 5 | 21,323 | 20,980 |
| 10 | 42,770 | 41,482 |

| | | |
|---|---|---|
| 15 | 69,158 | 66,097 |
| 20 | 101,471 | 95,522 |
| 25 | 140,878 | 130,567 |
| 30 | 188,777 | 172,173 |
| 35 | 246,830 | 221,431 |
| 40 | 317,020 | 279,610 |
| 49 | 481,771 | 411,665 |

**TPT Target Date Fund 2077-2079 42bps**

| **Projected Pension Pot in Today's Money (as at 30 September 2024)** | | |
|---|---|---|
| **Years** | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,165 | 7,140 |
| 3 | 13,938 | 13,816 |
| 5 | 21,323 | 21,032 |
| 10 | 42,770 | 41,672 |
| 15 | 69,158 | 66,547 |
| 20 | 101,471 | 96,389 |
| 25 | 140,878 | 132,058 |
| 30 | 188,777 | 174,553 |
| 35 | 246,830 | 225,041 |
| 40 | 317,020 | 284,881 |
| 49 | 481,771 | 421,386 |

**TPT Target Date Fund 2077-2079 38bps**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,165 | 7,142 |
| 3 | 13,938 | 13,827 |
| 5 | 21,323 | 21,057 |
| 10 | 42,770 | 41,768 |
| 15 | 69,158 | 66,773 |
| 20 | 101,471 | 96,827 |
| 25 | 140,878 | 132,812 |
| 30 | 188,777 | 175,759 |
| 35 | 246,830 | 226,875 |
| 40 | 317,020 | 287,565 |
| 49 | 481,771 | 426,355 |

**TPT Target Date Fund 2077-2079 32bps**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,165 | 7,146 |
| 3 | 13,938 | 13,843 |
| 5 | 21,323 | 21,096 |
| 10 | 42,770 | 41,913 |

| | | |
|---|---|---|
| 15 | 69,158 | 67,115 |
| 20 | 101,471 | 97,488 |
| 25 | 140,878 | 133,953 |
| 30 | 188,777 | 177,590 |
| 35 | 246,830 | 229,661 |
| 40 | 317,020 | 291,650 |
| 49 | 481,771 | 433,947 |

**Self-select arrangement illustrations**

**Notes**

Projected pension pot values are shown in today's terms and do not need to be reduced further to account for future inflation.

The starting pot size is assumed to be £3,994 at age 16 for a member retiring at age 65.

Inflation is assumed to be 2.5% each year.

Contributions are assumed to be paid at the end of each month from age 16 to 65 and increase in line with assumed earnings growth of inflation plus 1% each year on the anniversary of the first contribution. The initial contribution level is assumed to be £252 per month.

Values shown are estimates and are not guaranteed.

Charges are based on a prudent historical average of charges (as a percentage of the fund invested), including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies has been included in this analysis, which is noted as a optional for trustees and investment managers within the guidance provided by the DWP.

The projected future growth rate for the self-select arrangements are:

Annuity Aware Fund: 3.41% above inflation

Cash Fund: -0.49% above inflation*

Diversified Growth Fund (DGF): 1.46% above inflation

Emerging Markets Equity Fund: 3.41% above inflation

Ethical Global Equity Fund: 3.41% above inflation

Global Corporate Bond Fund: 1.46% above inflation

Global Equity Fund: 3.41% above inflation

Global Impact Bond Fund: 1.46% above inflation

Global Impact Equity Fund: 4.39% above inflation

Global Infrastructure Fund: 3.41% above inflation

Index-Linked Gilts Fund: 4.39% above inflation

Islamic Global Equity Index Fund: 3.41% above inflation

Low Carbon Transition Equity Fund: 3.41% above inflation

Property Fund: 3.41% above inflation

UK Equity Index Fund: 3.41% above inflation

Money Market Fund: -0.49% above inflation

*The Cash Fund is technically a default investment as it may be used when the market is not open for dealing in other TPT investment funds.

The provision of these outcomes on behalf of members assumes the provision of administration and investment services. As such, the numbers shown for the accumulated fund allowing for investment returns but before the deduction of costs and charges are purely hypothetical and do not represent an achievable member outcome.

In addition, the trustee is required to provide value for money to members and as such, it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost.

**Annuity Aware Fund**

| **Projected Pension Pot in Today's Money (as at 30 September 2024)** | | |
|---|---|---|
| **Years** | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,133 |
| 3 | 13,905 | 13,783i |
| 5 | 21,243 | 20,953 |
| 10 | 42,467 | 41,379 |

| | | |
|---|---|---|
| 15 | 68,433 | 65,856 |
| 20 | 100,051 | 95,059 |
| 25 | 138,399 | 129,774 |
| 30 | 184,755 | 170,909 |
| 35 | 240,632 | 219,518 |
| 40 | 307,823 | 276,823 |
| 49 | 464,301 | 406,547 |

**Cash Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| **Years** | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 6,949 | 6,925 |
| 3 | 12,904 | 12,793 |
| 5 | 18,919 | 18,669 |
| 10 | 34,230 | 33,411 |
| 15 | 49,956 | 48,254 |
| 20 | 66,126 | 63,231 |
| 25 | 82,769 | 78,376 |
| 30 | 99,918 | 93,725 |
| 35 | 117,605 | 109,313 |
| 40 | 135,865 | 125,175 |
| 49 | 170,291 | 154,537 |

**Diversified Growth Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,054 | 7,025 |
| 3 | 13,397 | 13,263 |
| 5 | 20,048 | 19,738 |
| 10 | 38,096 | 37,008 |
| 15 | 58,326 | 55,917 |
| 20 | 80,944 | 76,581 |
| 25 | 106,172 | 99,129 |
| 30 | 134,253 | 123,694 |
| 35 | 165,448 | 150,419 |
| 40 | 200,042 | 179,457 |
| 49 | 271,878 | 238,077 |

**Emerging Markets Equity Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,128 |
| 3 | 13,905 | 13,756 |
| 5 | 21,243 | 20,889 |
| 10 | 42,467 | 41,143 |

| | | |
|---|---|---|
| 15 | 68,433 | 65,302 |
| 20 | 100,051 | 93,996 |
| 25 | 138,399 | 127,955 |
| 30 | 184,755 | 168,018 |
| 35 | 240,632 | 215,156 |
| 40 | 307,823 | 270,485 |
| 49 | 464,301 | 394,963 |

**Ethical Global Equity Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,133 |
| 3 | 13,905 | 13,783 |
| 5 | 21,243 | 20,953 |
| 10 | 42,467 | 41,379 |
| 15 | 68,433 | 65,856 |
| 20 | 100,051 | 95,059 |
| 25 | 138,399 | 129,774 |
| 30 | 184,755 | 170,909 |
| 35 | 240,632 | 219,518 |
| 40 | 307,823 | 276,823 |
| 49 | 464,301 | 406,547 |

**Global Corporate Bond Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,054 | 7,027 |
| 3 | 13,397 | 13,268 |
| 5 | 20,048 | 19,750 |
| 10 | 38,096 | 37,049 |
| 15 | 58,326 | 56,007 |
| 20 | 80,944 | 76,743 |
| 25 | 106,172 | 99,387 |
| 30 | 134,253 | 124,078 |
| 35 | 165,448 | 150,961 |
| 40 | 200,042 | 180,194 |
| 49 | 271,878 | 239,269 |

**Global Equity Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,133 |
| 3 | 13,905 | 13,783 |
| 5 | 21,243 | 20,953 |
| 10 | 42,467 | 41,379 |

| | | |
|---|---|---|
| 15 | 68,433 | 65,856 |
| 20 | 100,051 | 95,059 |
| 25 | 138,399 | 129,774 |
| 30 | 184,755 | 170,909 |
| 35 | 240,632 | 219,518 |
| 40 | 307,823 | 276,823 |
| 49 | 464,301 | 406,547 |

**Global Impact Bond Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,054 | 7,021 |
| 3 | 13,397 | 13,243 |
| 5 | 20,048 | 19,691 |
| 10 | 38,096 | 36,845 |
| 15 | 58,326 | 55,559 |
| 20 | 80,944 | 75,940 |
| 25 | 106,172 | 98,103 |
| 30 | 134,253 | 122,172 |
| 35 | 165,448 | 148,275 |
| 40 | 200,042 | 176,550 |
| 49 | 271,878 | 233,393 |

**Global Impact Equity Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,210 | 7,170 |
| 3 | 14,164 | 13,963 |
| 5 | 21,865 | 21,381 |
| 10 | 44,862 | 42,991 |
| 15 | 74,252 | 69,689 |
| 20 | 111,613 | 102,514 |
| 25 | 158,901 | 142,706 |
| 30 | 218,544 | 191,753 |
| 35 | 293,552 | 251,435 |
| 40 | 387,662 | 323,880 |
| 49 | 620,691 | 494,901 |

**Global Infrastructure Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,101 |
| 3 | 13,905 | 13,623 |
| 5 | 21,243 | 20,576 |

| | | |
|---|---|---|
| 10 | 42,467 | 39,991 |
| 15 | 68,433 | 62,626 |
| 20 | 100,051 | 88,917 |
| 25 | 138,399 | 119,357 |
| 30 | 184,755 | 154,499 |
| 35 | 240,632 | 194,968 |
| 40 | 307,823 | 241,469 |
| 49 | 464,301 | 342,960 |

**Index-linked Gilts Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,210 | 7,185 |
| 3 | 14,164 | 14,039 |
| 5 | 21,865 | 21,565 |
| 10 | 44,862 | 43,695 |
| 15 | 74,252 | 71,393 |
| 20 | 111,613 | 105,882 |
| 25 | 158,901 | 148,650 |
| 30 | 218,544 | 201,501 |
| 35 | 293,552 | 266,622 |
| 40 | 387,662 | 346,670 |
| 49 | 620,691 | 539,090 |

**Islamic Global Equity Index Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,135 |
| 3 | 13,905 | 13,791 |
| 5 | 21,243 | 20,972 |
| 10 | 42,467 | 41,451 |
| 15 | 68,433 | 66,024 |
| 20 | 100,051 | 95,382 |
| 25 | 138,399 | 130,326 |
| 30 | 184,755 | 171,789 |
| 35 | 240,632 | 220,849 |
| 40 | 307,823 | 278,762 |
| 49 | 464,301 | 410,105 |

**Low Carbon Transition Global Equity Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,138 |
| 3 | 13,905 | 13,807 |
| 5 | 21,243 | 21,010 |

| | | |
|---|---|---|
| 10 | 42,467 | 41,594 |
| 15 | 68,433 | 66,361 |
| 20 | 100,051 | 96,030 |
| 25 | 138,399 | 131,440 |
| 30 | 184,755 | 173,566 |
| 35 | 240,632 | 223,543 |
| 40 | 307,823 | 282,692 |
| 49 | 464,301 | 417,342 |

**Property fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,103 |
| 3 | 13,905 | 13,636 |
| 5 | 21,243 | 20,607 |
| 10 | 42,467 | 40,104 |
| 15 | 68,433 | 62,887 |
| 20 | 100,051 | 89,408 |
| 25 | 138,399 | 120,181 |
| 30 | 184,755 | 155,784 |
| 35 | 240,632 | 196,872 |
| 40 | 307,823 | 244,182 |
| 49 | 464,301 | 347,748 |

**UK Equity Index Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 7,158 | 7,142 |
| 3 | 13,905 | 13,823 |
| 5 | 21,243 | 21,049 |
| 10 | 42,467 | 41,737 |
| 15 | 68,433 | 66,700 |
| 20 | 100,051 | 96,685 |
| 25 | 138,399 | 132,567 |
| 30 | 184,755 | 175,368 |
| 35 | 240,632 | 226,280 |
| 40 | 307,823 | 286,693 |
| 49 | 464,301 | 424,740 |

**Money Market Fund**

| Projected Pension Pot in Today's Money (as at 30 September 2024) | | |
|---|---|---|
| Years | Projected fund value before the deduction of costs and charges | Projected fund value after the deduction of costs and charges |
| 1 | 6,949 | 6,912 |
| 3 | 12,904 | 12,732 |
| 5 | 18,919 | 18,533 |

| | | |
|---|---|---|
| 10 | 34,230 | 32,969 |
| 15 | 49,956 | 47,345 |
| 20 | 66,126 | 61,701 |
| 25 | 82,769 | 76,081 |
| 30 | 99,918 | 90,524 |
| 35 | 117,605 | 105,071 |
| 40 | 135,865 | 119,763 |
| 49 | 170,291 | 146,703 |

## Appendix 4 – Investment Net Returns

This section states the return, after the deduction of charges and transaction costs. It covers the default investment(s) and all self-select investment options, during the Trust year in which these investments were available for selection, and/or in which members' assets were invested during the Trust year.

We have taken into account the relevant DWP guidance in preparing this Appendix 4 and content shown is aligned with the spirit of that guidance. Due to the nature of the default arrangement (target date funds) we have not followed the example presentation used by the DWP but instead provided the same breadth of information in a form we consider more relevant to the Scheme and the members

### Default investment arrangements

The default investment is a Target Date Fund in which the underlying assets are moved between different investment funds (each with varying costs and performance) as members approach their retirement date. In short, this means the returns are age related in the default arrangement as follows:

| Target Date Fund | Age of member in 2024 (years) | 1 year (2024) | 3 years (2021 to 2024) | 5 years (2019 to 2024) | Since Inception (2013 to 2024) |
|---|---|---|---|---|---|
| 2044-2046 to 2077-2079 | e.g. age 16 to 44 | 22.4% | 7.2% | 8.9% | 9.1% |
| 2041-2043 | e.g. age 47 | 22.3% | 7.1% | 8.9% | 9.1% |
| 2038-2040 | e.g. age 50 | 21.8% | 6.6% | 8.6% | 9.0% |
| 2035-2037 | e.g. age 53 | 19.0% | 5.2% | 7.2% | 8.5% |
| 2032-2034 | e.g. age 56 | 16.6% | 4.5% | 5.9% | 7.7% |
| 2029-2031 | e.g. age 59 | 14.8% | 4.0% | 5.1% | 7.0% |
| 2026-2028 | e.g. age 62 | 13.6% | 3.7% | 4.5% | 6.4% |
| 2023-2025 | e.g. age 65 | 12.6% | 3.6% | 3.8% | 5.7% |
| 2020-2022 | e.g. age 68 | 12.1% | 3.6% | 3.6% | 5.2% |
| 2017-2019 | e.g. age 71 | 11.7% | 3.4% | 3.4% | 4.6% |
| 2014-2016 | e.g. age 74 | 11.4% | 3.4% | 3.4% | 4.0% |
| 2011-2013 | e.g. age 77 | 11.2% | 3.3% | 3.3% | 3.7% |

| Ethical Target Date Fund | Age of member in 2024 (years) | 1 year (2024) | 3 years (2021 to 2024) | 5 years (2019 to 2024) | Since Inception (2013 to 2024) |
|---|---|---|---|---|---|
| 2044-2046 to 2077-2079 | e.g. age 16 to 44 | 17.7% | 5.2% | 8.1% | 8.9% |
| 2041-2043 | e.g. age 47 | 17.3% | 4.4% | 7.3% | 8.5% |
| 2038-2040 | e.g. age 50 | 16.6% | 3.6% | 6.3% | 8.1% |
| 2035-2037 | e.g. age 53 | 15.4% | 2.7% | 5.3% | 7.6% |
| 2032-2034 | e.g. age 56 | 14.3% | 2.1% | 4.6% | 7.2% |
| 2029-2031 | e.g. age 59 | 13.2% | 1.9% | 4.0% | 6.8% |
| 2026-2028 | e.g. age 62 | 12.2% | 1.9% | 3.6% | 6.4% |
| 2023-2025 | e.g. age 65 | 11.3% | 2.0% | 3.3% | 5.9% |
| 2020-2022 | e.g. age 68 | 10.8% | 2.2% | 2.8% | 5.1% |
| 2017-2019 | e.g. age 71 | 10.4% | 2.1% | 2.6% | 4.3% |
| 2014-2016 | e.g. age 74 | 9.4% | 2.0% | 2.3% | 3.6% |
| 2011-2013 | e.g. age 77 | 9.0% | 2.2% | 2.3% | 3.2% |

Performance data is included for 1, 3, 5 year and since inception periods, as of 30 September 2024. Inception date is 28 February 2013, with the exception of TDF 2074-2076 and 2077-2079 with inception dates of 31 August 2017.

We have included age of member against each Target Date Fund but, for a given member, the actual relevant Target Date Fund will be determined by the member's Target Retirement Age.

## Self-select investment arrangements

For the self-select investment options there are no age-related returns. Returns over periods to Trust year end are as follows:

| Fund Name | 1 year (2024) | 3 years (2021 to 2024) | 5 years (2019 to 2024) | Since Inception (to 2024) |
|---|---|---|---|---|
| TPT Annuity Aware Fund | 10.4% | -8.4% | -5.2% | 1.3% |
| TPT Cash Fund | 5.0% | 3.0% | 1.7% | 0.8% |
| TPT Diversified Growth Fund | 13.1% | 2.0% | 3.5% | 2.3% |
| TPT Emerging Markets Equity Fund | 14.4% | - | - | 14.2% |
| TPT Ethical Global Equity Fund | 19.9% | 10.0% | 11.3% | 11.7% |
| TPT Global Corporate Bond Fund | 11.9% | - | - | 10.0% |
| TPT Global Equity Fund | 22.1% | 7.9% | 9.6% | 9.2% |
| TPT Global Impact Bond Fund | 11.2% | - | - | 8.8% |
| TPT Global Impact Equity Fund | 8.4% | - | - | 6.0% |
| TPT Index Linked Gilts Fund | 5.9% | -14.6% | -9.1% | 0.5% |
| TPT Islamic Global Equity | 26.6% | - | - | 21.6% |
| TPT Low Carbon Transition Global Equity Fund | 28.7% | - | - | 24.9% |
| TPT Property Fund | 8.9% | 1.7% | 1.3% | 4.9% |
| TPT UK Equity Index Fund | 12.8% | - | - | 15.4% |

Performance data is included for 1, 3 and 5 year periods, as of 30 September 2024.

Diversified Growth Fund inception date is 30 September 2015. Islamic Global Equity Fund inception date is 30 September 2022. Emerging Market Equity, Global Corporate Bond, Global Impact Bond, Global Impact Equity, Low Carbon Transition and UK Equity Index Funds inception date is 23 August 2023. All other self-select fund inception date is 1 March 2013.

# Appendix 5 – Asset Allocation

As required by law, we have included table(s) showing asset allocation broken down into various components. These disclose the percentage of assets allocated to each of the following asset classes:

- Cash
- bonds creating or acknowledging indebtedness, issued by a company or issued by His Majesty's Government in the United Kingdom or issued by the government of any country or territory other than the United Kingdom
- listed equities - shares listed on a recognised stock exchange
- private equity (that could include venture capital and growth equity) - shares which are not listed on a recognised stock exchange
- infrastructure - physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons
- property/real estate - property which does not fall within infrastructure (above)
- private debt/credit - instruments creating or acknowledging indebtedness which do not fall within the description in bonds (above)
- other - any other assets which do not fall within the above (which might include assets that do not use a physical allocation, such as derivatives)

| September 2024 | Cash | Bonds | Listed Equity | Private Equity | Infrastructure | Property / Real Estate | Private Credit | Other |
|---|---|---|---|---|---|---|---|---|
| **2011 - 2013** | 0.0 | 65.1 | 33.1 | 0.0 | 0.0 | 1.1 | 0.0 | 0.7 |
| **2014 - 2016** | 0.0 | 64.4 | 33.5 | 0.0 | 0.0 | 1.3 | 0.0 | 0.9 |
| **2017 - 2019** | 0.0 | 64.0 | 33.6 | 0.0 | 0.0 | 1.4 | 0.0 | 1.0 |
| **2020 - 2022** | 0.0 | 62.5 | 34.8 | 0.0 | 0.0 | 1.6 | 0.0 | 1.1 |
| **2023 - 2025** | 0.0 | 60.6 | 36.3 | 0.0 | 0.0 | 1.8 | 0.0 | 1.3 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **2026 - 2028** | 0.0 | 54.1 | 42.0 | 0.0 | 0.0 | 2.2 | 0.0 | 1.6 |
| **2029 - 2031** | 0.0 | 45.6 | 49.9 | 0.0 | 0.0 | 2.7 | 0.0 | 1.9 |
| **2032 - 2034** | 0.0 | 32.2 | 62.3 | 0.0 | 0.0 | 3.3 | 0.0 | 2.2 |
| **2035 - 2037** | 0.0 | 18.5 | 75.7 | 0.0 | 0.0 | 3.8 | 0.0 | 2.2 |
| **2038 - 2040** | 0.0 | 3.9 | 90.1 | 0.0 | 0.0 | 4.2 | 0.0 | 1.8 |
| **2041 - 2043** | 0.0 | 0.4 | 93.9 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2044 - 2046** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2047 - 2049** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2050 - 2052** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2053 - 2055** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2056 - 2058** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2059 - 2061** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2062 - 2064** | 0.0 | 0.0 | 94.4 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2065 - 2067** | 0.0 | 0.0 | 94.4 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2068 - 2070** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2071 - 2073** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |
| **2074 - 2076** | 0.0 | 0.0 | 94.4 | 0.0 | 0.0 | 4.1 | 0.0 | 1.5 |
| **2077 - 2079** | 0.0 | 0.0 | 94.3 | 0.0 | 0.0 | 4.2 | 0.0 | 1.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **AllianceBernstein Ethical Retirement Fd 2011-2013** | 0.0 | 61.7 | 38.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2014-2016** | 0.0 | 61.3 | 38.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2017-2019** | 0.0 | 60.1 | 39.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2020-2022** | 0.0 | 58.1 | 41.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2023-2025** | 0.0 | 55.7 | 44.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2026-2008** | 0.0 | 46.1 | 53.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2029-2031** | 0.0 | 35.2 | 64.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2032-2034** | 0.0 | 22.0 | 78.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2035-2037** | 0.0 | 10.5 | 89.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2038-2040** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2041-2043** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2044-2046** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2047-2049** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2050-2052** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2053-2055** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2056-2058** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2059-2061** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2062-2064** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **AllianceBernstein Ethical Retirement Fd 2065-2067** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2068-2070** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2071-2073** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2074-2076** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **AllianceBernstein Ethical Retirement Fd 2077-2079** | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

The above tables contain the asset allocation of the Standard and Ethical TDFs. In addition to the information above, the asset allocation of the Self Select Cash fund is 100% to money market instruments.

# Appendix 6 – TPT Implementation Statement – FY 2023 - 2024

## Implementation Statement for the Statement of Investment Principles (SIP) – The Pensions Trust (TPT)

## Reporting Period: 01 October 2023 – 30 September 2024

## Introduction

This Implementation Statement relates to The Pensions Trust (TPT). It has been prepared by Verity Trustees Limited (VTL), acting as the Trustee of TPT, and covers the financial year from 1 October 2023 to 30 September 2024.

Two separate Statements of Investment Principles (SIPs) are in place for the Defined Benefit (DB) and Defined Contribution (DC) schemes of TPT. Accordingly, this report is divided into sections to reflect the distinct content and relevance for different members.

The purpose of this Statement is to:

- explain how, and the extent to which, the Trustee has followed the SIPs during the reporting year;
- summarise any changes made to the SIPs during the reporting period;
- provide an overview of voting and engagement activities carried out by, or on behalf of, the Trustee; and
- present evidence of how the Trustee has monitored the performance and stewardship activities of investment managers.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the associated guidance published by The Pensions Regulator. It reflects VTL's enduring commitment to transparency and responsible investment, as well as the Trustee's dedication to robust governance and stewardship practices, ensuring alignment with regulatory standards and the expectations of scheme members.

# SIP updates and overview of investment strategy

## SIP reviews and amendments

The Trustee conducts annual reviews of the SIPs. For the period under review, the SIPs for both DB and DC elements were reviewed and approved on 10 October 2023. A subsequent review and approval took place on 14 October 2024. The review process considers updated guidance, regulatory changes and best practices relevant to the Trustee's investments and wider stakeholder remit. No significant changes were made to the SIPs during the period under review.

## Investment strategy

### Defined Benefit

The Trustee delegates investment decisions and compliance stewardship to TPT Investment Management (TPTIM), which reports to the Trustee via the Investment Oversight Committee (IOC). TPTIM, in turn, delegates day-to-day investment management to authorised managers, ensuring they possess the requisite expertise and experience.

The Trustee regularly reviews the asset allocation of its DB investments in line with its Responsible Investment Framework (available on TPT Retirement Solutions' website) to ensure the security, liquidity, quality and profitability of the portfolio, while maintaining appropriate diversification. The strategic asset allocation reflects the Trustee's assessment of risk-reward characteristics to support the participating schemes' long-term funding objectives.

The investment strategy considers each scheme's liability and risk profile, as well as the underlying financial strength of the employer(s) and its ability and willingness to contribute appropriately to the scheme. In order to meet the long-term funding objectives with an acceptable level of contributions, the Trustee seeks to control investment risk relative to each scheme's liabilities but does not necessarily fully match the expected liability cashflows.

To implement the investment strategy, each participating scheme holds a tailored combination of the Growth Asset Portfolio (GAP), Matching-Plus Portfolio (MPP) and Liability Driven Investments (LDI). The GAP and MPP are made up of several underlying sub-portfolios that allocate to the major asset classes, such as equities and credit, as well as a range of diversifiers such as alternative risk premia. TPTIM employs a combination of both passive and active investments depending on the perceived ability to add value and the availability of strategies in the relevant area.

Assets within the GAP and MPP have the potential for higher returns but typically bring additional risk. LDI consist of assets that have similar characteristics to the liabilities, including interest rate and inflation sensitivity. The GAP and MPP both aim to be well diversified between asset classes and return drivers. The strategy for each scheme is reviewed on an ongoing basis to ensure it remains appropriate.

### Defined Contribution

The Trustee delegates investment decisions and compliance stewardship of the default arrangement to AllianceBernstein, which reports to the Trustee via the IOC. The default arrangement is the primary investment option for members who do not actively choose their investments. AllianceBernstein oversees the allocation of assets within the default arrangement and appoints underlying investment managers.

Recognising members’ varying investment needs, the Trustee offers a suite of funds based on the target date fund (TDF) concept. These funds are designed to align with members' expected retirement dates without requiring active decision-making.

For members who wish to invest in accordance with ethical considerations and the Trustee’s Ethical Investment Framework, a suite of ethical target date funds is available within the default option. The Trustee also offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership for members who wish to make their own investment decisions.

DC assets are invested through a unit-linked insurance policy with Phoenix Life, which provides the investment platform and administers the default arrangement alongside the self-select funds.

The default strategy aims to provide an investment return in excess of inflation (measured by CPI). AllianceBernstein seeks to dampen the impact of short-term market moves by adjusting the asset allocation tactically. Over the life of the funds, the strategic asset allocation shifts so that, as a member approaches retirement, the exposure to growth assets (such as equities) is reduced in favour of more defensive, less volatile assets (such as bonds). This strategy intends to ensure that assets are invested in the best interest of members and their beneficiaries. The self-select funds are chosen by members who bear the risks associated with their chosen fund(s).

The performance of both the default arrangement and self-select funds is monitored quarterly by the IOC and reviewed annually in conjunction with AllianceBernstein. The ongoing suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the Trustee Board. Member feedback and benchmarking inform this review.

## Strategy changes during the reporting period

During the reporting period, the following strategy changes were made.

**Defined Benefit**

• Emerging Markets Debt: A decision was made to dismiss Ashmore, and a selection and due diligence process was undertaken to appoint a new manager. This resulted in the appointment of Ninety One in October 2024, after the reporting period.

• LDI: Insight was appointed in June 2024 as the new LDI manager following a selection and due diligence process, replacing BlackRock.

• Fund Launches: TPTIM launched four collective investment vehicles as part of an asset reorganisation to simplify the investment structure, with two further fund launches after the reporting period.

**Defined Contribution**

• Risk budget: The risk budget was increased by 0.5% in the year preceding and following the target date, equivalent to a 2–3% increase in equity allocation.

• Ethical Target Date Funds: A risk budget consistent with the TPT Standard Range was adopted, alongside the incorporation of active sustainable positive tilts.

## Adherence to SIP policies

In the Trustee's opinion, both SIPs have been followed over the 2023-2024 reporting year.

The key points are outlined below:

**Table 1. Policy summary and evidence**

| *DB SIP section* | *DC SIP section* | *Policy* | *Evidence* |
|---|---|---|---|
| **2** | **2** | **Appointments and delegation**<br><br>*Summary:* The Trustee delegates the day-to-day management of investments to authorised managers, ensuring they possess the requisite knowledge and experience. These appointments are reviewed periodically to assess performance and adherence to the Trustee's policies. If a manager fails to comply or provide satisfactory justification for underperformance, their appointment will be reconsidered. Details of the appointed managers are disclosed annually in the Trustee's investment report within the Annual Report. | For DB investments, VTL delegates investment decisions to TPTIM. For DC investments, VTL delegates investment decisions to AllianceBernstein. Both TPTIM and AllianceBernstein delegate day-to-day investment management to authorised investment managers. Managers are reviewed at least on an annual basis.<br><br>Please see *Selecting and Monitoring Managers* section (page 14). |
| **3** | **3** | **Investment Beliefs**<br><br>*Summary:* The Trustee's investment beliefs provide a guiding framework for decision-making. These beliefs are reviewed annually and published on TPT Retirement Solutions' website. | Published beliefs on TPT Retirement Solutions' website.<br><br>For the period under review, the Investment Beliefs were reviewed on 10 October 2023. |
| **4 & 5** | **4 & 5** | **Investment strategies and investment return** | |

| | | | |
|---|---|---|---|
| | | *DB summary:* The Trustee's investment strategy involves allocating assets between Growth, Matching-Plus and Liability Driven Investment (LDI) portfolios, balancing potential returns with associated risks. Strategy is tailored to each scheme's liability and risk profile, financial strength of employers, and funding objectives. The strategy for each scheme is reviewed at least every three years to ensure it remains appropriate.<br><br>*DC summary:* The Trustee offers a default strategy based on TDFs that adjust asset allocation as members approach retirement. A range of self-select funds is available for members preferring individual choices, catering to diverse risk preferences. Ethical options are also available. The default arrangement aims to generate returns in excess of inflation (CPI) and is monitored quarterly, with annual reviews of their objectives and suitability. The objective for the self-select funds is based on the individual investment objective of the relevant fund. | *DB:* Performance reviews of the portfolios, documented triennial strategy reviews for individual schemes, and records of asset allocation decisions and outcomes.<br><br>*DC:* The Trustee continues to provide two TDF options: Standard TDFs and Ethical TDFs. Where the default options do not meet the needs of a wider cross-section of members, alternative self-select funds are offered. There are quarterly performance reviews and the investment strategy for both the default and self-select funds is reviewed annually. For the period under review, this assessment was conducted on 21 May 2024. |
| **6** | **6** | **Management and risk**<br><br>*Summary:* The risks, as stated in the SIP, are assessed and monitored regularly. | The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitors and manages these risk |

| | | | |
|---|---|---|---|
| | | | factors through measures specific to each risk on a quarterly basis. |
| **7** | **8** | **Responsible Investment (including environmental, social and governance (ESG) Factors) and non-financial matters**<br><br>*Summary:* The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices. | The Responsible Investment Framework outlines the policies that relate to the Trustee's duties under the Investment Regulation, including its approach to voting, engagement and climate risk.<br><br>For the period under review, the Responsible Investment Framework was reviewed on 10 October 2023. |
| **7.2.7** | **8.2.7** | **Fund manager selection and monitoring**<br><br>*Summary:* The Trustee incorporates ESG expectations into the manager selection and ongoing monitoring processes, including operational due diligence and Investment Management Agreements tailored to specific mandates. | The Responsible Investment Framework details the Trustee's approach to selecting and monitoring managers. Specific ESG and climate change expectations were considered when appointing new mandates and reviewing existing mandates.<br><br>Please see *Selecting and monitoring managers* section (page 14). |

| | | | |
|---|---|---|---|
| **7.2.14** | **8.2.14** | **ESG factors**<br><br>*Summary:* ESG risks, including climate change, are actively considered within the Trustee's investment process. This is supported by the Climate Change Policy and Responsible Investment Principles. | VTL's Responsible Investment Framework outlines how the Trustee incorporates ESG considerations into investment decisions and the selection and monitoring of investment managers.<br><br>The Climate Change Policy was updated on 10 October 2023 to integrate the latest best practices and recommendations, and include VTL's interim climate targets.<br><br>The Responsible Investment Principles were also reviewed on 10 October 2023. |
| **7.3** | **8.3** | **Voting**<br><br>*Summary:* The Trustee delegates voting activities to managers. Managers are expected to exercise voting rights consistent with the Trustee's Responsible Investment Framework and Pensions and Lifetime Savings Association (PLSA) guidelines. | The Trustee's voting policy is outlined in the Responsible Investment Framework, which is reviewed at least annually. Voting records are included in the Trustee's Stewardship Report.<br><br>For the period under review, the Responsible Investment Framework was reviewed on 10 October 2023. |

| | | | |
|---|---|---|---|
| | | | Please see *Stewardship summary* (page 10). |
| **7.4** | **8.4** | **Engagement**<br><br>*Summary:* The Trustee's engagement approach spans manager-led, joint, collaborative and direct engagements. Investment managers are tasked with engaging on material ESG issues. | The Trustee's engagement policy is outlined in the Responsible Investment Framework, which is reviewed at least annually. Engagement highlights and case studies are included in the Trustee's Stewardship Report.<br><br>For the period under review, the RI Framework was reviewed on 10 October 2023.<br><br>Please see *Stewardship summary* (page 10). |
| **7.5** | **8.5** | **Non-financial matters**<br><br>*Summary:* Non-financial factors, such as member ethical views, are considered within the Ethical Investment Framework. | VTL has an Ethical Investment Framework that was adopted following consultation with key member organisations.<br><br>For the period under review, the Ethical Investment Framework was reviewed on 10 October 2023. |
| **9** | **9** | **Compliance** | |

| | | | |
|---|---|---|---|
| | | *Summary:* TPTIM and AB are required to confirm compliance with the SIP principles, including diversification and suitability. The Trustee reviews the SIP annually or following significant policy changes and consults participating employers when adjustments are required. | Manager compliance confirmations, and annual SIP review documents.<br><br>For the period under review, the SIPs were reviewed on 10 October 2023. |

# Stewardship summary

## Voting policy

As a significant investor in both UK and non-UK listed companies, the Trustee recognises its responsibilities as a shareholder and owner. These responsibilities include ensuring, where practicable, that the companies in which it invests are operated by executives and directors in the best long-term interests of shareholders. The Trustee is committed to voting its shares in all markets where it is practical to do so.

Ordinarily, the Trustee delegates the execution of voting activities to its appointed investment managers. However, the Trustee retains the authority, where possible, to direct investment managers to vote in a specific manner if it deems such action to be in the best interests of members. The Trustee expects its managers to use their best efforts to implement any client-directed voting instructions effectively. This prerogative is particularly relevant where voting decisions can support the Trustee's broader commitments, as outlined in its Responsible Investment Framework.

The Trustee expects its investment managers to exercise voting rights on its behalf in alignment with the Responsible Investment Framework and/or consistent with the Corporate Governance Policy and Voting Guidelines issued by the PLSA. Although the PLSA guidelines primarily focus on UK companies, they reference international standards, including the G20/OECD Corporate Governance Principles and the International Corporate Governance Network (ICGN) Global Governance Principles. For non-UK markets, the Trustee expects managers to integrate these broader principles into their voting decisions.

While voting rights are delegated to investment managers, the Trustee may choose to exercise its voting rights (or wish to express interest in exercising its voting rights) when companies' actions are not deemed satisfactory or as part of an engagement and escalation strategy. In line with the Responsible Investment Framework, the Trustee reviews manager voting activity regularly to ensure alignment with its guidelines and stewardship objectives.

### *Stock lending*

Some funds in which VTL invests participate in securities lending programmes, which may occasionally restrict VTL's ability to vote all shares. In cases of contentious votes or those related to engagement activities, the Trustee may choose to recall or restrict the lending of shares. These decisions are assessed on a case-by-case basis with input from the relevant investment managers.

### *DB and DC voting practices*

The Trustee's voting policy, as outlined in the Responsible Investment Framework, applies to both DB and DC schemes. However, differences in investment structures result in varying levels of influence and authority over stewardship practices across these portfolios.

- **DB Investments:** Preference is given to segregated mandates, enabling the Trustee to direct voting and incorporate tailored responsible investment language into Investment Management Agreements.

- **DC Investments:** Assets are held via a unit-linked insurance policy with Phoenix Life Limited, with AllianceBernstein overseeing the appointment of underlying investment managers. While third-party managers predominantly conduct voting and engagement activities, AllianceBernstein handles these activities for select allocations, either directly or via pass-through voting arrangements. The Trustee monitors developments in stewardship innovations, including pass-through voting options, to ensure alignment with its active ownership philosophy.

*Exercising rights and responsibilities across asset classes*

Effective stewardship encompasses all asset classes and geographies, extending beyond voting rights, which are unique to listed equities. The Trustee expects investment managers to integrate stewardship into their investment processes across all strategies. Activities include engagement reporting, influencing board composition, monitoring supply chains, contributing to research and engaging in public discourse.

*Reporting*

Investment managers are requested to submit voting data on a quarterly basis. This data is reviewed and meetings are held in order to discuss alignment with the Trustee's stewardship priorities and preferred approach to determine significant votes.

**Voting data for both the DB and DC portfolios for the reporting period is provided in the *Voting activity* section.**

TPTIM also publishes full voting records on TPT Retirement Solutions' website.

## Engagement policy

VTL follows a comprehensive approach to engagement, which encompasses four key elements.

### 1. Engagement by investment managers

VTL delegates primary responsibility for corporate engagement to its investment managers, recognising their company-specific expertise and access to management. Investment managers are expected to engage on material ESG issues and respond to specific requests from VTL. This is a pragmatic approach because of the number of stocks owned by VTL, and the amount of time corporate entities have available for single investors. VTL expects its managers to engage on environmental, social and governance matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests that VTL might have.

### 2. Joint engagements with investment managers

In instances where VTL's engagement priorities align with those of its managers, joint engagement activities may be pursued. Collaborative efforts between an asset owner and an investment manager amplify the impact of discussions and reinforce key messages.

### 3. Collaborative engagements

Recognising its role as a responsible asset owner, VTL supports initiatives that aim to improve the regulatory and operational landscape for all investors. To support this goal, TPTIM, on behalf of VTL, participates in collaborative engagements with other asset owners and industry groups, aligning these efforts with VTL's Investment Beliefs, Responsible Investment Principles and Responsible Investment Framework.

### 4. Direct engagements

In certain cases, VTL may identify issues warranting direct engagement with companies. TPTIM leads direct engagements for the DB portfolio, while AllianceBernstein oversees these activities for the DC portfolio. To complement the underlying investment managers' efforts, in 2024, TPTIM launched an engagement programme. This followed consultation with the Trustee Board and the proposal of a strategic engagement action plan based on climate and nature as key themes, two of the Trustee's stewardship priorities.

*Reporting*

Similarly to voting, quarterly engagement data is collected from all investment managers and reviewed to assess alignment with the Trustee's expectations. Ongoing dialogue with managers aims to enhance reporting quality, with a focus on clearly defining engagement objectives, milestones and outcomes. While progress has been made, the Trustee continues to encourage more consistent and detailed reporting.

**UK Stewardship Code**

VTL, as a signatory to the Financial Reporting Council's UK Stewardship Code, publishes an annual **Stewardship Report** that includes **voting statistics**, **significant votes** and **engagement case studies**. The report is structured around the 12 principles of the Code and it describes principle-by-principle how VTL meets the requirements with a focus on activities and outcomes. The report outlines VTL's governance structure, culture, values, and strategy, as well as its approach to risk, conflicts of interest, and ESG integration.

**Stewardship priorities**

The integration of stewardship and investment, including material ESG issues, is supported by several processes and activities, including:

- asset allocation;
- manager selection and monitoring;
- risk management;
- active ownership;
- training and education; and
- advocacy.

In regards to material ESG issues, the Responsible Investment Framework identifies the following areas.

- Climate change
- Human rights
- Board governance

The Trustee annually reviews and agrees to a number of stewardship priorities. These typically incorporate the material ESG issues identified in the Responsible Investment Framework and any other emerging topics or themes that the Trustee would like to focus on during the year. These stewardship priorities are communicated to investment managers and we also seek to understand their priorities and the degree of alignment that exists between ours and our managers' thinking. These themes also support our annual engagement priorities. We do not request that managers adopt all of our stewardship priorities, but expect some convergence in principle on the topics addressed and stewardship goals for the year. In 2024, **climate** and

## Selecting and monitoring managers

VTL's Responsible Investment Framework applies to all of its investments, although the Trustee tailors its expectations according to the different asset classes and the investment styles of the underlying investment managers.

For DB investments, VTL delegates investment decisions to TPTIM. For DC investments, VTL delegates investment decisions to AllianceBernstein. Both TPTIM and AllianceBernstein delegate day-to-day investment management to authorised investment managers, ensuring these managers possess the necessary knowledge and experience to manage the Trustee's investments. The managers are not appointed for a fixed period of time and appointments are regularly reviewed as part of established monitoring and oversight processes. TPTIM and AllianceBernstein report back to the Trustee via the IOC.

All appointed investment managers are regulated by the relevant regulatory authority in their respective jurisdictions, such as the Financial Conduct Authority (FCA) in the UK. The investments are managed within the restrictions and guidelines detailed in bespoke investment management agreements. These agreements are designed to ensure alignment with the objectives and policies articulated in the Trustee's SIPs.

For segregated mandates, the Trustee specifies how the rights attached to investments are to be exercised. This includes active voting participation, as well as the integration of ESG factors into investment decision-making. While the Trustee's influence on pooled investment vehicles is inherently more limited, it mitigates this by thoroughly reviewing the managers' policies, practices and statements of compliance to ensure alignment with the Trustee's investment beliefs and policies.

### *Manager selection process*

During the selection process, prospective investment managers must demonstrate robust capabilities in responsible investment practices and climate-related expertise. The Trustee seeks to partner with managers who exhibit key attributes, including:

- a long-term investment mindset;
- remuneration structures that align with sustainable performance;
- rigorous risk management frameworks; and
- comprehensive integration of ESG factors within their investment processes.

Expectations around ESG and climate change are embedded into the operational due diligence process. Furthermore, when possible, ESG requirements are incorporated into Investment Management Agreements, ensuring that mandates reflect specific stewardship and responsible investment goals.

### *Monitoring and evaluation of managers*

Managers' appointments are not fixed-term and are subject to periodic review through structured oversight mechanisms. TPTIM and AllianceBernstein actively engage with incumbent managers on stewardship, climate change and ESG risks. Regular review meetings provide an opportunity to assess performance and alignment with the Trustee's policies, including adherence to Responsible Investment Principles and stewardship commitments. Investment managers are required to submit regular updates on their responsible investment and stewardship activities.

### *Selecting and monitoring service providers*

The Trustee extends its due diligence and engagement processes to key service providers. The scope and depth of these processes vary based on the criticality of the service provided. Northern Trust, the Trustee's appointed custodian, is subject to robust oversight, including regular operational calls, detailed reporting, adherence to service-level agreements (SLAs), and periodic attestations to ensure high standards are consistently met.

## How voting and engagement policies have been followed

The Trustee has implemented its voting and engagement policies through the delegation of stewardship responsibilities to its investment managers. These managers are expected to exercise voting rights and engage with investee companies in line with the Trustee's Responsible Investment Framework and the policies set out in the SIPs.

### *Voting ractices*

Investment managers are required to cast votes on behalf of the Trustee in a manner that supports long-term value creation and reflects the Trustee's commitment to high standards of corporate governance. Key priorities include:

- promoting transparency and accountability in governance practices;
- supporting robust climate and ESG disclosures in line with recognised frameworks;
- encouraging companies to adopt credible net-zero strategies; and
- opposing practices misaligned with shareholder or stakeholder interests, such as excessive executive remuneration.

The Trustee monitors voting outcomes through detailed quarterly reporting from investment managers, which includes information on significant votes and the rationale behind voting decisions. A summary of key voting activities is disclosed in the ***Voting activity*** section.

### *Engagement activities*

Engagement is central to the Trustee's approach to stewardship. Investment managers are expected to engage with investee companies on a range of material ESG issues, including but not limited to:

- climate change and net-zero alignment;
- board diversity and governance practices;
- human capital management and supply chain risks; and
- biodiversity and nature-related risks.

The Trustee requires managers to prioritise engagements that address systemic risks or issues with the potential to impact long-term financial performance. Managers report on their engagement activities, providing details on the objectives, progress and outcomes of their interactions with companies.

### *Monitoring and oversight*

The Trustee, through TPTIM and AllianceBernstein, monitors how investment managers apply voting and engagement policies through:

- regular review of manager stewardship reports, which outline voting records, significant engagements, and progress against ESG objectives;
- annual assessments of managers' Responsible Investment Ratings, which include an evaluation of their voting and engagement practices; and
- periodic deep-dive discussions with managers to challenge their approaches and ensure alignment with the Trustee's expectations.

Where concerns arise regarding a manager's voting or engagement performance, TPTIM and AllianceBernstein engage with the manager to seek improvements. Persistent failure to meet the Trustee's expectations may result in the manager's appointment being reconsidered.

### *Outcomes and continuous improvement*

The Trustee seeks tangible outcomes from its stewardship activities, such as improved corporate disclosures, adoption of more sustainable business practices, or demonstrable progress on climate-related targets. The Trustee also reviews its voting and engagement policies annually to ensure they remain effective and aligned with evolving best practices.

## Voting activity

## Voting statistics – DB

| **Investment manager** | **Legal and General Investment Management** | | | | | | |
|---|---|---|---|---|---|---|---|
| Fund | FTSE4Good UK Equity Index | FTSE4Good Developed Equity Index | Low Carbon Transition UK Equity Index | Low Carbon Transition North America Equity Index | Low Carbon Transition Europe (ex UK) Equity Index | Low Carbon Transition Asia Pacific (ex Japan) Equity Index | Low Carbon Transition Japan Equity Index |
| How many meetings were you eligible to vote at? | 267 | 1182 | 88 | 527 | 478 | 152 | 296 |
| How many resolutions were you eligible to vote on? | 4609 | 16707 | 1822 | 7294 | 7903 | 1132 | 3668 |
| What % of resolutions did you vote on for which you were eligible? | 99.57% | 99.50% | 100.00% | 98.72% | 99.67% | 100.00% | 100.00% |
| Of the resolutions on which you voted, what % did you vote with management? | 94.38% | 82.15% | 96.65% | 64.05% | 81.36% | 79.06% | 90.79% |
| Of the resolutions on which you voted, what % did you vote against management? | 5.56% | 17.49% | 3.35% | 35.08% | 18.08% | 20.94% | 9.21% |
| Of the resolutions on which you voted, what % did you vote to abstain? | 0.07% | 0.35% | 0.00% | 0.87% | 0.56% | 0.00% | 0.00% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 39.47% | 72.65% | 30.68% | 98.86% | 79.45% | 70.39% | 62.84% |
| Which proxy advisory services does your firm use? | ISS | ISS | ISS | ISS | ISS | ISS | ISS |
| Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 4.92% | 13.73% | 3.24% | 30.27% | 9.36% | 13.25% | 8.56% |

## Voting Statistics - DB

| **Investment manager** | **Man Group** | **Ownership Capital** | **RBC Global Asset Management** | | | **Ruffer LLP** | | **Sands Capital Management** |
|---|---|---|---|---|---|---|---|---|
| Fund | Man Risk Premia SPC | Long-Horizon Equity | Emerging Markets Equity SRI | Emerging Markets Equity ex-China | China Equity | Ruffer Absolute Return SRI | Ruffer Absolute Return | Global Growth |
| How many meetings were you eligible to vote at? | 536 | 27 | 70 | 70 | 56 | 30 | 32 | 42 |
| How many resolutions were you eligible to vote on? | 6829 | 338 | 751 | 696 | 584 | 501 | 535 | 426 |
| What % of resolutions did you vote on for which you were eligible? | 99.76% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Of the resolutions on which you voted, what % did you vote with management? | 78.84% | 91.00% | 93.87% | 91.24% | 84.76% | 94.41% | 96.64% | 97.42% |
| Of the resolutions on which you voted, what % did you vote against management? | 20.74% | 9.00% | 6.13% | 8.76% | 15.24% | 5.59% | 3.20% | 2.58% |
| Of the resolutions on which you voted, what % did you vote to abstain? | 0.04% | 1.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.20% | 0.00% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 76.68% | 70.00% | 32.86% | 32.86% | 58.93% | 33.30% | 31.30% | 19.05% |
| Which proxy advisory services does your firm use? | Glass Lewis | ISS | ISS, Glass Lewis | ISS, Glass Lewis | ISS, Glass Lewis | ISS | ISS | ISS, Glass Lewis, and SES |
| Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Standard Policy |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 12.68% | 9.00% | 1.86% | 2.01% | 0.00% | 3.20% | 3.00% | 12.44% |

## Voting statistics - DC

| **Investment manager** | **Alliance Bernstein** | **Amundi** | | | | | |
|---|---|---|---|---|---|---|---|
| Fund | Sustainable All Market Portfolio | Global Multi-Factor Equity* | MSCI World Climate Transition | Index MSCI World SRI | Index FTSE EPRA NAREIT Global | Index MSCI ex China ESG Leaders | Index MSCI China ESG Leaders |
| How many meetings were you eligible to vote at? | 126 | 1160 | 1197 | 338 | 376 | 435 | 554 |
| How many resolutions were you eligible to vote on? | 1837 | 17014 | 17452 | 4823 | 3993 | 4385 | 4507 |
| What % of resolutions did you vote on for which you were eligible? | 100.00% | 100.00% | 98.37% | 99.30% | 99.00% | 96.11% | 98.53% |
| Of the resolutions on which you voted, what % did you vote with management? | 96.00% | 86.00% | 71.62% | 70.54% | 80.39% | 79.00% | 70.59% |
| Of the resolutions on which you voted, what % did you vote against management? | 4.00% | 8.00% | 28.04% | 29.16% | 19.77% | 21.00% | 29.60% |
| Of the resolutions on which you voted, what % did you vote to abstain? | 1.00% | 6.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 33.00% | 49.00% | 68.82% | 74.97% | 48.92% | 48.08% | 50.50% |
| Which proxy advisory services does your firm use? | ISS, Glass Lewis | ISS, Glass Lewis | ISS, Glass Lewis, and Proxinvest | ISS, Glass Lewis, and Proxinvest | ISS, Glass Lewis, and Proxinvest | ISS, Glass Lewis, and Proxinvest | ISS, Glass Lewis, and Proxinvest |
| Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 4.00% | 5.00% | N/A | N/A | N/A | N/A | N/A |

* Data refers to Q1-Q3 2024 due to change in proxy authority. AllianceBernstein acquired voting authority in Q1 2024.

## Voting statistics - DC

| **Investment manager** | **Legal and General Investment Management** | | | | | | |
|---|---|---|---|---|---|---|---|
| Fund | FTSE4Good UK Equity Index Fund | UK Equity Index Fund | FTSE4Good Developed Equity Index | Low Carbon Transition Global Equity Index Fd-GBP Curr Hed (OFC) | Future World Emerging Markets Equity Index Fund | Diversified Fund | Global Equity Market Weight (30:70) Index |
| How many meetings were you eligible to vote at? | 267 | 730 | 1182 | 4751 | 3641 | 10451 | 7256 |
| How many resolutions were you eligible to vote on? | 4609 | 10436 | 16707 | 47586 | 29305 | 106232 | 72429 |
| What % of resolutions did you vote on for which you were eligible? | 99.57% | 99.81% | 99.50% | 99.75% | 100.00% | 99.76% | 99.78% |
| Of the resolutions on which you voted, what % did you vote with management? | 94.38% | 94.01% | 82.15% | 79.04% | 80.25% | 76.47% | 80.72% |
| Of the resolutions on which you voted, what % did you vote against management? | 5.56% | 5.96% | 17.49% | 20.25% | 18.96% | 22.88% | 18.54% |
| Of the resolutions on which you voted, what % did you vote to abstain? | 0.07% | 0.03% | 0.35% | 0.71% | 0.79% | 0.64% | 0.73% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 39.47% | 40.47% | 72.65% | 64.67% | 56.83% | 72.46% | 61.43% |
| Which proxy advisory services does your firm use? | ISS | ISS | ISS | ISS | ISS | ISS | ISS |
| Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 4.92% | 5.16% | 13.73% | 11.24% | 6.67% | 14.06% | 10.19% |

## Voting statistics - DC

| **Investment manager** | **Northern Trust** | **BlackRock** | **HSBC Asset Management** | **Baillie Gifford** |
|---|---|---|---|---|
| Fund | Quality Low Volatility Low Carbon World Fund | ACS World Small Cap ESG Screened Equity Tracker Fund | HSBC Islamic Global Equity Fund | Positive Change Fund |
| How many meetings were you eligible to vote at? | 196 | 4224 | 101 | 33 |
| How many resolutions were you eligible to vote on? | 2815 | 44846 | 1672 | 341 |
| What % of resolutions did you vote on for which you were eligible? | 99.00% | 95.00% | 94.00% | 100.00% |
| Of the resolutions on which you voted, what % did you vote with management? | 94.00% | 92.00% | 77.00% | 94.72% |
| Of the resolutions on which you voted, what % did you vote against management? | 5.00% | 7.00% | 22.00% | 4.69% |
| Of the resolutions on which you voted, what % did you vote to abstain? | 0.00% | 0.00% | 0.00% | 0.59% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 44.00% | 32.00% | 78.00% | 27.27% |
| Which proxy advisory services does your firm use? | ISS | ISS | ISS | ISS, Glass Lewis, ZD Proxy and IIAS |
| Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Bespoke Policy | Bespoke Policy | Bespoke Policy | Bespoke Policy |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 2.00% | 0.00% | 1.00% | N/A |

## Significant votes – DB

| **Investment manager** | **Ruffer LLP** |
|---|---|
| Company name | Prosus NV |
| Date of vote | 21 August 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.3% |
| Summary of the resolution | Approve Remuneration Report |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | Ruffer voted against due to concerns over misalignment between executive pay and share price performance, as well as excessive payments to the former CEO upon departure. |
| Outcome of the vote | Passed |
| Implications of the outcome | Ruffer will continue to monitor the company and may engage if no progress is observed. |
| On which criteria have you assessed this vote to be "most significant"? | Any vote against management or ISS recommendation, any vote in breach of Ruffer's internal voting guidelines, shareholder resolutions, climate-related resolutions, or dissident shareholder slates (US only). |

| **Investment manager** | **Man Group** |
|---|---|
| Company name | Constellation Brands Inc |
| Date of vote | 17 July 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | N/A |

| | |
|---|---|
| Summary of the resolution | Shareholder Proposal Regarding Report on Circular Economy for Packaging |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | Man Group supports increased climate commitments. |
| Outcome of the vote | Failed |
| Implications of the outcome | Man Group prioritises shareholder proposals aligned with responsible investment principles and believes that active voting plays a key role in promoting sustainable corporate behaviour. |
| On which criteria have you assessed this vote to be "most significant"? | Shareholder proposal. |

| **Investment manager** | **Legal and General Investment Management** |
|---|---|
| Company name | National Grid Plc |
| Date of vote | 10 July 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 2.3% |
| Summary of the resolution | Approve Climate Transition Plan |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to the AGM. |
| Rationale for the voting decision | The plan met LGIM's minimum expectations, including the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5C goal. |
| Outcome of the vote | Passed |

| | |
|---|---|
| Implications of the outcome | LGIM will continue to engage with investee companies and monitor progress on climate-related targets. |
| On which criteria have you assessed this vote to be "most significant"? | Thematic – Climate. LGIM considers "Say on Climate" votes highly significant. |

| **Investment manager** | **Legal and General Investment Management** |
|---|---|
| Company name | DS Smith Plc |
| Date of vote | 3 September 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.3% |
| Summary of the resolution | Re-elect Geoff Drabble as Director |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to the AGM. |
| Rationale for the voting decision | Board gender diversity dropped below 40%, and LGIM considers the company's succession planning and gender diversity targets insufficient. |
| Outcome of the vote | Passed |
| Implications of the outcome | LGIM will continue engagement on diversity and advocate for stronger commitments. |
| On which criteria have you assessed this vote to be "most significant"? | Thematic - Diversity: LGIM views diversity as a financially material issue. |

| **Investment manager** | **Legal and General Investment Management** |
|---|---|
| Company name | Tate & Lyle Plc |
| Date of vote | 25 July 2024 |

| | |
|---|---|
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.1% |
| Summary of the resolution | Re-elect Nick Hampton as Director |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to the AGM. |
| Rationale for the voting decision | The company was deemed to not meet minimum standards with regard to LGIM's deforestation policy. |
| Outcome of the vote | Passed |
| Implications of the outcome | LGIM will continue to advocate for stronger deforestation policies. |
| On which criteria have you assessed this vote to be "most significant"? | Thematic - Nature: LGIM applied this vote under its engagement programme on deforestation. |

| **Investment manager** | **Ownership Capital** |
|---|---|
| Company name | Dexcom |
| Date of vote | 22 May 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 3.3% |
| Summary of the resolution | Report on Median Gender/Racial Pay Gap |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | Shareholder proposal promotes better management of SEE opportunities and risks |
| Outcome of the vote | Failed |
| Implications of the outcome | Before the vote, Ownership actively engaged with the company on the issue. In response, the company published an equity pay gap report, which revealed that: 1) Globally, non-executive female employees |

| | |
|---|---|
| | earned 99.9% of the pay received by men in comparable roles; and 2) In the U.S., racially and ethnically diverse non-executive employees earned 99.9% of the pay received by white employees in similar roles. While Ownership acknowledges the company's prompt response, the level of detail provided in the report is not fully satisfactory. Ownership continues to engage with the company to seek further disclosure. However, the outcomes reported by Dexcom were deemed sufficient. |
| On which criteria have you assessed this vote to be "most significant"? | Gender/racial pay gap is an important part of Ownership's social engagement. |

| **Investment manager** | **Ruffer LLP** |
|---|---|
| Company name | Citigroup |
| Date of vote | 30 April 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.4% |
| Summary of the resolution | Social: Report on Respecting Indigenous Peoples' Rights |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | The company has received scrutiny over its financing of companies active in the Amazon oil and gas industry, such as Frontera Energy, that are linked to drilling on and near Indigenous territories. Moreover, clients who operate projects with Indigenous Peoples' FPIC concerns potentially violate Citi's ESRM Policy Prohibitions. Shareholders would likely benefit from increased disclosure that evaluates the effectiveness of Citi's due diligence process around Indigenous Peoples' rights for project related financing and client portfolios. |
| Outcome of the vote | Failed |
| Implications of the outcome | Ruffer will continue to monitor the company and vote on shareholder resolutions where appropriate. |

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|---|---|
| On which criteria have you assessed this vote to be "most significant"? | Any vote against management or ISS recommendation, any vote in breach of Ruffer's internal voting guidelines, shareholder resolutions, climate-related resolutions, or dissident shareholder slates (US only). |

| **Investment manager** | **Ruffer LLP** |
|---|---|
| Company name | Amazon |
| Date of vote | 22 May 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.6% |
| Summary of the resolution | Human labour rights |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | *No* |
| Rationale for the voting decision | The report would evaluate whether the use of Amazon's products and services—including surveillance, computer vision, and cloud storage—contributes to human rights violations. Ruffer believes such an assessment could identify potential concerns and help protect Amazon from future reputational risks. |
| Outcome of the vote | Failed |
| Implications of the outcome | Ruffer will continue to monitor the company's actions in this area and may engage further if no meaningful progress is observed. |
| On which criteria have you assessed this vote to be "most significant"? | Any vote against management or ISS recommendation, any vote in breach of Ruffer's internal voting guidelines, shareholder resolutions, climate-related resolutions, or dissident shareholder slates (US only). |

## Significant votes - DC

| **Investment manager** | **AllianceBernstein** |
|---|---|
| Company name | Alphabet Inc |
| Date of vote | 07 June 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | N/A |
| Summary of the resolution | Adopt Targets Evaluating YouTube Child Safety Policies |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | In light of both the ongoing scrutiny the company faces and the regulatory requirements on child safety impacts, the proposal appears value additive. Scrutiny has enhanced following multiple lawsuits and fines levied against the company related to issues of child safety, which would indicate that a report on these issues could be value additive in addressing controversy and mitigating risks. |
| Outcome of the vote | Failed |
| Implications of the outcome | Through both voting and engagement AllianceBernstein will continue to encourage the company to enhance its management of legal and reputational risks associated with child safety. |
| On which criteria have you assessed this vote to be "most significant"? | Vote against management on a social shareholder proposal at one of AllianceBernstein's most significant holdings. |

| **Investment manager** | **Amundi** |
|---|---|
| Company name | Constellation Brands, Inc |
| Date of vote | 17 July 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.1% |

| | |
|---|---|
| Summary of the resolution | Report on Supply Chain Water Risk Exposure |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | N/A |
| Rationale for the voting decision | Additional disclosure requested by the proposal would benefit the company by allowing shareholders and stakeholders to better understand how the company is considering water-related risks and would provide reassurance to employees that issues related to water in its direct operations and across its value chain are being taken seriously. |
| Outcome of the vote | Passed |
| Implications of the outcome | Amundi to monitor relevant developments in this area and engage with the company if required. |
| On which criteria have you assessed this vote to be "most significant"? | Shareholder proposals on environmental, climate, social, labour rights, human rights issues. Management proposals on the climate strategy or climate report. |

| **Investment manager** | **Northern Trust Asset Management** |
|---|---|
| Company name | TotalEnergies SE |
| Date of vote | 24 May 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | N/A |
| Summary of the resolution | Approve Report on Progress of Company's Sustainability and Climate Transition Plan (Advisory) |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | Northern Trust engaged with TotalEnergies ahead of the AGM, requesting greater transparency regarding their medium term (post 2030) strategy. In line with the feedback received and absent assurances |

| | |
|---|---|
| | from the company in this area, NTAM voted against this resolution to encourage greater disclosure. |
| Outcome of the vote | Passed |
| Implications of the outcome | Northern Trust to continue to engage with the company. |
| On which criteria have you assessed this vote to be "most significant"? | Vote against management. |

| **Investment manager** | **Baillie Gifford** |
|---|---|
| Company name | Tesla, Inc. |
| Date of vote | 13 June 2024 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 2.4% |
| Summary of the resolution | Shareholder Resolution - Social |
| How you voted | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| Rationale for the voting decision | Baillie Gifford supported the shareholder resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. They believe quantitative disclosure would help them understand and monitor the company's efforts. This is consistent with how they have voted on this resolution previously. |
| Outcome of the vote | Failed |
| Implications of the outcome | This resolution received 31% support. Baillie Gifford continues to believe additional disclosure would allow shareholders to better assess the company's efforts and progress on this matter. |
| On which criteria have you assessed this vote to be "most significant"? | Resolution submitted by shareholders and with greater than 20% support. |

## Voting policy analysis

| Investment manager | Legal and General Investment Management |
|---|---|
| What is your policy on consulting with clients before voting? | Legal and General Investment Management (LGIM) voting and engagement activities are led by ESG professionals to achieve the best outcomes for clients. Voting policies are reviewed annually, incorporating client feedback.<br><br>Each year, LGIM hosts a stakeholder roundtable where clients and other stakeholders (civil society, academia, the private sector, and investors) provide input that informs voting and engagement priorities. Additional feedback is gathered through regular meetings and ad-hoc enquiries. |
| Please provide an overview of your process for deciding how to vote. | LGIM's Investment Stewardship team makes all voting decisions in line with its Corporate Governance & Responsible Investment and Conflicts of Interest policies, which are reviewed annually.<br><br>Each team member is assigned a specific sector globally, ensuring that voting aligns with their engagement activities. This integrated approach reinforces consistent messaging to companies. |
| How, if at all, have you made use of proxy voting services? | LGIM uses ISS's 'ProxyExchange' platform to electronically vote clients' shares. All decisions remain with LGIM, and no strategic voting is outsourced.<br><br>ISS recommendations complement LGIM's proprietary research, and for UK companies, Institutional Voting Information Services (IVIS) reports provide additional insights. LGIM has a global custom voting policy with minimum best practice standards, but it retains the ability to override votes based on direct company engagement.<br><br>Votes are monitored through manual checks and an electronic alert system to ensure execution aligns with LGIM's policies. |
| What process did you follow for determining the "most significant" votes? | Significant votes are identified using criteria from PLSA guidance, including:<br><br>• high-profile or controversial votes attracting client/public scrutiny;<br>• votes with strong client interest, expressed directly or at LGIM's stakeholder roundtable;<br>• sanction votes following direct or collaborative engagement; and<br>• Votes linked to LGIM's 5-year ESG priority engagement themes. |

| | |
|---|---|
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | For information on conflicts of interest, refer to LGIM's Investment Stewardship Conflict of Interest document here. |
| Voting policy | Available here |

| **Investment manager** | **Man Group** |
|---|---|
| What is your policy on consulting with clients before voting? | Man Group follows a custom voting policy that promotes good corporate governance and ESG standards while considering company-specific and market differences. They recognise that governance best practices vary globally and adopt a balanced, research-driven approach to voting.<br><br>Man aims to vote at all meetings where legally permitted, adhering to their custom voting policy unless a client provides specific voting instructions, in which case they will follow those. |
| Please provide an overview of your process for deciding how to vote. | Man Group primarily follows its custom voting policy but considers input from portfolio management teams and clients. Given the firm's diverse investment teams, differing views may arise. In such cases, a structured process evaluates all perspectives, incorporating:<br><br>• management recommendations;<br>• proxy provider advice;<br>• Stewardship Team input; and<br>• Stewardship Committee guidance (if required)<br>The Stewardship Team documents all votes that deviate from the custom voting policy, which are reviewed quarterly by the Stewardship Committee. |

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|---|---|
| How, if at all, have you made use of proxy voting services? | Man Group uses Glass Lewis as its proxy service provider, leveraging the 'Viewpoint' platform for electronic voting, research reports, and custom voting recommendations.<br><br>To ensure alignment with their policy, Man applies monitoring controls, including:<br><br>• screening high-value positions, with manual reviews of pre-populated votes; and<br>• electronic alerts for votes against policy, requiring manual input or further action. |
| What process did you follow for determining the "most significant" votes? | Man Group's proxy voting framework identifies 'high-value meetings' using:<br><br>• ESG ratings from third-party providers;<br>• internal metrics on meeting importance (% of shares held, fund AUM); and<br>• shareholder proposals, which are automatically flagged for review. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | Man Group maintains a Proxy Watch List of issuers where material conflicts of interest may arise. Votes for these issuers follow the custom voting policy unless the Stewardship Committee decides otherwise. A majority vote from committee members is required for final decisions on proxy issues.<br><br>No other conflicts reported. |
| Voting policy | Available here |

| **Investment manager** | **Ownership Capital** |
|---|---|

| | |
|---|---|
| What is your policy on consulting with clients before voting? | Ownership Capital views voting as a key engagement tool and votes its shares in line with its own guidelines to ensure consistency and minimise errors. However, they are open to discussing voting decisions with clients upon request. |
| Please provide an overview of your process for deciding how to vote. | The investment team determines votes based on corporate governance best practices and their understanding of each company's business. This is informed by ongoing dialogue with management.<br><br>A designated team member collects recommendations, screens them against the internal voting policy for consistency, and verifies alignment with previous voting activity. Once approved, voting instructions are submitted via the proxy voting platform. |
| How, if at all, have you made use of proxy voting services? | Ownership uses the ISS platform for voting and reporting. |
| What process did you follow for determining the "most significant" votes? | Significant votes are assessed on a case-by-case basis by the investment team, considering internal voting policies and the potential impact of each decision. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | No |
| Voting policy | Available here |

| Investment manager | RBC Global Asset Management |
|---|---|
| What is your policy on consulting with clients before voting? | RBC Global Asset Management (RBC GAM) makes independent voting decisions, with full responsibility resting solely with RBC GAM. To ensure voting aligns with clients' best interests, the Responsible Investment (RI) team reviews each proposal to confirm that the proxy advisory firm's recommendation aligns with their Guidelines. |
| Please provide an overview of your process for deciding how to vote. | RBC GAM's Proxy Voting Guidelines govern their voting decisions, incorporating internal expertise and independent research. These Guidelines are continuously updated to reflect evolving corporate governance best practices and are publicly available to inform clients and issuers.<br><br>While they generally vote in line with these Guidelines, there may be cases where they determine that an alternative vote or abstention is in their clients' best interests. In cases of actual or perceived conflicts of interest, RBC GAM follows specific procedures to ensure votes remain aligned with their Guidelines and portfolio objectives. |
| How, if at all, have you made use of proxy voting services? | RBC GAM engages ISS for proxy research and to issue custom voting recommendations based on their Guidelines. However, all voting decisions are made independently. RBC GAM also retains Glass Lewis & Co. for additional proxy research. |
| What process did you follow for determining the "most significant" votes? | Significant votes are identified based on various factors, including:<br>• votes against management recommendations;<br>• longstanding or ongoing engagements with issuers;<br>• votes on RBC GAM's largest holdings;<br>• votes aligned with core engagement priorities; and<br>• non-routine matters affecting shareholder rights or corporate governance. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |

| | |
|---|---|
| Are you currently affected by any conflicts across any of your holdings? | No |
| Voting policy | Available here |

| Investment manager | Ruffer LLP |
|---|---|
| What is your policy on consulting with clients before voting? | As a discretionary investment manager, Ruffer does not have a formal policy on consulting clients before voting. However, they can accommodate client voting instructions for specific areas of concern or particular companies where feasible. |
| Please provide an overview of your process for deciding how to vote. | Please refer to Ruffer's Responsible Investment Policy. |
| How, if at all, have you made use of proxy voting services? | Ruffer engages Institutional Shareholder Services (ISS) as their proxy voting advisor. They have developed their own internal voting guidelines but also consider ISS's insights to assess resolutions and identify contentious issues.<br><br>Although they acknowledge ISS's recommendations, Ruffer does not delegate or outsource its stewardship responsibilities. Each research analyst, supported by the responsible investment team, reviews resolutions on a case-by-case basis, leveraging their in-depth knowledge of the company. For controversial resolutions, discussions are held with senior investment staff. If consensus is not reached, the decision may be escalated to the Head of Research or the Chief Investment Officer. |
| What process did you follow for determining the "most significant" votes? | Ruffer defines significant votes as:<br>• any vote against management or against an ISS recommendation;<br>• any vote in breach of Ruffer's internal voting guidelines;<br>• any shareholder resolution;<br>• any climate-related resolution;<br>• any management-proposed climate-related resolution; or<br>• dissident shareholder slates (US only). |
| Did any of your "most significant" votes breach the | No breaches reported. |

| | |
|---|---|
| client's voting policy (where relevant)? | |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | No |
| Voting policy | Available here |

| **Investment manager** | **Sands Capital Management** |
|---|---|
| What is your policy on consulting with clients before voting? | Sands Capital does not have a formal policy for consulting with clients before voting. However, they conduct thorough research and engagement to ensure voting decisions align with their investment philosophy and fiduciary duty. |
| Please provide an overview of your process for deciding how to vote. | Sands Capital's investment research team, particularly the lead analyst covering the business, is responsible for voting decisions. They consider:<br>• company proxy materials;<br>• internal research and analysis;<br>• prior engagements with company management; and<br>• third-party recommendations from ISS and Glass Lewis<br>They do not delegate voting authority to proxy advisors but review their insights before making independent decisions. |
| How, if at all, have you made use of proxy voting services? | Sands Capital votes proxies directly, while considering the recommendations of ISS and Glass Lewis to supplement their own research. |
| What process did you follow for determining the "most significant" votes? | Sands Capital assesses vote significance based on:<br>• dissent level from shareholders;<br>• shareholder proposals they supported;<br>• votes against management or ISS recommendations;<br>• historical voting on similar proposals; and<br>• strategic relevance to their investment approach. |

| | |
|---|---|
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | No |
| Voting policy | Available here |

| **Investment manager** | **AllianceBernstein** |
|---|---|
| What is your policy on consulting with clients before voting? | Upon client's request, AllianceBernstein (AB) would be pleased to outline how their votes will be implemented based on AB's Proxy Voting and Governance Policy under non-disclosure agreement. |
| Please provide an overview of your process for deciding how to vote. | The members of the Responsible Investing Team responsible for proxy voting apply AB's Proxy Voting and Governance Policy. Votes of their significant holdings are consulted with covering investment analysts. All executed votes are also reviewed by their independent offshore-approval team. |
| How, if at all, have you made use of proxy voting services? | AB uses ISS' online voting platform to execute votes electronically. They also use their benchmark research as a screening tool before implementing their own Proxy Voting and Governance Policy. |
| What process did you follow for determining the "most significant" votes? | Significant votes are selected based on AB's significant holdings universe, considering factors such as:<br>• materiality of the issue and its potential impact on shareholder value;<br>• absolute value of the shareholding;<br>• AB's stake relative to other shareholders;<br>• votes against the Board's recommendations, requiring a case-by-case review. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | No |

| **Investment manager** | **Amundi** |
|---|---|
| What is your policy on consulting with clients before voting? | Amundi is committed to transparency. Where possible, it informs issuers of planned negative votes and can provide clients with an outline of how votes will be implemented upon request. |
| Please provide an overview of your process for deciding how to vote. | Amundi exercises voting rights for a large majority of its managed UCI, in the exclusive interest of its clients. The process includes:<br>• Voting rights are exercised on the entirety of shares held (unless a blocking period impacts the portfolio);<br>• Criteria for selecting funds include equity assets of at least €15 million, with a focus on avoiding excessive costs;<br>• Delegated management: Outside managers may vote according to a pre-defined voting policy disclosed at the outset.<br>For a detailed breakdown, please refer to the 2024 Voting Policy linked below. |
| How, if at all, have you made use of proxy voting services? | Amundi uses the ISS ProxyExchange platform for sending voting instructions, and the firm also utilises research from ISS, Glass Lewis, and Proxinvest to identify problematic resolutions. Amundi retains full autonomy from these recommendations, and ISS provides customised voting recommendations based on Amundi's policy. |
| What process did you follow for determining the "most significant" votes? | Amundi considers the following as significant votes:<br>• Shareholder proposals related to environmental, climate, social, labour rights, and human rights issues;<br>• Management proposals concerning climate strategy or climate reports ("Say on Climate"). |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |

| | |
|---|---|
| Are you currently affected by any conflicts across any of your holdings? | Amundi has measures to prevent and manage potential conflicts of interest, such as:<br>• definition and publication of their voting policy; and<br>• Voting Committee approval for resolutions involving companies with links to Amundi (e.g., affiliates, partners, shared executive officers)<br>If potential conflicts arise, the Corporate Governance team alerts the Voting Committee and prepares an explanatory file for review. |
| Voting policy | Available here |

| **Investment manager** | **Northern Trust Asset Management** |
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| What is your policy on consulting with clients before voting? | Northern Trust Asset Management (NTAM) consults with clients on a case-by-case basis and uses the content of these discussions as one data point, among others, when finalising their vote instructions. |
| Please provide an overview of your process for deciding how to vote. | NTAM views voting at shareholder meetings as a key way to communicate its views to companies on behalf of clients. Their voting is based on the Proxy Voting Policy, which focuses on maximizing shareholder value and considering ESG issues such as human rights, diversity, and climate change.<br>• Corporate governance issues and ESG risks are carefully considered when deciding votes;<br>• The voting process is case-by-case, with certain items reserved for discretionary decisions based on company-specific circumstances, performance analysis, and engagement success;<br>• NTAM encourages meaningful ESG reporting that helps shareholders evaluate financial performance. |
| How, if at all, have you made use of proxy voting services? | NTAM has delegated the responsibility of reviewing proxy proposals to an independent third-party Proxy Voting Service. The service provider votes recommendations in line with the Proxy Voting Policy. For cases not covered by the policy or when the policy is unclear, the Proxy Voting Service seeks guidance from NTAM. |

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| What process did you follow for determining the "most significant" votes? | NTAM doesn't have a specific policy for identifying significant votes. Instead, they prioritise companies for outreach and engagement based on corporate governance issues and ESG risks, third-party resources like Climate Action Net Zero Benchmark (NZB) and World Benchmarking Alliance for climate change and human rights data, and NTAM ESG Vector Score. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | Northern Trust acknowledges the potential for conflicts, given their size and passive holdings, as well as the possibility of board members holding multiple roles in private and public companies. However, conflicts of interest are managed through a formal policy and the use of ISS as an independent party to implement the voting policy helps mitigate conflicts. |
| Voting policy | Available here |

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| **Investment manager** | **BlackRock** |
| What is your policy on consulting with clients before voting? | As stewards of their clients' investments, BlackRock's Investment Stewardship team engages with company management and boards on material issues, including ESG matters. For clients who grant voting authority, BIS exercises voting proxies in the long-term economic interests of those clients. |
| Please provide an overview of your process for deciding how to vote. | Research and engagement inform BlackRock's vote decisions, with engagement priorities being global in nature. BlackRock welcomes discussions with clients to better understand their priorities. Companies are assessed for engagement based on the materiality of issues for long-term financial returns and the likelihood of productive engagement. BlackRock's |

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| | guidelines serve as a benchmark for evaluating governance matters and shareholder meeting agendas. In cases where clients wish to implement their own voting policies, these would apply in segregated accounts, with clients using third-party platforms for execution. |
| How, if at all, have you made use of proxy voting services? | BlackRock's proxy voting process is led by its Investment Stewardship team, which includes regional teams in the Americas, Asia-Pacific, and Europe, Middle East, and Africa. Voting decisions are made by the team in accordance with BlackRock's Global Principles and market-specific voting guidelines, with input from investment colleagues as necessary. Although BlackRock subscribes to research from proxy advisory firms such as ISS and Glass Lewis, these services are just one input into the decision-making process. |
| What process did you follow for determining the "most significant" votes? | BlackRock prioritises governance and sustainability themes that can encourage sound practices and sustainable financial performance. Their year-round engagement with clients, participation in policy debates, and market developments shape these priorities. BlackRock publishes "vote bulletins" that explain their vote decisions, providing detailed analysis of key votes on governance, strategy, and sustainability issues. These bulletins are publicly available shortly after shareholder meetings and are shared with clients to ensure transparency regarding significant votes. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | The company's compliance programme is designed to identify, escalate, avoid, and manage potential conflicts, governed by the Global Conflicts of Interest Policy. Employees are required to report and mitigate any potential conflicts to protect client interests. |
| Voting policy | Available here |

| **Investment manager** | **HSBC Asset Management** |
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| What is your policy on consulting with clients before voting? | The legal right to the underlying votes belongs to the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated the execution of these voting rights to HSBC Global Asset Management (UK) Limited. |
| Please provide an overview of your process for deciding how to vote. | HSBC exercises voting rights as an expression of stewardship on behalf of their clients' assets. They have developed global voting guidelines that protect investor interests and encourage best practices. These guidelines focus on issues such as ensuring independent directors, linking remuneration to performance, limiting shareholder dilution, and opposing poison pills. |
| How, if at all, have you made use of proxy voting services? | HSBC utilises ISS to apply their voting guidelines globally. ISS reviews resolutions at shareholder meetings and provides recommendations, highlighting any resolutions that conflict with HSBC's guidelines. HSBC assesses these recommendations in line with their voting policies, with the majority of holdings voted according to ISS's advice, based on the scale of their overall holdings. |
| What process did you follow for determining the "most significant" votes? | HSBC considers votes against management recommendations to be the most significant. In the context of climate, they encourage companies to disclose their carbon emissions and climate-related risks following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. If companies in energy-intensive sectors repeatedly fail to disclose carbon emissions or climate-related governance, HSBC generally votes against the re-election of the Chairman. They also tend to support shareholder resolutions advocating for enhanced climate-related disclosure. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |

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| Are you currently affected by any conflicts across any of your holdings? | HSBC Funds and client mandates may hold shares in their parent company, HSBC Holdings PLC. They have established a special procedure for voting these shares to manage potential conflicts of interest. |
| Voting policy | Available here |

| Investment manager | Baillie Gifford |
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| What is your policy on consulting with clients before voting? | Baillie Gifford's voting decisions are made by their ESG team in collaboration with investment managers. They do not typically engage with clients before submitting votes. However, if a segregated client has a specific view on a vote, they will engage with them. |
| Please provide an overview of your process for deciding how to vote. | Baillie Gifford believes that voting should be investment-led, as voting is a key part of their long-term investment process. Their preference is to have this responsibility delegated to them by clients. Baillie Gifford's ESG team oversees voting analysis and execution in collaboration with investment managers. They aim to vote on every client holding in all markets. |
| How, if at all, have you made use of proxy voting services? | While Baillie Gifford considers recommendations from proxy advisers such as ISS and Glass Lewis, they do not delegate any part of their stewardship activities to third parties. All voting decisions are made internally, in accordance with Baillie Gifford's own policies. They also consult specialist proxy advisers for information on the Chinese and Indian markets to gain more nuanced, market-specific insights. |
| What process did you follow for determining the "most significant" votes? | Baillie Gifford considers several factors to determine the most significant votes, including:<br>• votes where their holding had a material impact on the meeting's outcome;<br>• management resolutions that faced 20% or more opposition in the previous year;<br>• egregious remuneration practices;<br>• controversial equity issuances; |

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| | • shareholder resolutions that garnered 20% or more support in the prior year;<br>• significant audit failings;<br>• votes related to material ESG issues. |
| Did any of your "most significant" votes breach the client's voting policy (where relevant)? | No breaches reported. |
| If 'Y' to the above. Please explain where this happened and the rationale for the action taken. | N/A |
| Are you currently affected by any conflicts across any of your holdings? | Baillie Gifford provides services to a wide range of clients, including those that may be issuers of securities that Baillie Gifford may recommend for purchase or sale. They do not consider their client, service provider, or supplier status when making investment decisions, as excluding such issuers would not generally be in the interests of clients, unless explicitly instructed otherwise. Some Baillie Gifford partners and fund managers are members of the Nomination Committees at companies such as Schibsted ASA, Kinnevik AB, Adevinta ASA, and VNV Global. These committees, which are not board committees, are formed by large shareholders. Baillie Gifford's involvement in these committees allows them to be more closely involved in governance and stewardship without voting on substantive company policies. |
| Voting policy | Available here |