



Retirement Solutions

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The Pensions Trust
Annual Report
and Financial
Statements **2022**

Pension Scheme Registration Number
10170418

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Trustee and Advisors

Trustee	Verity Trustees Limited
Chair of the Trustee Board	Joanna Matthews
Co-opted Directors	Joanna Matthews – Independent Chair (n) Michael Ramsey (n) (resigned 1 June 2022) David Robertson (n)
Employer-Nominated Directors	Jonathan Wheeler (p) Paul Oldroyd (d) Jonathan Cawthra (n) Dean Waddingham (n) (appointed 1 October 2022)
Member-Nominated Directors	Thomas Hague (a) Andrew Newberry (p) (resigned 30 September 2022) Linda Henry (a) Helen Astle (d) (appointed 1 October 2022) Chris Roles (p) (appointed 1 October 2022)
	(a) Active member of the Trust (p) Pensioner member of the Trust (d) Deferred member of the Trust (n) Not a member of the Trust
Defined Contributions Administrator	Mercer Limited
Scheme Actuary	Michael Kelly FIA Mercer Limited
Independent Auditors	PricewaterhouseCoopers LLP
Legal Advisors	Linklaters LLP Birkett Long LLP CMS Cameron McKenna Nabarro LLP Pinsent Masons LLP
Bankers	The Royal Bank of Scotland plc Barclays Bank plc
Investment Managers	abrDN Alternative Funds Limited (formerly abrDN Investment Management Limited) AllianceBernstein Limited Apollo Global Management, LLC (formerly Apollo Group)

Ares Management LLC (formerly Ares Management Corporation)
Ashmore Investment Management Limited
BlackRock Investment Management (UK) Limited
CBRE Investment Management (formerly CBRE Global Investment Partners)
Chorus Capital Limited (formerly Chorus Capital Management Limited)
Christofferson, Robb & Company LLC
First State Investments Fund Management S.Ar.L. (formerly First State Sentier)
Foresight Group Holdings PLC (formerly Foresight Energy Infrastructure)
Global Infrastructure Partners
Hayfin PT LP (formerly Hayfin Capital Management LLP)
IFM Investors Pty, Limited
InfraRed Capital Partners Limited
Juniperus Capital Limited (resigned 15 March 2022)
King Street Capital Management, L.P.
Legal & General Assurance (Pensions Management) Limited (formerly Legal & General Investment Management Limited)
Macquarie Financial Products Management Limited
Man Group PLC
Meridiam SAS (formerly Meridiam Infrastructure Managers)
Nephila Capital Limited
Ownership Capital B.V.
Pacific Investment Management Company LLC
Phoenix Group Holdings PLC (formerly Phoenix Life Limited)
RBC Global Asset Management (UK) Limited
RK Investment Management Limited (resigned 22 March 2022)
Royal London Asset Management Limited
Ruffer LLP
Sands Capital Management, LLC
Standard Life Assurance Limited (formerly abrdn PLC)
Stonepeak Holdings LLC (formerly Stonepeak Infrastructure Partners)
Vontobel Asset Management SA (formerly TwentyFour Asset Management LLP)
Wellington Management International Limited

External AVC Policy Providers

See listing in Note 20

Insurance Policy Providers

See listing in Note 19

Property Valuer	Cluttons LLP
Investment Consultants	Mercer Investment Consulting Redington Investments Limited
Custodian	The Northern Trust Company
Custody Consultants	Thomas Murray Data Services
Address for enquiries	TPT Retirement Solutions Verity House 6 Canal Wharf Leeds West Yorkshire LS11 5BQ Email: enquiries@tpt.org.uk Website: www.tpt.org.uk

Trustee's Report

For the year ended 30 September 2022

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 2022.

Trust Constitution and Management

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. As at 30 September 2022, the Trustee Board consisted of eight Directors, three of whom are nominated by the members, three by the employers and two Directors co-opted onto the Trustee Board by the member and employer-nominated Directors. From 1 October 2022 the number of Directors increased to ten, four nominated by the members, four nominated by the employers and two Directors co-opted onto the Trustee Board by the member and employer-nominated Directors. Verity Trustees Limited is also the corporate Trustee of The Pensions Trust 2016. The Pensions Trust and The Pensions Trust 2016 operate under the name TPT Retirement Solutions ("TPT"). 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 2022.

TPT operates a two-tier governance structure. The supervisory Trustee Board appoints and holds to account a Management Oversight Board which holds delegated authority to make decisions about the operation of TPT and to oversee its day-to-day running. There are four members of the Management Oversight Board, all independent non-executives. For the Trust year ended 30 September 2022, David Robertson was the Chair of the Management Oversight Board. He is also a co-opted Director of Verity Trustees Limited. The other members of the Management Oversight Board at 30 September 2022 were Mike Balfour, Richard Coates and Colin Richardson who are also the respective Chairs of the Investment, Audit, Risk & Compliance and Funding Committees. On 1 June 2022 Michael Ramsey resigned as Chief Executive of TPT Retirement Solutions, as a member of the Management Oversight Board and also as a co-opted Director of Verity Trustees Limited. The Trustee Board agreed to appoint David Lane as Interim Chief Executive with immediate effect and not to fill the arising vacancy on either the Management Oversight Board or Verity Trustees Limited. On 1 January 2023 the Trustee Board confirmed David Lane as permanent Chief Executive.

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 are 53 (2021: 50) segregated schemes ("schemes") within the Trust as at 30 September 2022.

Current Economic Environment

Conflict in Ukraine

The Trustee has monitored the consequences of the Ukraine conflict for the Trust and has considered in particular the payment of pensions, the effect on the employer covenant and the effect on the Trustee's investment strategy. The Trust has no pensioners who are based in Russia or Ukraine and therefore no special measures regarding the payment of pensions have been necessary.

The Trust had minimal exposure to Russian, Belarusian and Ukrainian assets prior to the invasion. The exposure to Russia was below 0.1% in September 2022. Where possible, assets were sold down following the invasion and managers instructed not to purchase further Russian assets. Given this minimal exposure the Trustee is satisfied that the risks posed to the management of the Trust and its investments have been adequately managed and no additional mitigating actions are currently required.

Post Fiscal Event Volatility

Following the government's 'mini-budget' on 23 September 2022, a significant sell-off took place in the Gilt market, resulting in a c.120 basis points (bp) increase in the 30-year nominal yield from 23 September 2022 to 27 September 2022. The Bank of England intervened on 28 September 2022, with the 30-year nominal yield falling c.100bp on the same day. Additional measures were put in place on 10 October 2022 and 11 October 2022 by the Bank of England, and on 19 October 2022 the majority of measures from the 'mini-budget' were reversed, resulting in further falls in the 30-year nominal Gilt yield.

As part of normal collateral-monitoring processes, the Trustee compares the availability of collateral against potential requirements on a daily basis. Yields had been rising throughout 2022 with an increase in the 30-year nominal Gilt yield from c.1.0% to c.3.5% prior to the 'mini-budget'. This daily monitoring continued post 'mini-budget' and allowed the Trustee to react quickly to collateral and recapitalisation requirements on Liability Driven Investment (LDI) funds. Communication was maintained with non-LDI fund managers in relation to the selling of assets to meet the calls, ensuring there were no excessive transaction costs and sales were executed at market value (avoiding significant discounts).

During the first quarter of 2023, volatility has greatly reduced in the gilt market (compared to September and October 2022). Increased collateral buffers have been requested by regulators and have been implemented by our LDI managers. As a result, the Trust has a greater resilience to future periods of high volatility in the gilt market.

The Trustee will complete a review of the Strategic Asset Allocation during the first quarter of 2023 to consider the potential changes to be made to the broader portfolio in light of these events.

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 44 to 87 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 2022	Year ended 30 Sept 2021
	£m	£m
Contributions Receivable	717.0	687.8
Transfers In and Other Income	25.8	25.1
Benefits Paid or Payable and Other Payments	(347.2)	(306.2)
Transfers Out to Other Schemes	(99.8)	(152.4)
Administrative Expenses (incl. PPF levy)	(25.5)	(22.3)
Net Additions from dealings with Members	270.3	232.0
Investment Income	191.8	212.2
Change in Market Value of Investments	(4,148.8)	713.6
Investment Management Expenses	(51.0)	(53.6)
Net Return on Investments	(4,008.0)	872.2
Net (Decrease) / Increase in the Trust during year	(3,737.7)	1,104.2
Net Assets at beginning of year	13,789.5	12,685.3
Net Assets at end of year	10,051.8	13,789.5

Significant developments affecting the financial performance of the Trust during the year include:

- Contributions receivable have increased by 4.2% when compared to last year, from £687.8m to £717.0m.
- Defined Contribution (DC) contributions have increased by £29.9m (9.0%), whilst Defined Benefit (DB) contributions have decreased by £0.7m (0.2%).
- Transfers In have decreased by 15.5% from £10.3m to £8.7m.
- Within Benefits Paid or Payable, the pensions payable have increased by 6.2% from £208.0m to £220.9m, which reflects the increased number of pensioners in the year and annual pension increases.
- Within Transfers Out to Other Schemes, there is an external transfer of £0.8m relating to Metropolitan Housing Trust (2021: £43.3m). All other amounts relate to individual transfers out.
- Administrative Expenses have increased 14.3% (£3.2m), largely due to increases in Professional Fees and Employment Costs.
- There was a negative return on investments for the Defined Benefit Schemes during the year to 30 September 2022 of 33.0% (2021: positive return of 5.3%). Further details on investment performance can be found on page 14.

Contributions

During the year 94 employers (2021: 96) remitted contributions later than the date set out in the Schedules of Contributions or Payment Schedules. In respect of the year ended 30 September 2022, there were 157 late payments (2021: 232) representing total contributions of approximately £9.5m (2021: £2.8m).

As at 30 September 2022, £0.2m (2021: £0.2m) of late contributions were outstanding; this included defined benefit employer normal, employee normal and deficit funding contributions.

Membership and Benefits

As at the year end, there were 2,512 (2021: 2,546) active employers.

The change in membership during the year is as follows:

	Active Members	Deferred Members	Pensioners	Beneficiaries	Total
At the start of the year	138,052	209,400	44,394	3,703	395,549
New members*	37,836	108	31	-	37,975
Members retiring	(323)	(1,939)	2,262	-	-
Members leaving prior to pension age	(33,665)	33,658	-	-	(7)
Members leaving with refunds	(975)	(2,546)	-	-	(3,521)
Transfers out	(3,098)	(4,428)	(21)	(108)	(7,655)
Full commutations	(8)	(209)	(21)	(13)	(251)
Deaths	(150)	(292)	(897)	(74)	(1,413)
New beneficiaries	-	-	-	346	346
Reclassifications**	124	789	(2)	1	912
At the end of the year	137,793	234,541	45,746	3,855	421,935

At the start of the year:

DB	8,990	54,497	44,394	3,703	111,584
DC	129,062	154,903	-	-	283,965
Total	138,052	209,400	44,394	3,703	395,549

At the end of the year:

DB	6,443	53,207	45,746	3,855	109,251
DC	131,350	181,334	-	-	312,684
Total	137,793	234,541	45,746	3,855	421,935

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

** Reclassifications include status updates for member records not previously recorded as an active, deferred, pensioner or beneficiary member.

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

Included in this table are 8,847 (2021: 9,045) pensioners and beneficiaries whose benefits are secured by annuities. There are 6,429 (2021: 5,264) 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 706 (2021: 797) 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.

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 for the most part 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 2022	0.0%	7.8%	3.7%
6 April 2021	0.0%	5.0%	0.8%

There have been no discretionary increases awarded during the reporting period (2021: none).

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 Royal National College for the Blind Defined Benefit Scheme are currently reduced due to the level of underfunding in the scheme.

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 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 88 to 90. 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 2021 (the latest aggregate valuation available) is the sum total of either the full actuarial valuations at that date or the latest actuarial update.

	2021	2020
	£m	£m
Valuation date 30 September		
Value of Technical Provisions	12,242.0	12,860.4
Value of Assets Available to meet Technical Provisions*	11,096.7	10,739.6
as a percentage of Technical Provisions	90.6%	83.5%

Due to the rise in government bond yields over the year, subsequent falls in the Liability Driven Investments (LDIs) have significantly contributed to the reduction in the Trust assets in the year to 30 September 2022. Conversely, because of the use of the LDIs to manage current and future liabilities of the Trust, an approximate update to the technical provisions as at 30 September 2022 shows only a slight decrease in the funding position when compared with 30 September 2021. The information shown below is based on a rolled-forward position from the 30 September 2021 valuations.

	2022
	£m
Valuation date 30 September	
Value of Technical Provisions	8,461.0
Value of Assets Available to meet Technical Provisions*	7,449.9
as a percentage of Technical Provisions	88.1%

**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.*

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 the 2021 valuations are as follows:

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.

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 S2PxA 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 0.50% for 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 89 and 90. A copy of the example certificate can be found on page 88.

Contingent Liabilities

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.

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 of both Contingent Liabilities can be found in note 31 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.

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 20 to 39.

Task Force on Climate-related Financial Disclosures Report

Executive Summary

In 2015 the Financial Stability Board ("FSB") created the Task Force on Climate-related Financial Disclosures ("TCFD") – an industry-led group. In 2017 they provided a framework to help companies, asset managers and asset owners to report climate-related financial information. The TCFD Report requirements came into force on 1st October 2021 for all Defined Benefit ("DB") schemes with over £5bn in assets (as at 31 March 2020) and authorised Defined Contribution ("DC") master trusts. This report provides a way to help identify, measure and manage long-term climate-related risks and opportunities. Today, TCFD has over 4,000 supporters from more than one hundred countries around the world – and those numbers are steadily growing.

The Task Force developed four areas for climate-related disclosures: governance, strategy, risk management, and metrics & targets. The Trustee has arranged this report around these four pillars and believes it is through the actions of today that we will help to solve the climate problems of tomorrow. This will help to reduce risks to our members and wider society as we transition to a low-carbon economy.

Our Commitments

- By 2025: Reduce our carbon intensity by at least 25%. This aligns with the Intergovernmental Panel on Climate Change's ("IPCC") decarbonisation pathway for the 1.5°C scenario, and is consistent with our 50% reduction target by 2030.
- By 2030: Halve our portfolio emissions. Reducing our emission intensity by half will ensure that we are on track to deliver our objective of net zero by 2050.
- Increase our investment in climate solutions to at least 6% of our return-seeking assets by 2030.
- Ensure that, by 2030, at least 90% of financed emissions in material sectors are either assessed as net zero, aligned with a net-zero pathway or is the subject of engagement activities. Financed emissions are greenhouse gases ("GHG") emitted as a result of financial institutions' provision of capital to the emitter.

We support the Financial Stability Board's view that 'the occurrence of extreme climate events, as well as a disorderly transition to a low-carbon economy, could have destabilising effects on the financial system, including through a rise in risk premia and falling asset prices in the relatively short term'. We are working continuously to assess and manage climate-related risks and opportunities.

Summary of Findings Against Requirements

	Disclosure Requirement	Summary of Findings
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	<p>The Trustee is responsible for all aspects of running the Trust.</p> <p>Climate-related risks have been identified as a material financial risk and are monitored closely through regular reporting to the Trustee Board, the Management Oversight Board, the Funding Committee and the Investment Committee.</p> <p>Day-to-day implementation is delegated to the Investment Management Team.</p>
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's processes, strategy, and financial planning where such information is material.	<p>The risks, opportunities and impacts presented by three different scenarios of the transition to net zero across three different time horizons has been profiled for our different funding strategies. This creates many different potential outcomes.</p> <p>We found our least mature Defined Benefit schemes to be vulnerable in the short term where a disorderly or failed transition to net zero occurs.</p> <p>Conversely, Defined Contribution members close to retirement where an orderly transition occurs are least likely to be vulnerable.</p> <p>Our investments work for a wide range of members and employers – we use stress tests to help us assess the resilience of our portfolio in relation to climate risks.</p>
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	<p>Our Investment Risk Management Framework is embedded into our operations and is also used to manage climate-related risks. It has operational oversight by the Executive Board, the Risk Committee and ultimately the Audit, Risk and Compliance Committee.</p> <p>The key components of our Investment Risk Management Framework are:</p> <ul style="list-style-type: none"> • Risk pillars • Risk appetite

		<ul style="list-style-type: none"> • Risk taxonomy • Risk scorecard • Risk registers • Key controls • Risk events <p>Our Investment Risk Management Framework is supported by four enablers:</p> <ul style="list-style-type: none"> • Risk horizon scanning • Change management risk assessment • Risk management information • Training and education
<p>Metrics & Targets</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</p>	<p>We report against four climate metrics:</p> <ul style="list-style-type: none"> • Absolute emissions metric • Emission intensity metric • Additional climate metric (non-emission factor) • Portfolio alignment metric <p>Data coverage and quality varies across our investments, with data coverage ranging from 45% to 100% and data quality ranging from 48% to 80%.</p> <p>Between 2019 and 2022 we achieved 35% and 27% yearly reductions, respectively, in the carbon intensity of our DB and DC portfolios.</p>

The full TCFD report can be found on [TPT's website](#).

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 2022 were approved in October 2021. A copy of the Defined Contribution SIP may be found in Appendix 1 on pages 91 to 103. 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 Accounts 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 5 on pages 123 to 168.

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 ethical 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 Taskforce's Recommendations on Climate-Related Financial Disclosure, we have disclosed the Trust's approach to climate-risk management on TPT's website.

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 performance of the Trust's DB investments compared to benchmark is summarised in the following table. 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 £7,305.5m, and the Growth Plan Series 3, which had assets at the year end of £116.6m. 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 the Liability Driven portfolio (“LDI”). The weightings attributed to each of these portfolios will depend on the characteristics of each scheme.

There was a negative return on investments on the main DB portfolio in the 12 months to 30 September 2022 of 33.03% (2021: positive return of 5.31%).

The performance of the Trust’s DB investments compared to benchmark is summarised in the following table.

Annualised return over:	Portfolio allocation	1 Year	3 Years	5 Years
<u>DB</u>				
Growth Assets	48%	3.03%	7.68%	6.50%
<i>Benchmark¹</i>		4.99%	4.75%	4.84%
Matching-Plus²	20%	(11.06)%	(1.66)%	-
<i>Benchmark³</i>		(13.98)%	(4.65)%	-
Liability Driven Investments⁴	32%	(72.24)%	(36.65)%	(16.95)%
<i>Benchmark⁵</i>		(80.98)%	(43.87)%	(23.25)%
Main DB Portfolio	100%	(33.03)%	(9.84)%	(1.67)%
Growth Plan Series 3		0.1%	(0.3)%	(0.16)%
<i>Benchmark</i>		0.7%	0.4%	0.46%

¹The 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.

²The Matching-Plus portfolio was separated out from Growth Assets on 31 December 2018, hence it lacks a five year track record.

³The 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.

⁴These 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.

⁵The 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.

The reduction in Trust assets over the year to 30 September 2022 is attributable to the rise in government bond yields over the period, which has had a materially negative impact on the LDI assets. The absolute decline in the value of the LDI assets approximately matched the fall in the value of the liabilities of the schemes. Despite it being a challenging 12 months for global equities and fixed interest (credit) investments, the Growth Assets Portfolio produced a positive return because the positive impact of the market neutral and illiquid components more than offset declines elsewhere.

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 Year	5 Year
<u>DC</u>			
Target Date Funds (TDF)			
Pre-Retirement: TDF 2026-2028	(7.06)%	1.32%	2.73%
<i>Benchmark CPI + Margin</i>	<i>11.78%</i>	<i>6.06%</i>	<i>5.23%</i>
Mid-Life: TDF 2035-2037	(9.29)%	3.37%	4.76%
<i>Benchmark CPI + Margin</i>	<i>13.42%</i>	<i>7.62%</i>	<i>7.24%</i>
Young: TDF 2053-2055	(9.80)%	3.88%	5.00%
<i>Benchmark CPI + Margin</i>	<i>14.51%</i>	<i>8.66%</i>	<i>8.07%</i>
Ethical Target Date Funds (ETDF)			
Pre-Retirement: ETDF 2026-2028	(12.24)%	(0.29)%	2.24%
<i>Benchmark CPI + Margin</i>	<i>11.78%</i>	<i>6.06%</i>	<i>5.23%</i>
Mid-Life: ETDF 2035-2037	(14.20)%	0.89%	3.34%
<i>Benchmark CPI + Margin</i>	<i>13.42%</i>	<i>7.62%</i>	<i>7.24%</i>
Young: ETDF 2053-2055	(12.39)%	3.58%	4.98%
<i>Benchmark CPI + Margin</i>	<i>14.51%</i>	<i>8.66%</i>	<i>8.07%</i>

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

Details of Employer-Related Investments are included in note 30 of the Financial Statements.

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 pension scheme 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.

Approval

The Trustee's Report on pages 4 to 17 was approved and signed for and on behalf of the Trustee on 22 March 2023.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Chair's Statement Regarding DC Governance

For the year ended 30 September 2022 (the "Trust year")

Contents

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

- Section 1: Default investment
- Section 2: Administration (processing core financial transactions)
- Section 3: Member-borne costs and charges
- Section 4: Value for members
- Section 5: Trustee knowledge and understanding
- Section 6: Trustee independence
- Section 7: Member feedback

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

Background

TPT is a leading workplace pension provider with 75 years' experience of providing pensions and £10.0 billion of assets (as at 30 September 2022) under management.

TPT is an authorised Master Trust supervised by the Pensions Regulator to ensure quality and sustainability. TPT comprises a Trustee Board (Verity Trustees Limited) which provides governance oversight and various functions noted throughout this statement. Further information about our Trustee Board can be found at <https://www.tpt.org.uk/about-us/our-people/trustee-board>.

The Trustee Board (the Trustee) and TPT also 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.

Highlights

Responsible Investment & Climate Change

The Trustee is committed to the Responsible Investment Framework and is a signatory to the Principles for Responsible Investment, and the Paris Aligned Investment Initiative. It also supports other industry-wide initiatives to promote responsible investment, such as the Institutional Investors Group on Climate Change ("IIGCC").

The Trustee's Climate Change Policy is a strategic part of its approach to being a responsible investor. The policy drives an understanding of exposure to climate change risks and opportunities at the portfolio level for DC investments, and it helps to ensure that new and existing investments are managed in a way that takes account of these risks.

The Trustee is a member of the Paris Aligned Asset Owners Group. Alongside other major global asset owners with collective assets totalling \$1.9tn, the Trustee has committed to achieving a net zero emission portfolio – helping to drive the transition to a low carbon economy – by 2050.

TPT members have the option to invest in Ethical Target Date Funds which track the FTSE4Good and MSCI Socially Responsible Investment (“SRI”) Indices, and have an allocation to corporate bonds (which are ethically screened) and UK government bonds.

Member communications & engagement

The Trustee is committed to a comprehensive programme of member engagement and reviews its communications plan annually.

A number of improvements were introduced during the year to help members get the most from their TPT pension. These included:

- a new welcome video for new joiners
- the addition of a ChatBot to the TPT members’ website to help members find the information they want more easily
- the addition of a new articles hub, with topical content on a variety of pension issues such as the gender pensions gap and finding lost pension
- the launch of an interactive video to help members understand the Pension and Lifetime Savings Associations, Retirement Living Standards and the type of retirement they might want to target
- updated personalised video benefit statements including life-stage relevant content linked to the Retirement Living Standards.

New retirement proposition

Flexibility about how and when members take their benefits is becoming increasingly important. During the year TPT introduced the ability for members to access their benefits as a series of lump sums, rather than a single lump sum.

To better support members at important points in their retirement journey TPT also partnered with national financial advisory firm Origen to offer members access to cost-effective financial advice.

Approval

This DC Governance Statement was approved and signed for and on behalf of the Trustee on 22 March 2023.

Joanna Matthews
Independent Chair
Verity Trustees Limited

The remainder of this statement describes in more detail the Trustees 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. The day-to-day selection of investments is delegated to specialist investment managers, AllianceBernstein.

Default investment

Most members (over 90%) are invested in a default investment offered and governed by the Trustee, generally in the absence of an active choice. Some members actively self-select their investments from a range offered by the Trustee.

The default investment uses so-called Target Date Funds (“TDFs”). Ethical Target Date Funds (“ETDFs”) are also available as the default option for members of The Ethical Fund (“TEF”).

Each TDF is geared up to a 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, with copy attached as Appendix 1.

SIP policies cover items including risk, return and issues associated with Responsible Investment and Climate Change. The SIP also covers how the Scheme’s default investment options are 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.

Default investment review

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

A review is also undertaken annually (and whenever there has been a significant change in investment policy) which exceeds the minimum legal requirement. A more formal review is then undertaken on

a triennial basis. The last formal review was completed in May 2021. This included a review of the fiduciary manager AllianceBernstein, and more detailed investment modelling undertaken by Redington.

A typical review process (triennial or annual) involves various layers of delegated roles and responsibilities. The Investment Management Team monitors performance on an ongoing basis and produces a paper with relevant updates for each quarterly Investment Committee meeting.

The investment manager also produces formal papers for the Investment Strategy Review, and advice is taken from the independent investment adviser, currently Redington.

The Investment Committee undertakes quarterly and annual performance monitoring in conjunction with the investment manager and convenes a dedicated committee meeting to cover the DC scheme and the culmination of the review process. The output of the annual review is reported back to the Trustee Board.

The Investment Committee also keeps the investment strategy of the ETFs under regular review and seeks to provide further diversification within these funds as alternative strategies become available at appropriate costs.

This standard process was followed in full during the Trust year. The culmination of the review process took place at an Investment Committee meeting on 5 May 2022. In the Trust year, key papers included a "TPT Stewardship Presentation" from the investment manager, dated 5 May 2022.

The review took into account changes in the profile of the TPT members over the year, as well as individual member-level analysis taking into account current financial circumstances, risk tolerance and future financial circumstances. The aggregate analysis was then used to inform the current and future objectives of the default strategy, taking into account the investment manager's view of future investment returns.

The outcome of the annual review was that the default investment remains appropriate for the membership, given member demographics and the retirement outcomes experienced.

Section 2: Administration

Good member outcomes in DC schemes rely, at least in part, on administration of a high standard. As part of this, the Trustee is required to have processes in place to make sure that the 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 which delivers these core financial transactions is undertaken by the administrator, ("Mercer"), a specialist third-party provider of pensions administration services. All monthly contributions and member data were collected by a dedicated employer support team within TPT.

Assessment

Based on 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 were identified that required reporting to the Pensions Regulator.

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 agreed service levels and key controls 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 Service Level Agreement ("SLA") is 95%.

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).

Monthly audits are carried out by TPT's Quality Assurance team 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 as part of the monthly meetings between TPT and the administrator, and escalated to the Management Oversight Board as necessary.

The Executive Board considers the administrator's annual report on the completeness and accuracy of common and conditional data (which is relevant to core financial transactions).

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 (ICAEW). 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.

AAF reports are reviewed by the TPT DC Team as part of TPT's own DC governance process and by the Defined Contribution Oversight Committee on behalf of the Trustee. The output is then reported to the Trustee Board.

TPT's in-house Internal Audit function provides assurance to the Trustee, 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 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 Management Oversight Board and the Trustee Board 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 scheme and managing the investments. These charges are deducted as a percentage of member pots.

As required by law, the Trustee has calculated member-borne charges for each of the default investments, and the self-select investments 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.

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 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 them as a member.

Administration charges

These are the charges made for running the pension 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. Data in respect of additional charges is monitored by the Investment Committee on a quarterly basis.

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 to 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 process of engagement with the Investment Manager. Comments are included where details of transaction costs are limited in any way.

Cumulative illustrations

As required by law, we have included illustrations at 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 simply to assist in the general understanding of the DC scheme.

Net investment returns

As required by law, we have included tables showing net investment returns at Appendix 4. These show how investment returns in each default target date fund have been affected by administration charges and transaction costs over the relevant period. Self-select options are also covered. Please note, 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 ending 30 September 2022, and a formal report was approved by the Trustee on 22 March 2023.

The purpose of this report was to assess the value for members of the DC arrangements within TPT in relation to the costs members pay in return for the benefits and services they receive.

The Trustee has updated its monitoring and reporting framework for the year, obtaining independent expert advice on its processes and expanding the range of criteria it considers in assessing whether TPT offers value for members.

The report can be accessed via the TPT website.

Assessment

The Trustee has used seven criteria to assess whether the DC scheme offers value for members. The key points identified and the Trustee's conclusion in each area are shown below.

1) Scheme Governance & Management

Assessment:

- The scheme has a long-established and comprehensive trustee governance structure.
- The Trustee Board has a diverse range of experience with Trustee Directors holding a range of complementary professional qualifications.
- The Trustee Board is supported by a DC Oversight Committee, which exercises the statutory function of Scheme Strategist, by the wider team of professionals employed by TPT and by several external professional advisers.
- All Trustee Directors follow a structured personal development plan with feedback and training provided to ensure that they are performing well in their roles.

Conclusion:

- The Trustee believes that TPT has a robust and independent governance structure with a strong focus on improving member outcomes.

2) Scheme Administration

Assessment:

- Day to day administration is carried out by a dedicated service team of more than 50 full time staff employed by a specialist third party administrator.
- Performance against SLAs is regularly monitored and regularly exceeds contractual requirements and industry expectations.

- Data quality is reviewed annually and is rated at 96%, with plans in place to improve this 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.
- TPT was awarded the 2022 Pension Age Pensions Administration Award

Conclusion:

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

3) Investment

Assessment:

- The Trustee believes that the default investment arrangement, implemented through TDFs, is suitable for the majority of members and incorporates a well-designed investment glide path to retirement.
- TDFs provide significantly more investment flexibility and future-proofing than a “lifestyle” approach.
- The default investment options are performing in line with expectations.
- A range of self-select funds are offered to members which covers key asset classes and includes options for members who wish to invest in line with ethical principles.

Conclusion:

- The Trustee believes that the DC scheme offers an appropriate range of investment options for its members.

4) Costs & Charges

Assessment:

- The vast majority of members pay an AMC of 0.50% which covers all services that are provided to support members’ savings journeys, including the cost of managing their investments, administration, support and engagement.
- TPT’s charging structure means that members’ AMC’s remains constant through their savings journey, assuming they remain invested in the default strategy.
- Transaction costs are consistent with typical DC default investment strategies.

Conclusion:

- The Trustee believes that the costs and charges paid by members for the services provided are reasonable in comparison with other similar master trusts.

5) Environmental, Social & Governance (ESG) Factors

Assessment:

- TPT has a responsible investment policy which AllianceBernstein (“AB”) integrates into the TDF default investment strategy.
- TPT has a climate action plan which includes various commitments to be met by 2030 and 2050.
- The climate action plans in place for TPT and AB mean that climate considerations are integrated across the default investment strategy.
- Both TPT and AB are affiliated with a range of industry groups and demonstrate a commitment to investing in line with ESG factors.

Conclusion:

- The Trustee believes that the strategies in place within the DC scheme demonstrate a good appreciation for the risks and opportunities arising from ESG factors

6) Member Engagement

Assessment:

- TPT has the ability to provide member communications which are segmented by age and, in particular, TPT has bespoke communication strategies for the key phases of accumulation and pre-retirement;
- Communications are provided to members in a range of different formats to accommodate members’ different preferences for accessing information
- Communications can also be made which are personalised for the member and which are 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; and
- Communications are tracked through metrics including website visits, secure portal log-in rates, and open and click-through rates of email communications.

Conclusion:

- The Trustee believes that it provides engaging member communications and demonstrates an ongoing commitment to understanding its members’ needs and improving the communications and tools used. TPT has received a number of Pensions Industry Awards in this area.

7) Retirement Journey

Assessment:

- Segmented retirement life-stage communications are provided to allow members to focus on key decisions.

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

Conclusion:

- The Trustee believes that members have an appropriate range of retirement options and that this is combined with support and tools to help them make their retirement decisions.

Looking Forward

Value for members is an evolving assessment. The Trustee wants to ensure good value relative to other forms of saving and investment (especially DC pension saving). We will continue to work towards improvements in value over time, and more information on these plans is available in the Value for Members Summary published on TPT's website.

Section 5: Trustee knowledge and understanding (“TKU”)

The Trustee Directors have considerable relevant experience and expertise with skills and knowledge which complement each other and provide a diversity of experience on the Trustee Board. Trustee Directors must complete the Pensions Regulator’s Trustee Toolkit and satisfy “Fit and Proper” regulatory requirements.

Further, Trustee Directors are required by law to satisfy knowledge and understanding requirements in relation to the DC scheme.

Assessment

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

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

- Working knowledge of the 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 properly exercise their functions.

These general requirements are met by a set of standard TKU arrangements along with specific requirements for new trustees, the board as a whole and the training programme.

Standard TKU arrangements

In each Trust year, each Trustee Director is required to undertake a minimum of 25 hours’ training (at Trustee and committee meetings and externally), read and understand the Governance Document containing the Trust’s governance policies and complete any updates to the Pensions Regulator’s Trustee Toolkit.

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

Trustee business is also supported by the wider TPT support functions through delegated activity to appropriate specialist teams.

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

Board effectiveness

The Trustee Board is expected to challenge and question advisors, 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 to ensure this is the case and covers wider TKU requirements.

The last such review was in 2021. This was undertaken by Independent Audit and included observing meetings of the Trustee Board 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 Board governance framework and noted:

- Oversight of TPT is underpinned by the personal commitment of the Trustees 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 co-operation and communication.
- Board and Committee Chairs are widely respected.

The report also made some recommendations for improvement which have resulted in the following changes during 2022:

- The Investment and Funding Committees are overseen directly by the Trustee rather than reporting first to the Management Oversight Board.
- There is now more frequent attendance at Trustee Board and Committee meetings by advisers, and closed sessions are now held with all advisers.
- Investment resource has been strengthened via the co-option of two new members of the Investment Committee and the recruitment of new staff to the Investment Management Team.

Individual assessment

At the end of the Trust year, each Trustee Director carries out a self-evaluation of their performance during the year. 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 is also required to 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.

In the Trust year, this process was undertaken, and 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. This is set out in the Trustee's Governance Document. The extent of the induction programme will depend on the skills, knowledge and competencies of the new Trustee. As a minimum a new Trustee 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 Chair's Statement

No new Directors were appointed in the year ended 30 September 2022.

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 Board to ensure it is up to date. It is designed to cover major developments (legal, investment and otherwise) and ensure that any knowledge gaps identified in the individual assessment (and rolling assessment) are addressed.

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

- Cyber security training
- Resolution of complaints and exercising discretionary powers
- Trustee Board Objectives – roles and responsibilities
- DC Regulatory update
- DC Code of Practice 13:
 - Investments
 - Trustee Board / Scheme Management Skills
- Climate change reporting
- DC Master Trust Investment developments
- Member satisfaction and engagement
- Conflicts of interest

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 put in place a rolling programme to ensure gaps are filled promptly. In the year ahead, the Trustee Directors will be receiving training on (amongst other things):

- Equality, Diversity and Inclusion
- Risk Management
- TPR's Single Code of Practice

- Climate Change Reporting Obligations

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

Section 6: Trustee independence

In the circumstances of 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 2022, there were eight Trustee Directors of Verity Trustees Limited. Three were nominated by the members, three were nominated by the employers and two, including the Chair, were co-opted onto the Trustee Board by the member- and employer-nominated Trustee Directors.

Following a governance review, from 1 October 2022 two additional Trustee Directors will join the Board. One will be nominated by the members, and one by the employers.

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

TPT monitor non-affiliated status by way of governance processes which include such things as maintaining records of the length of the appointment and declarations of conflict as they arise and at Trustee meetings.

On the basis of the non-affiliation test (summarised above), the terms of appointment and ongoing monitoring, TPT 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 undertaken in an open and transparent manner.

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 what we call co-opted directors, including the Chair.

However, the nature of the Trust means a different method is used for Member-Nominated Directors ("MNDs") and Employer-Nominated Directors ("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 is entitled to stand as an MND candidate if they are a member of 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 Board'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 representatives of the Executive Board, the Management

Oversight Board and one current MND/END as appropriate. The output from the first stage interviews will be reviewed by the RAC and cross-referenced against any identified skills gaps. The RAC will then shortlist candidates for 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 RAC, who will subsequently make a recommendation to the Trustee Board.

The END process was followed during the Trust year in relation to the appointment of Dean Waddingham, and the MND process was followed during the Trust year in relation to the appointment of Helen Astle and Chris Roles.

No co-opted directors were appointed in the Trust year.

Section 7: Member Feedback

The Trustee is always pleased to hear the views of the members and has a legal requirement to make arrangements to encourage feedback. This is because feedback can help the Trustee improve member journeys and make it easier for members to engage with their savings.

Our communications

There are c.312,000 members, making this a very large Trust in relative terms. Given the scale, we consider that email is generally the most effective means of communicating with our members.

Manner of feedback

Again, given the scale, we consider that email is the most effective means of obtaining member feedback given the scale of the Trust. However, surveys and other approaches are used to show that we have designed the process with the size, nature and demographic of the Trust membership in mind.

Feedback arrangements

“Contact TPT” is a dedicated secure portal available on the DC members’ website for members to ask TPT questions and provide feedback. Portal details are provided to members in routine communications.

Feedback is also actively gathered through monthly surveys undertaken by an independent provider (the results of which are fed back to the management team to enable TPT to identify problems and make service improvements). At the beginning of each year, TPT defines the outcomes that it wants for its members and uses the member feedback gathered each month to continuously measure, modify and improve services.

In addition, members can raise concerns or queries about the operational processes of the Trust, with contact details being provided in an annual newsletter and annual benefit statement. Members can also use the feedback facility on the DC members’ website or the “Ask the Trustees” function, to submit a question to the Trustee and receive an individual response.

This approach was undertaken in the Trust year.

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 2022, 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 in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 30 September 2022; 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.

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 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 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.

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

The Pensions Trust
Year ended 30 September 2022

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

22 March 2023

Financial Statements

Fund Account

For the year ended 30 September 2022

		Defined Benefit Schemes	Defined Contribution Schemes	Expenses Reserve Account	Total 2022	Restated* Total 2021
	Note	£m	£m	£m	£m	£m
Employer Contributions		340.3	247.3	-	587.6	560.3
Employee Contributions		13.0	116.4	-	129.4	127.5
Total Contributions	5	353.3	363.7	-	717.0	687.8
Transfers in	6	(0.9)	9.6	-	8.7	10.3
Other Income	7	8.0	9.1	-	17.1	14.8
		360.4	382.4	-	742.8	712.9
Benefits Paid or Payable	8	(289.7)	(48.2)	-	(337.9)	(297.9)
Payments to and on account of Leavers	9	(0.3)	(2.3)	-	(2.6)	(1.9)
Transfers Out to Other Schemes	10	(48.1)	(51.7)	-	(99.8)	(152.4)
Other Payments	11	(6.7)	-	-	(6.7)	(6.4)
Administrative Expenses	12	(20.8)	(4.7)	-	(25.5)	(22.3)
		(365.6)	(106.9)	-	(472.5)	(480.9)
Net (withdrawals) / additions from dealings with Members		(5.2)	275.5	-	270.3	232.0
Net Return on Investments						
Investment Income	13	179.3	12.5	-	191.8	212.2
Change in Market Value of Investments	14	(3,939.3)	(209.5)	-	(4,148.8)	713.6
Investment Management Expenses	15	(47.0)	(4.0)	-	(51.0)	(53.6)
		(3,807.0)	(201.0)	-	(4,008.0)	872.2
Net (Decrease) / Increase in the Trust		(3,812.2)	74.5	-	(3,737.7)	1,104.2
Opening Net Assets		11,408.5	2,356.9	24.1	13,789.5	12,685.3
Transfers between sections	35	2.9	(3.8)	0.9	-	-
Closing Net Assets available for benefits		7,599.2	2,427.6	25.0	10,051.8	13,789.5

*Details on the prior year restatement can be found in note 4.

The notes on pages 47 to 87 form part of these Financial Statements.

Statement of Net Assets (available for benefits)

As at 30 September 2022

	Note	Defined Benefit Schemes £m	Defined Contribution Schemes £m	Expenses Reserve Account £m	Total 2022 £m	Restated* Total 2021 £m
Investment Assets						
Equities	14	114.6	-	0.3	114.9	926.5
Bonds	14	323.7	-	-	323.7	1,023.6
Property	16	228.6	-	-	228.6	184.9
Pooled Investment Vehicles	17	6,805.1	2,395.5	-	9,200.6	11,129.6
Derivatives	18	6.8	-	-	6.8	10.5
Insurance Policies	19	134.9	-	-	134.9	183.8
AVC Investments	20	1.1	-	-	1.1	1.1
Cash and Cash Equivalents	21	124.7	-	-	124.7	282.0
Other Investment Balances	21	275.1	-	-	275.1	59.0
		8,014.6	2,395.5	0.3	10,410.4	13,801.0
Investment Liabilities						
Derivatives	18	(138.8)	-	-	(138.8)	(46.7)
Cash and Cash Equivalents	21	(33.7)	-	-	(33.7)	(13.2)
Other Investment Balances	21	(284.0)	-	-	(284.0)	(48.8)
		(456.5)	-	-	(456.5)	(108.7)
Total Net Investments	14	7,558.1	2,395.5	0.3	9,953.9	13,692.3
Fixed Assets	27	7.7	-	0.5	8.2	8.3
Current Assets	28	47.6	37.7	39.3	124.6	132.1
Current Liabilities	29	(14.2)	(5.6)	(15.1)	(34.9)	(42.8)
Total Net Assets (available for benefits)		7,599.2	2,427.6	25.0	10,051.8	13,789.9

*Details on the prior year restatement can be found in note 4.

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 takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 8 to 10 of the Annual Report, and these Financial Statements should be read in conjunction with this Report. The notes on pages 47 to 87 form part of these Financial Statements.

The Pensions Trust
Year ended 30 September 2022

The Financial Statements on pages 44 to 87 were approved and signed for and on behalf of the Trustee on 22 March 2023.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Notes to the Financial Statements

For the year ended 30 September 2022

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 note 34.

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.

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. Employer 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 by employers towards administrative expenses of the Trust are included within normal contributions.
- iv. 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.
- v. All contributions payable under salary sacrifice arrangements are classified as employer contributions.
- vi. 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.
- vii. 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.
- viii. 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.

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.
- 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 incurs all of the administrative and investment management expenses relating to The Pensions Trust 2016 and recharges these on a monthly basis.
- iv. Investment management expenses and administrative expenses, other than those relating specifically to a particular scheme, are allocated on the basis of asset values and member numbers, as appropriate.

f. Depreciation

Tangible fixed assets are depreciated from when the asset becomes operational. Assets are depreciated over their expected useful economic lives, less residual value, on a straight line basis. The rates used are:

Computers and Software	25%
Equipment and Fittings	10% - 25%

The Trust's freehold office has been valued independently on an annual basis at the year-end date on an estimated open market existing use basis. The change in valuation from the preceding year is included in the Financial Statements, within 'Change in Market Value of Investments' (note 14).

g. 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.

h. 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.

- 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.
 - 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 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. The Trust does not have any DB AVC investments; these are co-invested into the DC funds.

i. 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, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (h) above and within notes 19, 24 and 26. The Trustee does not consider there to be any critical judgements.

4. Analysis of Fund Account

	2022				2021				Restated*
	DB £m	DC £m	Expenses Reserve £m	Total £m	DB £m	DC £m	Expenses Reserve £m	Total £m	
Total Income	360.4	382.4	-	742.8	361.6	351.3	-	712.9	
Total Payments	(365.6)	(106.9)	-	(472.5)	(343.6)	(137.3)	-	(480.9)	
Net (withdrawals) / additions from dealing with Members	(5.2)	275.5	-	270.3	18.0	214.0	-	232.0	
Net Return on Investments	(3,807.0)	(201.0)	-	(4,008.0)	535.3	336.9	-	872.2	
Net (Decrease) / Increase in the Trust	(3,812.2)	74.5	-	(3,737.7)	553.3	550.9	-	1,104.2	
Opening Net Assets	11,408.5	2,356.9	24.1	13,789.5	10,854.1	1,808.9	22.3	12,685.3	
Transfers between sections	2.9	(3.8)	0.9	-	1.1	(2.9)	1.8	-	
Closing Net Assets (available for benefits)	7,599.2	2,427.6	25.0	10,051.8	11,408.5	2,356.9	24.1	13,789.5	

* Presentational changes have been made to the Fund Account, Statement of Net Assets and relevant notes in relation to movements in and out of the Expenses Reserve Account (detailed in note 35). These changes have also been applied to comparative numbers in the prior year, in relation to Other Income, Payments to and on Account of Leavers, Other Payments, Administrative Expenses and Investment Expenses.

Included within Net Returns on Investments is Change in Market Value of Investments of £(3,939.3)m (2021: £383.5m) for the DB section, and £(209.5)m (2021: £330.1m) for the DC section.

5. Contributions

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Employer Contributions						
Normal	48.8	247.3	296.1	53.3	221.8	275.1
Administrative expenses	13.7	-	13.7	12.1	-	12.1
Deficit funding	272.9	-	272.9	267.0	-	267.0
Special contributions	4.9	-	4.9	6.1	-	6.1
	340.3	247.3	587.6	338.5	221.8	560.3
Employee Contributions						
Normal	13.0	110.8	123.8	15.5	106.7	122.2
AVCs	-	5.6	5.6	-	5.3	5.3
	13.0	116.4	129.4	15.5	112.0	127.5
	353.3	363.7	717.0	354.0	333.8	687.8

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 Schedule of Contributions.

Total future commitments as at 30 September 2022 to pay deficit contributions are shown below:

	£m
Due in 1 year	222.0
Due in 1 - 2 years	220.8
Due in 2 - 5 years	673.5
Due in > 5 years	128.6
TOTAL	1,244.9

Deficit recovery periods differ between Schedules of Contributions. The shortest deficit recovery period is two years, with the longest being 11 years.

Flagship Housing Group ex-SHPS Scheme, The Wales & West Housing Group Pension Plan and Thirteen Housing Group Pension Scheme have not been included in the table above as a full actuarial valuation has not yet been completed.

6. Transfers In

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Group Transfers in – AVCs	-	-	-	0.1	-	0.1
Individual Transfers in	0.1	8.6	8.7	-	10.2	10.2
Transfers between sections	(1.0)	1.0	-	-	-	-
	(0.9)	9.6	8.7	0.1	10.2	10.3

Group transfers in relate to externally operated AVC policies held by individuals within schemes. Transfers between sections represent transfers out of DB schemes and into DC schemes within the Trust.

7. Other Income

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Restated* Total £m
Claims on Term Insurance Policies	0.1	9.1	9.2	0.2	7.3	7.5
Life Assurance Income	7.8	-	7.8	7.3	-	7.3
Bank Interest	0.1	-	0.1	-	-	-
	8.0	9.1	17.1	7.5	7.3	14.8

*Details on the prior year restatement can be found in note 4.

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

8. Benefits Paid or Payable

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Pensions	220.9	-	220.9	208.0	-	208.0
Commutations and Lump Sum Retirement Benefits	65.1	36.4	101.5	49.6	26.1	75.7
Lump Sum Death Benefits	3.8	11.6	15.4	3.9	10.0	13.9
Taxation	(0.1)	0.2	0.1	0.1	0.2	0.3
	289.7	48.2	337.9	261.6	36.3	297.9

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.

9. Payments to and on Account of Leavers

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Restated* Total £m
Refund of Contributions	0.1	0.2	0.3	-	0.1	0.1
Purchase of Annuities	0.2	2.1	2.3	0.3	1.5	1.8
	0.3	2.3	2.6	0.3	1.6	1.9

*Details on the prior year restatement can be found in note 4.

10. Transfers Out to Other Schemes

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Group Transfers to Other Schemes:						
Metropolitan Housing Trust	-	0.8	0.8	-	43.3	43.3
Crown Simmons Housing	-	-	-	(0.2)	-	(0.2)
Individual Transfers Out	48.1	50.9	99.0	57.2	52.1	109.3
	48.1	51.7	99.8	57.0	95.4	152.4

11. Other Payments

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Restated* Total £m
Premiums on Term Insurance Policies	6.7	-	6.7	6.4	-	6.4
	6.7	-	6.7	6.4	-	6.4

*Details on the prior year restatement can be found in note 4.

12. Administrative Expenses

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Restated* Total £m
Gross Salaries	6.9	1.2	8.1	6.7	1.2	7.9
Other Employment Costs	5.7	-	5.7	5.1	-	5.1
Computer Systems and Development	0.4	0.1	0.5	1.0	0.2	1.2
Publicity and Design	0.8	-	0.8	0.9	-	0.9
Office Miscellaneous and Depreciation	2.8	0.1	2.9	2.2	0.1	2.3
Professional Fees	1.3	3.2	4.5	(0.1)	2.4	2.3
Scheme Specific Expenses	0.8	-	0.8	0.7	-	0.7
Regulatory Fees	2.1	0.1	2.2	1.8	0.1	1.9
	20.8	4.7	25.5	18.3	4.0	22.3

*Details on the prior year restatement can be found in note 4.

The Trust bears all the costs of administration. Scheme Specific Expenses and Regulatory Fees are paid from the Scheme to which they relate. All other costs are paid from the Expenses Reserve Account.

Included within Office Miscellaneous and Depreciation is £0.2m (2021: £0.1m) of depreciation. Included in Professional Fees are the audit fee of £0.3m (2021: £0.2m) and actuarial fees of £1.0m (2021: £1.3m).

The overall audit fee of £278,500 (2021: £237,500) is inclusive of the audit fee for The Pensions Trust 2016 of £57,200 (2021: £52,000). This is included within Professional Fees. The auditors also provided £80,000 (2021: £146,000) of non-audit services in the year. Non-audit fees are permissible for the auditor to provide in the context of the requirements of the FRC Ethical Standard.

In the year, £0.2m was charged to the Fund Account in respect of operating lease expenses (2021: £0.2m).

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:

	2022	2021
£0-£20,000	5	5
£20,001-£40,000	1	1
£100,001-£120,000	1	1

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

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

Management Oversight Board and Committee Co-optee Remuneration

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

	2022	2021
£0-£20,000	1	-
£20,001-£40,000	3	4
£40,001-£60,000	3	2
£80,001-£100,000	1	1

Employee Remuneration

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

	2022	2021
£60,001-£80,000	18	17
£80,001-£100,000	10	11
£100,001-£120,000	6	3
£120,001-£140,000	-	3
£140,001-£160,000	3	5
£160,001-£180,000	3	1
£180,001-£200,000	1	1
£220,001-£240,000	2	1
£380,001-£400,000	1	-
£480,001-£500,000	-	1

The ratio of highest paid to median paid employee salary is 9:1 (2021: 9:1).

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

	2022	2021
	£m	£m
Trustee Director Remuneration	0.2	0.2
Management Oversight Board & Co-optee Remuneration	0.3	0.3
Employee Remuneration	4.8	4.7
	5.3	5.2

Employees in Trust Pension Schemes

DB

The Trust has no employees that are active members of any of its DB pension schemes. The Trust has employees that are deferred members of its DB pension schemes; CARE and Growth Plan 1 & 2.

DC

The Trust has employees that are members of its Flexible Retirement Plan defined contribution scheme. The contributions paid relating to those employees are listed below.

	2022	2021
	£m	£m
Employer Contributions		
Normal	1.1	1.1
Employee Contributions		
Normal	0.4	0.3
AVC	0.2	0.1
	1.7	1.5

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. Current and former employees of the Trust have benefits within the Growth Plan and CARE sections of the Trust. The administrative expenses in Note 12 include an amount of £0.6m paid during the year in respect of deficit contributions to those sections. 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:

	2022	2022	2022
	Deficit contributions	PV of future	S75 debt payable in
	£m	contributions	the event of
		£m	withdrawal
			£m
Growth Plan	0.4	0.3	3.3
CARE	0.2	2.0	11.4
Total	0.6	2.3	14.7

	2021	2021	2021
	Deficit contributions	PV of future	S75 debt payable in
	£m	contributions	the event of
		£m	withdrawal
			£m
Growth Plan	0.4	1.5	5.1
CARE	0.4	2.7	14.7
Total	0.8	4.2	19.8

13. Investment Income

	2022			2021		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Dividends from Equities	6.2	-	6.2	7.1	-	7.1
Income from Bonds	40.8	-	40.8	46.6	-	46.6
Rents from Properties	13.0	-	13.0	9.1	-	9.1
Income from PIVs	101.8	12.5	114.3	121.4	10.7	132.1
Income from Insurance Policies	17.5	-	17.5	17.3	-	17.3
	179.3	12.5	191.8	201.5	10.7	212.2

14. Reconciliation of Net Investments

	Value at 1 Oct 2021 £m	Purchases at cost and derivative payments £m	Sale Proceeds and derivative receipts £m	Change in market value £m	Value at 30 Sept 2022 £m
Defined Benefit Section					
Equities	926.2	248.3	(884.5)	(175.4)	114.6
Bonds	1,023.6	476.3	(940.3)	(235.9)	323.7
Property	184.9	44.7	(7.8)	6.8	228.6
Pooled Investment Vehicles	8,801.3	6,052.2	(4,840.9)	(3,207.5)	6,805.1
Derivatives - Net	(36.2)	341.3	(150.3)	(286.8)	(132.0)
Insurance Policies	183.8	-	-	(48.9)	134.9
AVC Investments	1.1	-	-	-	1.1
	11,084.7	7,162.8	(6,823.8)	(3,947.7)	7,476.0
Cash (net)	268.8				91.0
Other Investment Balances (net)	10.2				(8.9)
	11,363.7			-	7,558.1
Defined Contribution Section					
Pooled Investment Vehicles	2,328.3	372.1	(95.4)	(209.5)	2,395.5
Expenses Reserve Account Section					
Equities	0.3	-	-	-	0.3
Total Investments	13,692.3			-	9,953.9

The change in market value in the table above excludes movements in respect of Cash and Cash Equivalents (largely due to foreign exchange fluctuations) and Fixed Assets. The total change in market value of investments reported in the Fund Account for the year is £(4,148.8)m (2021: £713.6m), £(3,939.3)m (2021: £383.5m) in the Defined Benefit section and £(209.5)m (2021: £330.1m) in the Defined Contribution section.

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.

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

	2022			Total £m
	Fees £m	Commission £m	Taxes £m	
Equities	0.6	0.4	-	1.0

	2021			Total £m
	Fees £m	Commission £m	Taxes £m	
Equities	0.4	0.4	-	0.8

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

	2022			2021		Restated* Total £m
	DB £m	DC £m	Total £m	DB £m	DC £m	
Management, Administration and Custody	43.4	4.0	47.4	46.3	3.9	50.2
Performance Measurement Services	0.1	-	0.1	0.1	-	0.1
Investment Consultancy	0.5	-	0.5	0.4	-	0.4
Property Expenses	3.0	-	3.0	2.9	-	2.9
	47.0	4.0	51.0	49.7	3.9	53.6

*Details on the prior year restatement can be found in note 4.

16. Property

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Freehold Property	228.6	-	228.6	184.1	-	184.1
Leasehold Property	-	-	-	0.8	-	0.8
	228.6	-	228.6	184.9	-	184.9

The property portfolio was valued as at 30 September 2022 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

	2022			2021		
	DB £m	DC £m	Total £m	DB £m	DC £m	Restated* Total £m
Equities	375.4	1,776.7	2,152.1	1,202.5	1,577.2	2,779.7
Bonds	1,209.2	432.5	1,641.7	2,066.7	526.0	2,592.7
Property	481.4	120.8	602.2	408.4	135.2	543.6
Hedge Funds	708.9	-	708.9	1,045.8	-	1,045.8
Diversified Growth	-	19.4	19.4	-	21.5	21.5
Venture Capital and Partnerships	2,304.6	-	2,304.6	2,069.7	-	2,069.7
Cash	168.5	4.9	173.4	235.6	4.9	240.5
Commodities	1.2	41.2	42.4	16.5	63.5	80.0
Liability Driven Investments	1,555.9	-	1,555.9	1,747.4	-	1,747.4
	6,805.1	2,395.5	9,200.6	8,792.6	2,328.3	11,120.9

*Prior year figures have been restated to include Sole Investor Fund which were previously included within the Qualified Investment Fund disclosure.

At 30 September 2022 and 30 September 2021 the Trust held Sole Investor Funds, included within Pooled Investment Vehicles above. The portfolios are held with Legal & General Investment Management Limited and Chorus Capital Management Limited and are specifically tailored for the Trust's individual requirements and there are no other investors in them. A breakdown of the underlying investment classes held within the fund has been included in the following table:

Sole Investor Funds

By type:	2022	Restated*
	£m	£m
Equities	-	8.0
Cash & Cash Equivalents	0.7	1.0
Derivatives	43.4	76.7
Total Sole Investor Funds	44.1	85.7

* Prior year figures have been restated to include the Chorus Capital Credit Fund III within the Sole Investor Fund disclosure (previously the Qualified Investment Fund Disclosure note).

18. Derivatives

	2022			2021		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Over-The-Counter Contracts						
Forward Foreign Currency	3.0	(138.2)	(135.2)	7.1	(43.6)	(36.5)
Options	3.8	(0.6)	3.2	3.4	(3.1)	0.3
	6.8	(138.8)	(132.0)	10.5	(46.7)	(36.2)

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 Type:	Expires within	Notional Value £m	2022	
			Fair Value	
			Asset £m	Liability £m
Buy EUR for GBP (8 contracts)	1 Year	137.6	-	(0.4)
Buy GBP for EUR (15 contracts)	1 Year	355.9	-	(7.0)
Buy GBP for JPY (17 contracts)	1 Year	68.2	-	(0.9)
Buy GBP for USD (18 contracts)	1 Year	1,987.1	-	(128.9)
Buy JPY for GBP (7 contracts)	1 Year	54.1	-	(1.0)
Buy USD for GBP (16 contracts)	1 Year	844.1	3.0	-
Total 2022		3,447.0	3.0	(138.2)
Total 2021		3,712.8	7.1	(43.6)

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

Options Type:	Expires within	Notional Value £m	2022	
			Fair Value	
			Asset £m	Liability £m
Put – UK Equity	1 Year	5.0	0.1	-
Call – UK Equity	1 Year	-	-	-
Put – European Equity	1 Year	15.0	0.5	-
Call – European Equity	1 Year	-	-	(0.1)
Put – Japanese Equity	1 Year	7.0	0.2	-
Call – Japanese Equity	1 Year	-	-	(0.1)
Put – US Equity	1 Year	80.0	3.0	-
Call – US Equity	1 Year	-	-	(0.4)
Total 2022		107.0	3.8	(0.6)
Total 2021		180.3	3.4	(3.1)

The notional value represents the value of the underlying stock protected by the option contracts. Collateral of £10.8m (2021: £22.7m) is held for unrealised gains on options, comprising gilts and cash. This is held in an allocated account with the counterparties' custodians and is not included within Trust assets.

Collateral

At the year end, the Trust held cash collateral of £Nil (2021: £Nil) in respect of derivative contracts and has pledged £Nil (2021: £Nil) cash as security.

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 are completed by TPT's in-house Actuary and Mercer UK.

	2022	2021
	£m	£m
Insurance policies with Rothesay Life	103.7	143.6
Insurance policies with Canada Life	11.8	16.1
Insurance policies with Legal & General Assurance Society Limited	9.6	11.3
Insurance policies with OneFamily	2.9	3.9
Insurance policies with Prudential	2.8	3.8
Insurance policies with abrdrn	2.2	2.6
Insurance policies with Aviva Life	1.1	1.3
Insurance policies with Just Retirement	0.5	0.6
Insurance policies with Royal National Pension Fund for Nurses	0.1	0.3
Insurance policies with Partnership	0.1	0.1
Insurance policies with Aegon Scottish Equitable	0.1	0.1
Insurance policies with Pearl Assurance	-	0.1
	134.9	183.8

The table below summarises the main financial and demographic assumptions used for the valuations of insurance policies as at 30 September 2022 and 30 September 2021:

	2022	2021
Scheme funding assumptions	Nominal (%pa)	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.	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.	
In line with RPI up to 2.5% p.a.		
Post retirement mortality:		
Base Table	106% of S3PMA (males) and 106% of S3PFA (females) projected to the valuation date	100% of S3PMA (males) and 100% of S3PFA (females) projected to the valuation date
Improvements to mortality	CMI_2021 [1.50%] for males CMI_2021 [1.25%] for females	CMI_2020 [1.50%] for males CMI_2020 [1.25%] for females

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.

	2022	2021
	£m	£m
AVC Investments with abrdrn	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

	2022			2021		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Cash – Sterling	65.4	-	65.4	125.0	-	125.0
Cash – Foreign Currency	20.4	-	20.4	121.2	-	121.2
Cash – Collateral Held	35.9	-	35.9	35.8	-	35.8
Pending Transactions	3.0	-	3.0	-	-	-
	124.7	-	124.7	282.0	-	282.0
Cash – Collateral Pledged	(27.4)	-	(27.4)	(13.2)	-	(13.2)
Cash – Overdrawn Balance*	(6.3)	-	(6.3)	-	-	-
	(33.7)	-	(33.7)	(13.2)	-	(13.2)
Amounts due from Brokers	269.1	-	269.1	23.7	-	23.7
Accrued Investment Income	6.0	-	6.0	35.3	-	35.3
	275.1	-	275.1	59.0	-	59.0
Amounts due to Brokers	(284.0)	-	(284.0)	(48.8)	-	(48.8)
	(284.0)	-	(284.0)	(48.8)	-	(48.8)
	82.1	-	82.1	279.0	-	279.0

*As a result of significant market volatility, short-term overdraft facilities were in place as at 30 September 2022 to ensure increased collateral calls on the Trust's LDI funds were met at short notice.

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 2022, £4.9m equities and £16.2m bonds (2021: £26.4m equities and £43.1m bonds) were on loan through the stock-lending programme managed by the Custodian. In exchange the Custodian held collateral of £22.1m (2021: £72.2m) 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 2022, 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 (2021: 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:

Category:	Level 1 £m	Level 2 £m	Level 3 £m	2022 Total £m
Defined Benefit Section				
Investment Assets				
Equities	114.2	0.4	-	114.6
Bonds	1.8	321.9	-	323.7
Property	-	-	228.6	228.6
Pooled Investment Vehicles	-	2,234.5	4,570.6	6,805.1
Derivatives	-	-	6.8	6.8
Insurance Policies	-	-	134.9	134.9
AVC Investments	-	1.1	-	1.1
Cash	124.7	-	-	124.7
Other Investment Balances	275.1	-	-	275.1
	515.8	2,557.9	4,940.9	8,014.6
Investment Liabilities				
Derivatives	-	-	(138.8)	(138.8)
Cash and Cash Equivalents	(33.7)	-	-	(33.7)
Other Investment Balances	(284.0)	-	-	(284.0)
	(317.7)	-	(138.8)	(456.5)
Total Defined Benefit	198.1	2,557.9	4,802.1	7,558.1
Defined Contribution Section				
Pooled Investment Vehicles	-	2,389.6	5.9	2,395.5
Total Defined Contribution	-	2,389.6	5.9	2,395.5
Expenses Reserve Account				
Equities	-	0.3	-	0.3
Total Expenses Reserve Section	-	0.3	-	0.3
Total Investments	198.1	4,947.8	4,808.0	9,953.9

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 is estimated by the Trustee. 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. No such adjustments have been made to the valuations at 30 September 2022 (2021: none).

Analysis for the prior year end is as follows:

Category:	Level 1 £m	Level 2 £m	Level 3 £m	2021 Total £m
Defined Benefit Section				
Investment Assets				
Equities	922.2	4.0	-	926.2
Bonds	130.1	891.7	1.8	1,023.6
Property	-	-	184.9	184.9
Pooled Investment Vehicles	-	3,935.0	4,866.3	8,801.3
Derivatives	-	-	10.5	10.5
Insurance Policies	-	-	183.8	183.8
AVC Investments	-	1.1	-	1.1
Cash	282.0	-	-	282.0
Other Investment Balances	59.0	-	-	59.0
	1,393.3	4,831.8	5,247.3	11,472.4
Investment Liabilities				
Derivatives	-	-	(46.7)	(46.7)
Cash and Cash Equivalents	(13.2)	-	-	(13.2)
Other Investment Balances	(48.8)	-	-	(48.8)
	(62.0)	-	(46.7)	(108.7)
Total Defined Benefit	1,331.3	4,831.8	5,200.6	11,363.7
Defined Contribution Section				
Pooled Investment Vehicles	-	2,323.0	5.3	2,328.3
Total Defined Contribution	-	2,323.0	5.3	2,328.3
Expenses Reserve Account				
Equities	-	0.3	-	0.3
Total Expenses Reserve Section	-	0.3	-	0.3
Total Investments	1,331.3	7,155.1	5,205.9	13,692.3

25. Concentration of Investments

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

	2022		2021	
	Value £m	%	Value £m	%
BlackRock Investment Management (UK) Limited – Liability Solutions III Tailored Fund	1,271.5	12.6	1,435.4	10.4
BlackRock Investment Management (UK) Limited – Liability Leveraged Fund	438.8	4.4	769.2	5.6

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.
- **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			2022	2021
		Currency Risk	Interest Rate Risk	Other Price Risk	£m	£m
DB Section						
Equities	○	◐	○	●	114.6	926.2
Bonds	●	◐	●	◐	323.7	1,023.6
Property risks	◐	○	○	●	228.6	184.9
Pooled Investment Vehicles					6,805.1	8,801.3
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Derivatives	◐	◐	●	◐	(132.0)	(36.2)
AVC Investments	◐	◐	◐	◐	1.1	1.1
Insurance Policies	◐	○	●	○	134.9	183.8
Cash Deposits and Other Net Investment Assets	●	◐	●	○	82.1	279.0
					7,558.1	11,363.7
DC Section						
Pooled Investment Vehicles	●	◐	◐	◐	2,395.5	2,328.3
					2,395.5	2,328.3

Defined Benefit Section

Investment Strategy

The Trustee's objective is 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 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 2021, 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 2021, the Trustee also reviewed a set of 9 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.

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.

	2022	2021
	£m	£m
DB Investments exposed to Credit Risk		
Bonds	323.7	1,023.6
Property	191.9	148.3
Pooled Investment Vehicles:		
Bond Funds (Direct and Indirect)	1,209.2	2,066.7
Other Funds (Direct Risk only)	5,595.9	6,734.6
Derivatives:		
Assets	6.8	10.5
Liabilities	(138.8)	(46.7)
Insurance Policies	134.9	183.8
AVC Investments	1.1	1.1
Cash Deposits and Other Net Investment Assets	82.1	279.0
	7,406.8	10,400.9

Credit risk arising on bonds held directly is mitigated by ensuring that the investment manager has a suitable framework in place for assessing the credit-worthiness 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.

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.

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).

Cash on deposit is held within financial institutions that have an investment grade credit rating.

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

DB Section	2022	2021
Legal nature of the pooled arrangements:	£m	£m
Authorised Unit Trust	2,451.1	3,143.1
Open ended investment company	1,051.2	1,318.9
Closed ended funds	89.9	186.2
Partnerships	2,216.7	1,924.4
Société d'investissement à Capital Variable (SICAV)	37.7	422.0
Unit linked insurance contracts	874.6	1,501.8
Sole investor authorised fund	44.1	85.7
Cash	39.8	219.2
	6,805.1	8,801.3

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). The exposure to USD, EUR and JPY is hedged as follows:

- 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:

				2022	2021
	Direct	Indirect		Net	Net
	Exposure	Exposure	Hedging	Exposure	Exposure
	£m	£m	£m	after	after
				Hedging	Hedging
				£m	£m
Euros (EUR)	5.6	209.5	(211.5)	3.6	38.7
US Dollars (USD)	70.8	1,197.7	(1,175.0)	93.5	642.5
Japanese Yen (JPY)	5.3	9.2	(8.3)	6.2	96.0
Other Currencies	51.9	-	-	51.9	238.9
	133.6	1,416.4	(1,394.8)	155.2	1,016.1

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:

	2022	2021
	£m	£m
DB Investments exposed to Interest Rate Risk		
Bonds	323.7	1,023.6
Pooled Investment Vehicles:		
Bond Funds (Indirect)	1,209.2	2,075.4
Derivatives:		
Assets	6.8	10.5
Liabilities	(138.8)	(46.7)
Insurance Policies	134.9	183.8
AVC Investments	1.1	1.1
Cash Deposits and Other Net Investment Assets	82.1	279.0
	1,619.0	3,526.7

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.

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

	2022	2021
	£m	£m
DB Investments exposed to Other Price Risk		
Equities	114.6	926.2
Bonds	323.7	1,023.6
Property Let to Tenants	191.9	148.3
Pooled Investment Vehicles:		
Other Funds (Indirect)	5,595.9	6,734.6
Derivatives:		
Assets	6.8	10.5
Liabilities	(138.8)	(46.7)
AVC Investments	1.1	1.1
	6,095.2	8,797.6

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 solution.

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 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.

Fund	Exposed to indirect:	Credit Risk
Target Date Funds		✓
Ethical Target Date Funds		✓
Diversified Growth Fund		✓
Global Equity Fund		-
SRI Fund		-
Property Fund		✓
Index-Linked Gilts Fund		✓
Bond Fund		✓
Cash Fund		✓

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

DC Section	2022	2021
Legal nature of the pooled arrangements:	£m	£m
Unit linked insurance contracts	2,395.5	2,328.3

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		✓	-	✓
SRI Fund		✓	-	✓
Property Fund		-	-	✓
Index-Linked Gilt Fund		-	✓	-
Bond Fund		-	✓	-
Cash Fund		-	✓	-

Expenses Reserve Account Section

The Trust holds an equity investment in TPT Retirement Solutions Limited – a 100% subsidiary of Verity Trustees Limited.

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 2021	7.9	1.9	1.4	11.2
Additions	-	0.3	-	0.3
Revaluation	(0.2)	-		(0.2)
At 30 September 2022	7.7	2.2	1.4	11.3
Accumulated Depreciation				
At 1 October 2021	-	(1.5)	(1.4)	(2.9)
Charge for the year	-	(0.2)	-	(0.2)
At 30 September 2022	-	(1.7)	(1.4)	(3.1)
Net Book Value				
At 1 October 2021	7.9	0.4	-	8.3
At 30 September 2022	7.7	0.5	-	8.2

Freehold Office

The freehold office in Leeds is substantially occupied by the Trust. It has been revalued as at 30 September 2022 by an independent valuer, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of its estimated open market value for existing use.

If the freehold office had not been revalued, it would have been carried in the Statement of Net Assets at the year end as:

	2022 £m	2022
Cost	8.1	8.1
Accumulated Depreciation	(5.4)	(5.4)
Net Book Value	2.7	2.7

28. Current Assets

	2022				2021			
	DB	DC	Expenses Reserve	Total	DB	DC	Expenses Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Contributions due in respect of:								
Employers	25.9	17.8	-	43.7	25.0	17.0	-	42.0
Employees	0.2	9.1	-	9.3	1.1	8.5	-	9.6
Other Debtors	0.5	0.8	9.5	10.8	5.8	-	6.0	11.8
Prepayments	0.5	-	2.6	3.1	-	-	8.3	8.3
Cash Balances	20.5	10.0	27.2	57.7	19.5	7.0	30.5	57.0
	47.6	37.7	39.3	124.6	51.4	32.5	44.8	128.7

Details of Employer-Related Investments relating to contributions due at the year end are included in note 30.

29. Current Liabilities

	2022				2021			
	DB	DC	Expenses Reserve	Total	DB	DC	Expenses Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Unpaid Benefits	3.4	5.2	-	8.6	3.2	3.4	-	6.6
Tax Deducted from Pensions	0.2	0.4	-	0.6	0.1	0.3	-	0.4
Other Creditors	6.7	-	8.1	14.8	5.6	-	13.6	19.2
Accrued Expenses	3.9	-	7.0	10.9	5.6	0.2	7.8	13.6
	14.2	5.6	15.1	34.9	14.5	3.9	21.4	39.8

At 30 September 2022, included within Other Creditors, was an amount due to The Pensions Trust 2016 of £1.4m (2021: £0.8m). This represents cash balances held within the joint bank account.

30. Related Party Transactions

Key management personnel

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

Fees and expenses of £0.2m (2021: £0.3m) were paid to the Trustee Directors.

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 2022 was £14.3m (2021: £28.2m), which represents less than 1% of the Trust's net assets.

Employer-Related Investments include contributions that were received later than the due date set out on the Schedule of Contributions. As at 30 September 2022, £0.2m (2021: £0.2m) 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.

The Trust occupies part of Verity House, Leeds. The Trust owns the freehold of this office building. The full value of this building is included in fixed assets at a revalued amount of £7.7m (2021: £7.9m) being 0.1% of the net assets of the Trust.

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.

TPT Retirement Solutions Limited

The Trust owns 320,001 (2020: 320,001) ordinary shares of £1 each, in TPT Retirement Solutions Limited, a 100% subsidiary of Verity Trustees Limited. This is shown in note 14 as an equity investment of £0.3m (2021: 0.3m) in the Expenses Reserve Account.

The Pensions Trust 2016

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.

As at 30 September 2022, The Trust had a creditor of £1.4m (2021: £0.8m) owed to The Pensions Trust 2016. This represents cash balances held within the joint bank account.

The Trust received £0.9m (2021: £0.8m) in the year from The Pensions Trust 2016 in respect of the administration and management of the Trust over the period 1 October 2021 to 31 August 2022. A further £0.1m is due in respect of September 2022 and is included as a debtor.

The Trust received £0.3m (2021: £0.3m) in the year from The Pensions Trust 2016 in respect of the administration, management and custody of its investments over the period 1 October 2021 to 30 September 2022.

31. Contingent Liabilities, Commitments and Other Contractual Arrangements

As at 30 September 2022 the Trust there were no contingent assets at the year end. The Trust was party to 33 (2021: 31) other contractual arrangements in relation to 32 employers (2021: 29 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. As at 30 September 2022 the Trust had the following contingent liabilities:

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 recalculated to reflect 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 will be considering 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%.

Historic Benefit Review

The Trustee has performed a review of historic changes made to the Trust Deed and Rules and the benefits of all of the Schemes in 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 this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. The Trustee will present the case that the Schemes should continue to be administered as they are now. If this is the outcome there will be no changes to members' benefits. However, if the outcome of the Court case is that some changes to Scheme Rules have not been validly made this may increase benefits for some members, 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 arrears that may be due to members, and any future rectification costs.

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:

	2022 Committed (Local CCY)*	Outstanding at 30 Sept 22 (Local CCY)	2021 Committed (Local CCY)	Outstanding at 30 Sept 21 (Local CCY)
Direct Lending	£242.5m	£12.0m	£242.5m	£64.0m
Infrastructure	€84.8m	€1.0m	€182.2m	€1.0m
Infrastructure	\$460.0m	\$35.2m	\$460.0m	\$107.5m
Infrastructure	-	-	£116.5m	-
Risk Sharing	£391.50m	£28.9m	£390.0m	£33.5m
Long Income	-	-	£10.0m	-
Secure Income	-	-	£556.5m	-
Tactical Credit Opportunities	-	-	\$273.3m	-
Renewable Infrastructure	€120.0m	€71.7m	€120.0m	€101.6m
Renewable Infrastructure	\$140.0m	\$124.0m	\$140.0m	\$131.5m
Opportunistic Illiquid Credit	-	-	\$50.0m	-

*£ (GBP), \$ (USD), € (EUR)

32. Operating Lease Commitments

The total of future minimum lease payments under non-cancellable operating leases analysed by period is shown below.

	2022 £m	2021 £m
Under one year	-	-
Between one year and five years	0.2	0.2

33. Subsequent Events

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

34. Scheme Balances

	2022	2021
	£m	£m
Defined Benefit (DB) Multi-Employer Schemes – Non-associated Employers		
CARE Scheme ^{2,4}	49.6	81.8
Growth Plan Series 1, 2 and 3 ²	575.0	774.6
Independent Schools' Pension Scheme ⁴	118.1	211.7
Northern Ireland Charities Pension Scheme ²	22.8	35.9
Scottish Housing Associations' Pension Scheme ⁴	772.2	1,173.6
Scottish Voluntary Sector Pension Scheme ²	102.4	152.3
Social Housing Pension Scheme ⁴	3,111.2	4,958.6
	4,751.3	7,388.5
	2022	2021
	£m	£m
Defined Benefit (DB) Multi-Employer Schemes – Associated Employers		
ABRI Group Limited Pension Scheme ¹ (previously Radian Group Limited Pension Scheme)	60.4	95.3
Methodist Homes for the Aged Final Salary Pension Scheme ²	47.8	68.7
Oxfam Pension Scheme ¹	172.2	255.7
Royal College of Nursing of the United Kingdom Pension Scheme ¹	292.0	432.5
Sanctuary Housing Association Final Salary Pension Scheme ²	210.8	313.1
The Clarion Housing Group Pension Scheme ¹	156.1	260.4
United Reformed Church Final Salary Scheme	28.3	43.5
Workers' Educational Association Pension Scheme ²	28.1	41.3
	995.7	1,510.5

	2022	2021
	£m	£m
Defined Benefit (DB) – Single Employer Schemes		
A2Dominion Benefit Scheme ⁵	68.8	105.0
Action for Blind People Final Salary Pension Scheme ²	11.0	15.5
Anchor Trust Final Salary Scheme ²	175.0	256.7
Arthritis Care Pension Scheme ²	9.6	15.0
Bromford DB Scheme	81.1	134.3
Christian Aid Final Salary Scheme (1988) ²	64.1	99.5
Flagship Housing Group ex-SHPS Scheme ^{4,5}	31.4	-
Guinness Partnership Pension Scheme ⁵	210.8	302.7
Housing Plus Pension Scheme ²	8.3	11.6
Independent Age Final Salary Scheme ^{1,2}	17.0	24.3
Leonard Cheshire Disability Group Pension Scheme ²	57.8	81.4
Manchester Grammar School Pension Scheme ²	8.9	13.7
MIND (The National Association for Mental Health) Final Salary Scheme ²	9.5	13.2
National Council for Voluntary Organisations Final Salary Pension Scheme ²	22.1	31.3
Notting Hill Genesis Scheme ^{2,4}	39.5	56.6
Optivo Defined Benefit Pension Scheme ^{1,4}	58.3	82.3
Paddington Churches Housing Association 2001 Pension Scheme ²	43.6	61.7
Riverside Defined Benefit Scheme ²	77.6	112.4
Royal National College for the Blind Defined Benefit Scheme ²	12.5	20.0
SeeABILITY Pension Scheme ²	12.0	16.7
Sovereign Pension Plan ²	120.7	167.1
St Mungo's Defined Benefit Scheme ⁵	30.6	44.4
Stonham Final Salary Pension Scheme ¹	61.1	88.7
The Children's Society Pension Scheme ¹	122.7	175.3
The Harpur Trust Pension Scheme for Non-Teaching Staff ¹	22.8	32.5
The Livability Final Salary Pension Scheme ²	28.8	40.7
The Orbit Group Defined Benefit Pension Scheme ²	75.2	103.6
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme ¹	13.4	19.5
The Save the Children Defined Benefit Scheme ²	149.3	219.8
The Together Trust Final Salary Scheme ²	7.0	9.7
The Winchester College Support Staff Pension Scheme ²	17.9	24.9
Thirteen Housing Group Pension Scheme ⁵	37.0	-
VIVID Housing Defined Benefit Pension Scheme ^{1,2,5}	68.3	104.1
Wales & West Housing Group Pension Plan ^{4,5}	61.2	-
YHA (England & Wales) Pension Scheme ²	17.3	25.3
	1,852.2	2,509.5
Total Defined Benefit Schemes	7,599.2	11,408.5

	2022	2021
	£m	£m
Defined Contribution (DC) Schemes		
A2Dominion ^{3,4,5}	24.4	22.1
CARE Scheme ⁴	5.6	6.3
Ethical Fund ³	154.0	173.3
Flagship Housing Group ex-SHPS Scheme ^{4,5}	4.0	-
Flexible Retirement Plan ³	549.9	541.3
Growth Plan Series 4 ^{3,4}	457.8	463.9
Guinness Partnership ^{3,4,5}	18.0	15.8
Independent Schools' Pension Scheme ⁴	38.2	35.3
Notting Hill Genesis Scheme ⁴	26.4	25.4
Optivo DC Pension Scheme ⁴	31.3	28.8
Pension Scheme for the Education Sector	-	-
Scottish Housing Associations' Pension Scheme ⁴	132.0	123.9
Social Housing Pension Scheme ⁴	979.0	920.8
Wales & West Housing Group Pension Plan ^{4,5}	7.0	-
Total Defined Contribution Schemes	2,427.6	2,356.9

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

35. Expenses Reserve Account

The Trust operates an Expenses Reserve Account to ensure that administrative and investment management expenses are allocated to individual schemes on a smoothed basis. All administrative and investment management expenses incurred by the Trust are charged to this account prior to allocation to individual schemes.

Expenses Reserve Account	2022	2021
	£m	£m
Administrative expenses allocated during the year	22.1	21.1
Investment management expenses allocated during the year	3.9	4.5
Life Assurance income	7.8	7.3
Bank Interest received	0.1	-
Total transfers to the Expenses Reserve Account	33.9	32.9
Administrative expenses incurred during the year	(22.6)	(21.2)
Investment management expenses incurred during the year	(3.7)	(3.4)
Life Assurance Premiums	(6.7)	(6.4)
Refund of Contributions	-	(0.1)
Total transfers from the Expenses Reserve Account	(33.0)	(31.1)
Net transfer to / (from) the Expenses Reserve Account during the year	0.9	1.8
Balance brought forward	24.1	22.3
Balance carried forward	25.0	24.1

Summary of Schemes

	2022	2021
	£m	£m
DB Schemes	7,599.2	11,408.5
DC Schemes	2,427.6	2,356.9
Expenses Reserve Account	25.0	24.1
	10,051.8	13,789.5

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.

Scheme	Year of Triennial Valuation as at 30 September	Date of Certification of Schedule of Contributions	Date of Actuarial Report
A2Dominion Benefit Scheme	2021	19 December 2022	N/A
ABRI Group Limited Pension Scheme	2019	24 November 2020	30 September 2021
Action for Blind People Final Salary Pension Scheme	2020	21 December 2021	30 September 2021
Anchor Trust Final Salary Scheme	2021	16 December 2022	30 September 2020
Arthritis Care Pension Scheme	2021	15 December 2022	30 September 2020
Bromford DB Scheme	2021	15 December 2022	30 September 2020
CARE Scheme	2019	23 October 2020	30 September 2021
Christian Aid Final Salary Scheme (1988)	2020	03 December 2021	30 September 2021
Flagship Housing Group ex-SHPS Scheme	2022 ¹	N/A ²	N/A
Growth Plan Series 1, 2 and 3	2020	19 November 2021	30 September 2021
Guinness Partnership Pension Scheme	2021	19 December 2022	N/A
Housing Plus Pension Scheme	2019	26 October 2020	30 September 2021
Independent Schools' Pension Scheme	2020	22 December 2021	30 September 2021
Independent Age Final Salary Scheme	2019	23 October 2020	30 September 2021
Leonard Cheshire Disability Group Pension Scheme	2021	21 December 2022	30 September 2020
Manchester Grammar Pension Scheme	2020	20 December 2021	30 September 2021
Methodist Homes for the Aged Final Salary Pension Scheme	2021	7 September 2022	30 September 2020
MIND (The National Association for Mental Health) Final Salary Scheme	2019	11 December 2020	30 September 2021
National Council for Voluntary Organisations Final Salary Pension Scheme	2019	13 October 2020	30 September 2021
Northern Ireland Charities Pension Scheme	2019	11 September 2020	30 September 2021
Notting Hill Genesis Pension Scheme	2019	18 December 2020	30 September 2021
Optivo Defined Benefit Pension Scheme	2020	22 September 2021	30 September 2021
Oxfam Pension Scheme	2019	14 May 2020	30 September 2021
Paddington Churches Housing Association 2001 Pension Scheme	2019	17 December 2020	30 September 2021
Riverside DB Scheme	2020	20 December 2021	30 September 2021
Royal College of Nursing of the United Kingdom Pension Scheme	2019	9 December 2020	30 September 2021
Royal National College for the Blind Defined Benefit Scheme	2019	14 December 2020	30 September 2021

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Sanctuary Housing Association Final Salary Pension Scheme	2019	17 December 2020	30 September 2021
Scottish Housing Associations' Pension Scheme	2021	30 November 2022	30 September 2020
Scottish Voluntary Sector Pension Scheme	2020	20 December 2021	30 September 2021
SeeABILITY Pension Scheme	2020	07 December 2021	30 September 2021
Social Housing Pension Scheme	2020	27 October 2021	30 September 2021
Sovereign Pension Plan	2020	16 December 2021	30 September 2021
St Mungo's Defined Benefit Scheme	2021	19 December 2022	N/A
Stonham Final Salary Pension Scheme	2021	21 December 2022	30 September 2020
The Children's Society Pension Scheme	2021	16 December 2022	30 September 2020
The Clarion Housing Group Pension Scheme	2021	13 December 2022	30 September 2020
The Harpur Trust Pension Scheme for Non-Teaching Staff	2021	08 December 2022	30 September 2020
The Livability Final Salary Pension Scheme	2021	22 December 2022	30 September 2020
The Orbit Group Defined Benefit Pension Scheme	2020	14 December 2021	30 September 2021
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme	2020	21 December 2021	30 September 2021
The Save the Children Defined Benefit Scheme	2020	17 November 2021	30 September 2021
The Together Trust Final Salary Scheme	2021	21 December 2022	30 September 2020
The Winchester College Support Staff Pension Scheme	2020	21 December 2021	30 September 2021
Thirteen Housing Group Pension Scheme	2022 ¹	N/A ²	N/A
United Reformed Church Final Salary Scheme	2019	23 October 2020	30 September 2021
VIVID Housing Defined Benefit Scheme	2021	08 December 2022	N/A
Wales & West Housing Group Pension Plan	2022 ¹	N/A ²	N/A
Workers' Educational Association Pension Scheme	2020	16 December 2021	30 September 2021
YHA (England & Wales) Pension Scheme	2020	22 December 2021	30 September 2021

¹ New Scheme, valuation to be performed as at 30 September 2022.

² Interim Schedule of Contributions is in place until the completion of the 30 September 2022 actuarial 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 Committee: 9 September 2021

Approved by the Trustee Board: 14 October 2021

1. Introduction

- 1.1. TPT Retirement Solutions consists of 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 their 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. In light of the Covid-19 pandemic, Legal & General Investment Management, the investment manager of the Self-Select TPT Property Fund, suspended all trading in the fund between March and October 2020. During this period, members' contributions were diverted to the TPT Cash Fund and remained in the TPT Cash Fund, unless members elected otherwise. In line with applicable law and the Pensions Regulator's guidance the TPT Cash Fund therefore became a 'default arrangement'. The Trustee is acknowledged the change of status of the TPT Cash Fund, and expects the Cash Fund to fulfil the same role should other self-select funds be suspended.

- 1.4. 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 to a formal Investment Committee (IC) and a Chief Investment Officer (CIO) that report back to the Trustee.
- 2.2. The IC has delegated day-to-day investment management 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 IC and CIO use as a framework when making decisions and agreeing investment strategy. 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 for members' own individual expected retirement.
- 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, AllianceBernstein (the "investment manager"), to appoint underlying investment managers, monitor investment performance and vary the asset allocation of the underlying funds with a view to enhance 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. 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 IC 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 IC 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 Consumer Price Index (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 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 TPT Cash Fund currently has a benchmark of 7-day London Interbank Bid Rate (LIBID), to be replaced with Sterling Oversight Index Average (SONIA) on 30 September 2021. 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 IC and CIO determine 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 IC and CIO have 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 result from environmental, social and	RI Framework sets out ESG risk management strategy as an integral part of the investment decision making process, with specific reference to

	governance (ESG) related factors including climate change	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, 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 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. RI 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 IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.

Fund Manager Selection and Monitoring

- 8.2.7. The Trustee's RI Framework applies to all of its investments although it tailors its expectations 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. Our monitoring process for asset managers is robust and we monitor performance and the manager's remuneration on an ongoing basis which allows us 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, ESG Integration and Transparency. Each investment manager is then assigned a Responsible Investment rating.
- 8.2.12. The Trustee reports Responsible Investment manager ratings on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.

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. It is a strategic part of our approach of being a responsible investor and has three pillars:

- a) **Understanding the exposure of our investments to climate change.** The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon foot-printing, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and will use the guidance it sets out for asset owners as the framework for reporting on climate change.
- b) **Making sure that new and existing investments are managed in a way that takes account of climate change risks and opportunities.** The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.
- c) **Actively engage with the wider investment community and policy makers on climate change.** The Trustee is an active member of the Institutional Investors

Group on Climate Change (IIGCC) and is leading efforts in the Investor Practices programme that aim to share best practice on climate change risk analysis amongst asset managers and asset owners.

8.2.17. The IMT provides regular updates to the IC 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

8.2.18. 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.

8.2.19. 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.

8.2.20. 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.

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

8.2.22. 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.

8.2.23. 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.

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

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

Governance Factors

- 8.2.26. The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.
- 8.2.27. 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 is made 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 is made 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 which 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 IMT. Where the Trustee exercises its right in this way, it will inform the IC of its decision, together with the reasons for it.
- 8.3.2. The Trustee expects its investment managers to exercise their 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. Where there is a contentious vote or a vote relating to the Trustee's engagement activities, the Trustee may choose to recall or restrict the amount of stock lent. 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 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, the PLSA and the 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 whether or not 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 RI 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, their views in relation

to social and environmental impact, and the present and future quality of life of the members and beneficiaries of TPT and TPT2016.

8.5.2. The Trustee recognises that by delegating 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 IC 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 IC 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	0.5%	0.05%	Yes
ETDF	0.63%**	0.03%	Yes
ETDF (pre-99)	0.5%	0.08%	Yes
Bond Fund	0.45%	N/A	No
Cash Fund	0.44%	0.01%	Yes, for technical reasons
Global Equity Fund	0.45%	N/A	No
Index-Linked Gilts Fund	0.45%	N/A	No
Socially Responsible Investment Fund	0.45%	N/A	No
Diversified Growth Fund***	0.52%	N/A	No
Property Fund ***	1.00%	0.02%	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).

**The higher charges associated with the Diversified Growth Fund and the Property Fund reflect the higher costs associated with actively managed funds. Other funds have a lower AMC than the default fund because AB's investment management charges do not apply for these investments.

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 tables below:

Default arrangement charges and transaction costs

<i>TDF Vintage</i>	<i>Admin Costs</i>	<i>Transaction Costs</i>	<i>Total Costs</i>
<i>AB Retirement Fund 2011-2013</i>	<i>0.5060%</i>	<i>0.1152%</i>	<i>0.6212%</i>
<i>AB Retirement Fund 2014-2016</i>	<i>0.5060%</i>	<i>0.1152%</i>	<i>0.6212%</i>
<i>AB Retirement Fund 2017-2019</i>	<i>0.5060%</i>	<i>0.1152%</i>	<i>0.6212%</i>
<i>AB Retirement Fund 2020-2022</i>	<i>0.5064%</i>	<i>0.1138%</i>	<i>0.6202%</i>
<i>AB Retirement Fund 2023-2025</i>	<i>0.5082%</i>	<i>0.1102%</i>	<i>0.6184%</i>
<i>AB Retirement Fund 2026-2028</i>	<i>0.5132%</i>	<i>0.1009%</i>	<i>0.6141%</i>
<i>AB Retirement Fund 2029-2031</i>	<i>0.5178%</i>	<i>0.0918%</i>	<i>0.6096%</i>
<i>AB Retirement Fund 2032-2034</i>	<i>0.5209%</i>	<i>0.0826%</i>	<i>0.6035%</i>
<i>AB Retirement Fund 2035-2037</i>	<i>0.5242%</i>	<i>0.0711%</i>	<i>0.5953%</i>
<i>AB Retirement Fund 2038-2040</i>	<i>0.5253%</i>	<i>0.0669%</i>	<i>0.5922%</i>
<i>AB Retirement Fund 2041-2043</i>	<i>0.5251%</i>	<i>0.0667%</i>	<i>0.5918%</i>
<i>AB Retirement Fund 2044-2046</i>	<i>0.5251%</i>	<i>0.0667%</i>	<i>0.5918%</i>
<i>AB Retirement Fund 2047-2049</i>	<i>0.5251%</i>	<i>0.0667%</i>	<i>0.5918%</i>
<i>AB Retirement Fund 2050-2052</i>	<i>0.5251%</i>	<i>0.0667%</i>	<i>0.5918%</i>

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<i>AB Retirement Fund 2053-2055</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2056-2058</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2059-2061</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2062-2064</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2065-2067</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2068-2070</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2071-2073</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2074-2076</i>	0.5251%	0.0667%	0.5918%
<i>AB Retirement Fund 2077-2079</i>	0.5251%	0.0667%	0.5918%

<i>Ethical TDF Vintage</i>	<i>Admin Costs</i>	<i>Transaction Costs</i>	<i>Total Costs</i>
<i>AB Ethical Retirement Fund Pre 1999 (2011-2013)</i>	0.5243%	0.0895%	0.6138%
<i>AB Ethical Retirement Fund Post 1999 (2011-2013)</i>	0.6543%	0.0895%	0.7438%
<i>AB Ethical Retirement Fund Pre 1999 (2014-2016)</i>	0.5285%	0.0870%	0.6155%
<i>AB Ethical Retirement Fund Post 1999 (2014-2016)</i>	0.6585%	0.0870%	0.7455%
<i>AB Ethical Retirement Fund Pre 1999 (2017-2019)</i>	0.5322%	0.0849%	0.6171%
<i>AB Ethical Retirement Fund Post 1999 (2017-2019)</i>	0.6622%	0.0849%	0.7471%
<i>AB Ethical Retirement Fund Pre 1999 (2020-2022)</i>	0.5336%	0.0848%	0.6184%
<i>AB Ethical Retirement Fund Post 1999 (2020-2022)</i>	0.6636%	0.0848%	0.7484%

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<i>AB Ethical Retirement Fund Pre 1999 (2023-2025)</i>	<i>0.5182%</i>	<i>0.0834%</i>	<i>0.6016%</i>
<i>AB Ethical Retirement Fund Post 1999 (2023-2025)</i>	<i>0.6682%</i>	<i>0.0834%</i>	<i>0.7516%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2026-2028)</i>	<i>0.5249%</i>	<i>0.0850%</i>	<i>0.6099%</i>
<i>AB Ethical Retirement Fund Post 1999 (2026-2028)</i>	<i>0.6749%</i>	<i>0.0850%</i>	<i>0.7599%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2029-2031)</i>	<i>0.5286%</i>	<i>0.0886%</i>	<i>0.6172%</i>
<i>AB Ethical Retirement Fund Post 1999 (2029-2031)</i>	<i>0.6786%</i>	<i>0.0886%</i>	<i>0.7672%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2032-2034)</i>	<i>0.5319%</i>	<i>0.0899%</i>	<i>0.6218%</i>
<i>AB Ethical Retirement Fund Post 1999 (2032-2034)</i>	<i>0.6819%</i>	<i>0.0899%</i>	<i>0.7718%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2035-2037)</i>	<i>0.5352%</i>	<i>0.0827%</i>	<i>0.6179%</i>
<i>AB Ethical Retirement Fund Post 1999 (2035-2037)</i>	<i>0.6852%</i>	<i>0.0827%</i>	<i>0.7679%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2038-2040)</i>	<i>0.5283%</i>	<i>0.0697%</i>	<i>0.5980%</i>
<i>AB Ethical Retirement Fund Post 1999 (2038-2040)</i>	<i>0.6883%</i>	<i>0.0697%</i>	<i>0.7580%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2041-2043)</i>	<i>0.5297%</i>	<i>0.0583%</i>	<i>0.5880%</i>
<i>AB Ethical Retirement Fund Post 1999 (2041-2043)</i>	<i>0.6897%</i>	<i>0.0583%</i>	<i>0.7480%</i>
<i>AB Ethical Retirement Fund Post 1999 (2044-2046)</i>	<i>0.6897%</i>	<i>0.0517%</i>	<i>0.7414%</i>
<i>AB Ethical Retirement Fund Post 1999 (2047-2049)</i>	<i>0.6897%</i>	<i>0.0517%</i>	<i>0.7414%</i>

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<i>AB Ethical Retirement Fund Post 1999 (2050-2052)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2053-2055)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2056-2058)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2059-2061)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2062-2064)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2065-2067)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2068-2070)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Pre 1999 (2071-2073)</i>	0.5297%	0.0517%	0.5814%
<i>AB Ethical Retirement Fund Post 1999 (2071-2073)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2074-2076)</i>	0.6897%	0.0517%	0.7414%
<i>AB Ethical Retirement Fund Post 1999 (2077-2079)</i>	0.6897%	0.0517%	0.7414%

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
<i>Global Equity</i>	0.450%	0.0676%	0.5176%
<i>Cash</i>	0.450%	-0.0123%	0.4377%
<i>Bond</i>	0.450%	0.0098%	0.4598%
<i>Index Linked Gilts</i>	0.450%	0.0209%	0.4709%
<i>Property</i>	1.010%	0.8689%	1.8789%
<i>SRI</i>	0.450%	0.0128%	0.4628%
<i>Diversified Growth*</i>	0.5342%	-0.0029%	0.5313%
<i>Islamic Global Equity</i>	0.450%	-0.0065%	0.4435%

Appendix 3 – Cumulative Illustrations

Notes to the default arrangement cumulative illustrations

1. This section relates to the Target Date Fund (“TDF”) and Ethical TDF default arrangements. The TPT Cash Fund, although a technical default fund, is included as part of the self-select fund range.
2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £2,156 at age 22 for a member retiring at age 68.
4. Inflation is assumed to be 2.5% each year.
5. Contributions are assumed to be paid at the end of each month from age 22 to 68 and increase in line with assumed earnings inflation of CPI plus 1.0% each year on the anniversary of the first contribution.
6. Initial contribution level is assumed to be £217 per month (inclusive of employer contributions, member contributions and tax relief).
7. Values shown are estimates and not guaranteed.
8. 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 optional for trustees and investment managers within the guidance provided by the DWP.
9. The projected future growth rate is 1.66% above inflation for the TDF and 1.64% above inflation for the ETDF.
10. 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 does not represent an achievable member outcome.
11. 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.

TDF

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,042	5,022
3	10,630	10,527
5	16,589	16,339
10	33,240	32,296
15	52,673	50,476
20	75,265	71,123
25	101,340	94,411
30	128,350	117,873
35	154,753	140,121
40	179,444	160,250
46	202,831	178,309

We have not prepared a separate illustration for each investment stage for the target date funds as per Department for Work and Pensions (DWP) guidance, but have instead provided an illustration which corresponds with the other illustrations in this statement. We consider that to be a more helpful and understandable approach for our members.

Ethical TDF

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,043	5,017
3	10,633	10,499
5	16,597	16,269
10	33,271	32,037
15	52,745	49,880
20	75,402	70,011
25	101,209	92,244
30	127,967	114,477
35	154,033	135,284
40	177,845	153,436
46	201,397	170,275

We have not prepared a separate illustration for each investment stage for the target date funds as per DWP guidance, but have instead provided an illustration which corresponds with the other illustrations in this statement. We consider that to be a more helpful and understandable approach for our members.

Self-select arrangement Illustrations

Notes to the default and self-select cumulative illustrations

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 £2,156 at age 22 for a member retiring at age 68.
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 22 to 68 and increase in line with assumed earnings inflation plus 1.0% each year on the anniversary of the first contribution.
5. Initial contribution level is assumed to be £217 per month (inclusive of employer contributions, member contributions and tax relief).
6. Values shown are estimates and not guaranteed.
7. 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 optional for trustees and investment managers within the guidance provided by the DWP.
8. The projected future growth rates for the self-select options are as set out below:
 - a. Global Equity Fund: 2.44% above inflation
 - b. Bond Fund: 0.49% below inflation
 - c. Cash Fund: 1.46% below inflation
 - d. Diversified Growth Fund (DGF): 1.46% above inflation
 - e. Index-Linked Gilts Fund: 1.46% below inflation
 - f. Property Fund: 1.22% above inflation
 - g. Socially Responsible Investment Fund: 2.44% above inflation.
9. 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 is purely hypothetical and does not represent an achievable member outcome.
10. 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.

Global Equity fund

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,045	5,028
3	10,646	10,558
5	16,629	16,414
10	33,394	32,577
15	53,034	51,126
20	75,953	72,341
25	102,608	96,534
30	133,519	124,051
35	169,272	155,277
40	210,531	190,637
46	268,375	239,193

This is the joint lowest charging fund, with an administration cost of 0.450% and variable additional transaction costs. Based on recent transaction cost experience, the Cash fund is the lowest charging fund overall

Bond fund

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	4,936	4,919
3	10,093	10,011
5	15,302	15,109
10	28,561	27,898
15	42,178	40,771
20	56,177	53,758
25	70,585	66,889
30	85,430	80,194
35	100,739	93,703
40	116,542	107,448
46	136,203	124,298

This is the joint lowest charging fund, with an administration cost of 0.450% and variable additional transaction costs. Based on recent transaction cost experience, the Cash fund is the lowest charging fund overall

Cash fund (self-select fund and also a technical default fund)

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	4,900	4,883
3	9,914	9,833
5	14,883	14,697
10	27,133	26,514
15	39,174	37,903
20	51,055	48,934
25	62,821	59,676
30	74,516	70,190
35	86,184	80,536
40	97,867	90,767
46	111,964	102,968

This is the joint lowest charging fund, with an administration cost of 0.450% and variable additional transaction costs. Based on recent transaction cost experience, the Cash fund is the lowest charging fund overall

DGF

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,009	4,989
3	10,460	10,357
5	16,175	15,929
10	31,686	30,785
15	49,077	47,042
20	68,524	64,800
25	90,220	84,168
30	114,373	105,259
35	141,209	128,196
40	170,973	153,106
46	210,931	185,798

Index-linked gilts fund

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	4,900	4,883
3	9,914	9,833
5	14,883	14,697
10	27,133	26,514
15	39,174	37,903
20	51,055	48,934
25	62,821	59,676
30	74,516	70,190
35	86,184	80,536
40	97,867	90,767
46	111,964	102,968

This is the joint lowest charging fund, with an administration cost of 0.450% and variable additional transaction costs. Based on recent transaction cost experience, the Cash fund is the lowest charging fund overall

Property fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,000	4,962
3	10,413	10,222
5	16,063	15,607
10	31,274	29,630
15	48,143	44,489
20	66,808	60,225
25	87,417	76,884
30	110,132	94,513
35	135,124	113,163
40	162,578	132,885
46	199,055	158,044

This is the highest charging fund, with an administration cost of 1.010% and additional transaction costs

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,045	5,028
3	10,646	10,558
5	16,629	16,414
10	33,394	32,577
15	53,034	51,126
20	75,953	72,341
25	102,608	96,534
30	133,519	124,051
35	169,272	155,277
40	210,531	190,637
46	268,375	239,193

This is the joint lowest charging fund, with an administration cost of 0.450% and variable additional transaction costs. Based on recent transaction cost experience, the Cash fund is the lowest charging fund overall.

Appendix 4 – Investment Returns

Investment 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.

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 2022 (years)	5 years (2017 to 2022)	3 years (2019 to 2022)	1 year (2022)
2041 - 2043 to 2068 – 2073	e.g. age 46 to 16	5.0%	3.9%	-9.8%
2038 – 2040	e.g. age 49	5.0%	3.9%	-9.7%
2035 - 2037	e.g. age 52	4.8%	3.4%	-9.3%
2032 - 2034	e.g. age 55	4.0%	2.3%	-8.3%
2029 - 2031	e.g. age 58	3.3%	1.7%	-7.7%
2026 - 2028	e.g. age 61	2.7%	1.3%	-7.1%
2023 - 2025	e.g. age 64	1.9%	0.6%	-6.3%
2020 - 2022	e.g. age 67	1.4%	0.3%	-6.0%
2017 - 2019	e.g. age 70	1.2%	0.2%	-5.9%
2014 - 2016	e.g. age 73	1.1%	0.2%	-5.9%
2011 - 2013	e.g. age 76	1.1%	0.2%	-5.9%

Please note, we do not have available data beyond 5 years because we have not been required to record this data previously – so performance data is included for 5, 3 and 1 year periods. We have included an illustrative 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. All investment returns are annualised.

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	5 years (2017 to 2022)	3 years (2019 to 2022)	1 year (2022)
Global Equity	4.7%	4.0%	-10.7%
Cash	0.1%	0.0%	0.3%
Bond	-4.5%	-11.7%	-30.9%
Index Linked Gilts	-3.2%	-11.1%	-29.6%
Property	4.7%	5.2%	14.8%
SRI	8.9%	7.7%	-2.5%
Diversified Growth	0.0%	0.6%	-9.1%

Please note, we do not have available data beyond 5 years because we have not been required to record this data previously – so performance data is included for 5, 3 and 1 year periods. All investment returns are annualised.

Appendix 5 - The Pensions Trust (TPT) - SIP Implementation Statement

Introduction

This Statement of Investment Principles (“SIP”) Implementation Statement (“the Statement”) has been prepared by Verity Trustees Limited as the Trustee of The Pensions Trust (“the Trustee”) and relates to The Pensions Trust (“TPT”).

This Statement is produced by the Trustee as required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). The regulations state that the implementation statement must (amongst other matters):

- set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year;
- describe any review of, and explain any changes made to, the SIP during the year; and
- describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Not all of the requirements above apply in the case of the Scheme but the Trustee has decided to report on each of these areas as a matter of best practice. There are more onerous disclosure requirements which are applicable for DC schemes.

Based on regulatory requirements, the Statement covers the period from 1 October 2021 to the end of TPT’s financial year on 30 September 2022. There were separate SIPs for both the DB and DC elements of TPT. The statement is therefore split accordingly, to reflect the differing content and relevance to different members.

The Statement is split into three sections:

1. an overview of the Trustee’s actions and highlights during the period covered;
2. the policies set out in TPT’s SIPs for both the DB and DC sections and the extent to which they have been followed in the reporting period; and
3. the voting behaviour and significant votes undertaken by the fund managers on behalf of TPT.

The Trustee reviews the SIP annually. For the period under review, the Trustee reviewed the SIP on 14 October 2021 (the SIP was subsequently reviewed and approved on 13 October 2022). The review takes into account new regulations as well as best practices inherent in the Trustee’s investments and wider stakeholder remit.

SIP Updates

The DB and DC SIPs that are most relevant for this reporting period are the documents updated on 27 September 2020 to comply with regulatory changes. This regulatory change incorporated the Shareholder Rights II Directive (“SRD II”) into UK law and required pension scheme SIPs to be updated to include further details on:

- the arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee's policies and how the Trustee will monitor each manager's performance, fees and portfolio costs; and
- the Engagement Policy, including the exercise of the rights (including voting rights), attached to the investments.

SRD II applies more widely than just to pension schemes. The directive aims to further encourage appropriate long-term investment decision-making and engagement.

Updates to the DB and DC SIP:

In 2020 the FRC updated the requirements for complying with the Stewardship Code and the Trustee is not a signatory to the latest requirements (i.e. the FRC 2020 Stewardship). For this reason reference to the Trust being a signatory to the FRC Stewardship Code was removed.

Overview of Trustee's Actions - DB

Investment objectives and strategy

TPT's agreed strategic asset allocation reflects the Trustee's view of the most appropriate investments, balancing risk/reward characteristics of the funds TPT is invested in, to support participating schemes' full-funding objectives.

During the reporting period there was no change to TPT's overall investment objectives. However, due to the Master Trust nature of TPT, the investment strategy of each participating scheme reflects the integrated approach towards assessing risk (for its defined benefit schemes), considering areas such as investment risk and covenant support.

In order 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 a number of underlying sub-portfolios that allocate to the major asset classes, such as equities and credit, as well as a range of diversifiers such as insurance-linked securities.

During the reporting period the following strategy changes were made:

- The Trustee amended the Emerging Market Debt mandate to include Hard Currency and Corporate alongside the existing Local Currency exposure.
- The Trustee invested into and withdrew funds from the Wellington Global High Yield Bonds mandate in line with pre-agreed spread triggers. The allocation was transferred from/to Market Neutral.
- The Trustee has negotiated new terms for LGIM LDI, CRC Fund V and Chorus Fund V; these are three new mandates that the Trustee has invested in over the reporting period.

Trustee's policies for investment managers

The Trustee relies on investment managers for the day-to-day management of TPT's assets but retains control over TPT's investment strategy.

The Trustee makes use of pooled investment vehicles as well as segregated mandates with its asset managers.

TPT's assets that are invested in a segregated manner have the Trustee's specified terms within the investment management agreements, for example TPT's Voting and Engagement Policy and specific restricted investments (e.g. controversial weapons). TPT's assets that are invested in pooled investment vehicles have standardised fund terms. Further to this, TPT has negotiated side letters which set out further restrictions including excluded investments. The Trustee has not received notifications from its relevant investment managers of any material changes to the pooled fund terms over the scheme year.

Final remarks

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within TPT's SIP. Any changes to the investment strategy agreed during the period but implemented after the period had ended, and an assessment of their impact will be reported in the next implementation statement.

The responsibility for managing TPT's holdings is delegated to its fund managers. The Trustee believes that TPT's fund managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the companies and the level of access they have to companies' management. This is also a pragmatic approach because of the number of stocks owned by TPT, and the amount of time corporate entities have available for single investors. However, TPT sets out its expectations to its asset managers in terms of Corporate Governance in its Voting and Engagement Policy document and adherence to the Pensions & Lifetime Savings Association ("PLSA") Stewardship & Voting Guidelines 2022, as well as its Statement of Investment Principles ("SIP").

The Trustee believes that it should act as a responsible steward of the assets in which TPT invests as this can improve the longer-term returns on its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governance practices, such as board accountability.

Overview of Trustee's Actions - DC

Investment arrangements

The Trustee reviews the performance of each fund on a quarterly basis against the stated performance objective for that fund. The Trustee concluded that AllianceBernstein ("AB"), to whom the Trustee has delegated the investment management of the default strategy, remained well suited for the purpose. It will continue to monitor AB on a regular basis considering both the performance of the target date funds and other prevailing circumstances.

The Trustee engaged in a Default Strategy Review in May 2022; it was concluded that the DC performance against CPI+ objectives remained challenging. The Trustee remained confident that AB would be able to outperform the real returns objectives over the longer term. The fees for all the funds were within the range we would expect for a scheme the size of TPT.

As part of its governance process and to meet Objectives 4 and 5 of the Master Trust supplement to AAF02/07, TPT has committed to reviewing annually the investment strategies for both the default and self-select funds. This review was conducted on the 5 May 2022.

In September 2022 TPT added the Islamic Global Equity Index Fund to its selection of self-select funds. The Fund is managed by HSBC and aims to track the performance of the Dow Jones Islamic Market Titans 100 Index (the Islamic Index). The Fund invests in shares of companies that meet Shariah compliance principles as interpreted or approved by the Shariah Committee.

The Trustee has negotiated new terms with AllianceBernstein; the Trustee has invested into this mandate over the reporting period.

Final remarks

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within TPT's SIP

The responsibility for managing TPT's holdings is delegated to its fund managers. TPT believes that investment managers are well 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 also a pragmatic approach because of the number of stocks owned by TPT, and the amount of time corporate entities have available for single investors. However, TPT sets out its expectations to AB (as the asset manager of the default investment strategy) in terms of Corporate Governance via its Voting and Engagement Policy document and adherence to the PLSA Stewardship & Voting Guidelines 2022, as well as its SIP.

The Trustee believes that it should act as a responsible steward of the assets in which TPT invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Review of DB SIP Policies

Policy	Has the policy been followed?	Evidence
Appointments and Delegation		
<p>The Trustee’s Investment Committee (“IC”) has delegated day-to-day investment management to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience to manage the Trustee’s investments. These appointments are reviewed regularly. The details of individual managers are published each year in the investment report within the Trustee’s Annual Report.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to monitor the manager ratings in an annual agenda-led meeting. Following this, a manager factsheet, meeting notes, updated research notes and a manager profile (covering performance) are produced. These ratings are approved by the Chief Investment Officer (“CIO”), the IC and the Portfolio Construction Group.</p>
Investment Beliefs		
<p>The Trustee has agreed a set of Investment Beliefs that the IC and CIO use as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually and published each year and are made available on TPT’s website.</p> <p>The Trustee regularly reviews the asset allocation of its DB investments in line with its Responsible Investment Framework (“RI Framework”), available on TPT’s website, to ensure the security, liquidity, quality and profitability of the DB portfolio as a whole and to ensure DB investments are appropriately diversified.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee Board approved a set of RI Principles during Q1 2022, which supplements the Investment Beliefs.</p> <p>The Investment Beliefs were reviewed on 14 October 2021 and again on 13 October 2022.</p>

Policy	Has the policy been followed?	Evidence
Investment Strategies		
<p>The Growth Asset and Matching-Plus Portfolios both aim to be well diversified between asset classes and return drivers. The strategy for each scheme is reviewed at least every three years to ensure it remains appropriate.</p> <p>The Trustee reviews the risk and return objectives for the Growth Asset and Matching-Plus Portfolios on a periodic basis to ensure they are consistent with scheme objectives.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The strategy for each participating scheme is subject to at least one strategy review after the triennial valuations.</p>
Management and Risk (1/2)		
<p>Investments are held by custodians (or property deeds are held directly). Only designated persons can authorise the transfer of assets between managers. Each investment manager executes its own stock selection policy within asset allocation control targets agreed with the IC. The discretionary managers determine the investments held, subject to objectives agreed and reviewed from time to time. Some assets are readily marketable and investments may be realised from time to time as required to provide funds in order to make payment of benefits. Formal meetings are held regularly with the investment managers and custodians. By using a number of investment managers, the risk attached to adverse performance by any one manager is reduced. Derivative contracts can only be used with the prior agreement of the IC.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Formal meetings are held with the investment managers according to a predetermined schedule.</p> <p>The meeting dates with the Custodian within the reporting period were as follows:</p> <ul style="list-style-type: none"> • 10 December 2021 • 4 April 2022 • 29 June 2022 • 29 September 2022

Policy	Has the policy been followed?	Evidence
Management and Risk (2/2)		
The risks, as stated in the SIP are assessed and monitored regularly.	Yes, the Trustee is satisfied that this policy has been followed.	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. It seeks guidance and written advice from its Investment Consultant as appropriate.
Responsible Investment (including ESG Factors) and Non-financial Matters (1/2)		
The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. RI is an approach which seeks to integrate ESG considerations into investment management and ownership practices.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The RI Framework outlines the policies that relate to the Trustee’s duties under the Investment Regulation e.g. Voting, Engagement and Climate Risk.</p> <p>The Trustee publishes the following in the RI section of TPT’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> • the latest Task Force on Climate-related Financial Disclosures (“TCFD”) report • a list of membership/signatories to relevant bodies.

Policy	Has the policy been followed?	Evidence
Responsible Investment (including ESG Factors) and Non-financial Matters (2/2)		
<p>The Trustee Board delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>For the period under review, the RI Framework was last reviewed on 14 October 2021 and again on 8 December 2022. No material changes were made.</p>
Fund Manager Selection and Monitoring (1/2)		
<p>The Trustee incorporates its expectations on ESG and climate change into 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 (“IMAs”) put in place which are tailored according to the particular mandate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>IMAs for several mandates incorporate specific requirements for ESG capabilities and reporting. The requirements include:</p> <ul style="list-style-type: none"> • consideration of climate risk in decision making; • exclusion of controversial weapons; • commitment to provide ESG reporting; • commitment to incorporate relevant ESG factors into decision making and provide ESG reporting. <p>In the period under review, we have not terminated any manager appointments.</p>

Policy	Has the policy been followed?	Evidence
Fund Manager Selection and Monitoring (2/2)		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The managers’ reports on their RI activities, including their approach to stewardship, climate change and ESG risks are reviewed annually.</p>
<p>The RI manager ratings are reported on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The IMT acts on behalf of the Trustee and reporting is done on a quarterly basis via a manager dashboard system.</p>
<p>The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon foot printing, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (“FSB”) TCFD and will use the guidance it sets out for asset owners as the framework for reporting on climate change.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the reporting period, the Trustee has not undertaken a review of the carbon risk.</p> <p>However, the Trustee did:</p> <ul style="list-style-type: none"> • commit to net zero in June 2021; • adopt interim targets and a scenario analysis framework in September 2022 • set up an active ownership strategy on climate in September 2022 • publish a report summarising the TPT strategy to achieve net zero <p>In addition, the IMT attended a workshop on climate in April 2022.</p>

Policy	Has the policy been followed?	Evidence
Environmental, Social and Governance Factors		
<p>The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of ongoing manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Specific ESG and climate change expectations were considered when appointing new mandates, and reviewing existing mandates.</p>
Social Factors		
<p>The Trustee carries out regular reviews of its portfolio to ensure adherence to its approach to restricting investments in controversial weapons.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee ensures that adherence to the approach to restricting investments in controversial weapons is written into the relevant IMAs. The RI Framework includes the criteria for identifying companies in which investment should be avoided. For the period under review, the Framework was reviewed on 14 October 2021 and again on 8 December 2022.</p>
Governance Factors		
<p>The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agents to assist in this review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is aware that the assessment of companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the UN treaties is an evolving area. The Trustee has actively engaged in training sessions on wider RI practices, which will inform TPT's implementation of this policy in the future.</p>

Policy	Has the policy been followed?	Evidence
Engagement (1/2)		
<p>There may be occasions when the 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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee had a training session at the Q1 2021 Trustee Board meeting covering engagement activities with investment managers.</p> <p>There were three decision training sessions for smaller groups of the Trustee Board and a paper with a focus on RI was taken to the March 2021 meeting. In 2022, two additional staff members specialising in RI were recruited. One of their tasks is delivering the engagement strategy.</p>
Engagement (2/2)		
<p>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 effort in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as Principles of Responsible Investment (“PRI”), and the Pensions & Lifetime Savings Association (“PLSA”). This list is not considered to be exhaustive.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is a signatory of the PRI. Reports are compiled by the PRI on an annual basis to assess the sustainability credentials of firms in the investment industry, to promote its key objectives. TPT scored highly across a majority of the modules, including its RI goals and objectives. This report is published on the TPT website.</p>

Policy	Has the policy been followed?	Evidence
Codes and Industry Initiatives		
<p>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 Institutional Investors Group on Climate Change (“IIGCC”) and the UK Sustainable Investment and Finance Association (“UKSIF”).</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC and UKSIF.</p>
Non-financial Matters		
<p>The Trustee will review its policy on non-financial matters on an annual basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>TPT has an Ethical Investment Framework that was adopted following consultation with key member organisations. The framework is aimed at applying a standard set of ethical criteria to TPT’s Ethical Funds to address ethical preferences that have been highlighted to TPT as being important to some member organisations, and likely shared by a sub-set of members. For the period under review, the Framework was reviewed on 14 October 2021 and again on 8 December 2022. No material changes were made.</p>

Policy	Has the policy been followed?	Evidence
Compliance		
<p>The IC 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 the DB SIP. The Trustee will review the DB SIP annually and without delay after any significant change in investment policy.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP was updated before 1 October 2019 to reflect the Trustee’s view on stewardship and financially material risks such as ESG, including climate change.</p> <p>Subsequent revisions to the SIP were published on an annual basis to comply with further regulatory changes.</p>

Review of DC SIP Policies

Policy	Has the policy been followed?	Evidence
Appointments and Delegation		
<p>The Trustee’s Investment Committee (“IC”) has delegated day-to-day investment management to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience to manage the Trustee’s investments. These appointments are reviewed regularly. The details of individual managers are published each year in the investment report within the Trustee’s Annual Report.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has delegated the investment management of the default strategy to AllianceBernstein (“AB”), who is reviewed on an annual basis.</p>
Investment Beliefs		
<p>The Trustee has agreed a set of Investment Beliefs that the IC and Chief Investment Officer (“CIO”) use as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually and published each year and are available on TPT’s website.</p> <p>The Trustee regularly reviews the asset allocation of its DC investments in line with its Responsible Investment Framework (“RI Framework”), available on TPT’s website, to ensure the security, liquidity, quality and profitability of the DC portfolio as a whole and to ensure DC investments are appropriately diversified.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee Board approved a set of RI Principles during Q1 2021, which supplements the Investment Beliefs.</p> <p>For the period under review, the Investment Beliefs were reviewed on 14 October 2021 and again on 13 October 2022.</p>

Policy	Has the policy been followed?	Evidence
Investment Strategies		
<p>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 classes and risk to reflect the full range of membership. A suite of ethical Target Date Funds (“TDFs”) 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’s website.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to provide two TDF options: Standard TDFs and Ethical TDFs.</p> <p>Where the default options do not meet the needs of a wider cross-section of members, 8 alternative self-select funds have been offered.</p> <p>For the period under review, the Ethical Investment Framework was last reviewed on 14 October 2021 and again on 8 December 2022.</p>
<p>The performance of the default arrangement and the self-select funds is monitored on a quarterly basis by the IC and reviewed annually in conjunction with the managers of the funds.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee applies proportionate governance in monitoring the self-select funds through an annual review process supplemented by quarterly performance updates. The annual review was conducted on the 5 May 2022.</p>
<p>The on-going suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the IC in conjunction with its Investment Consultant, taking into account member feedback and benchmarking material provided by the Investment Consultant.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As part of its governance process and to meet Control Objectives 4 and 5 of the Master Trust supplement to AAF02/07, TPT has committed to reviewing the investment strategies for both the default and self-select funds on an annual basis. This review was conducted on the 5 May 2022.</p>

Policy	Has the policy been followed?	Evidence
Management and Risk		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee holds annual meetings with AB and Legal & General Investment Management (“LGIM”) to assess the suitability of the TDF and self-select funds, respectively. The last meeting with AB was held on the 5 May 2022 and the last meeting with LGIM on the 24 March 2022. The HSBC Islamic Fund was added in September 2022, a review will take place during the 2022/23 scheme year</p>
<p>The risks, as stated in the SIP, are assessed and monitored regularly.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>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 and seeks guidance and written advice from its Investment Consultant as appropriate.</p>
Responsible Investment (including ESG Factors) and Non-financial Matters		
<p>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 Framework (“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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The RI Framework outlines the policies that relate to the Trustee’s duties under the Investment Regulation e.g. Voting and Engagement, Climate Risk.</p> <p>The Trustee publishes the following in the RI section of TPT’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> • the latest Task Force on Climate-related Financial Disclosures (“TCFD”) report • a list of memberships/signatories to relevant bodies.

Policy	Has the policy been followed?	Evidence
<p>The Trustee delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee Board approved a set of RI Principles during Q1 2021, which supplements the Investment Beliefs.</p> <p>For the period under review, the Responsible Investment Framework was reviewed on the 14 October 2021 and again on 8 December 2022.</p>
Fund Manager Selection and Monitoring		
<p>The Trustee incorporates its expectations on ESG and climate change into 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 mandate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has shared its policies with AB and LGIM as they are the investment managers used in the DC section.</p> <p>Please note that AB may use additional third-party managers to implement some of the strategies within the TDF investment structure. In these instances, AB monitors these managers' policies against AB's own policies. However, AB has committed to formally reviewing TPT's policies and actively considers these policies with respect to how underlying managers are utilised. Additionally, AB aims to improve alignment with TPT's policies, where possible, over time.</p>
<p>The 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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>At the 5 May 2022 IC meeting, the IMT discussed and received reports back from AB on voting engagement, their ESG team structures and how ESG was applied across the company.</p>
<p>The RI manager ratings is reported on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The IMT acts on behalf of the Trustee and reporting is done on a quarterly basis via a manager dashboard system.</p>

Policy	Has the policy been followed?	Evidence
Environmental, Social and Governance Factors (1/2)		
<p>The Trustee will review the carbon risk at both the overarching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon footprinting, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (“FSB”) TCFD and will use the guidance it sets out for asset owners as the framework for reporting on climate change.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Working with DC default investment manager, AB, the Trustee has established a climate change action plan for the over-arching portfolio via their UK target date funds. Aligned with TPT’s climate action plan, this highlights a commitment to halving carbon intensity by 2030, with significant progress already made towards the decarbonisation trajectory for the 1.5-degree scenario, and a net zero position by 2050.</p> <p>In terms of carbon-related actions, thermal coal (as the most carbon-intensive fossil fuel used for power generation) has been removed from the portfolio, and tilts have been applied at the underlying fund level. These seek to reduce the transition risks that may exist from companies to be more sensitive to the pace of adoption of climate change policies by governments and product decisions by consumers. One such allocation uses an index methodology that is recognised as an official EU Climate Transition Benchmark (CTB), meeting high climate standards.</p> <p>The Trustee supports TCFD and its framework for climate-related disclosures.</p>

Policy	Has the policy been followed?	Evidence
<p>The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee manages risk through its governance processes and oversight of the investment strategy. The IMT includes climate-related topics on the agenda at annual update meetings with its underlying fund managers to ensure that climate change risk is being incorporated into the investment process and relevant information is being captured in the documentation submitted to the IC. The Trustee currently reports under TCFD on a voluntary basis. However, it is aware that TCFD requirements continue to evolve and aims to meet these disclosure requirements as they come into force.</p>
<p>Environmental, Social and Governance Factors (2/2)</p>		
<p>The Trustee is an active member of the Institutional Investors Group on Climate Change (“IIGCC”) and is leading efforts in the Investor Practices programme that aim to share best practice on climate change risk analysis amongst asset managers and asset owners.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC.</p> <p>It currently serves as a Steering Group member for the Paris Aligned Investing Initiative.</p>

Policy	Has the policy been followed?	Evidence
Social Factors		
<p>The Trustee carries out regular reviews of its portfolio to ensure adherence with its approach to restricting investments in controversial weapons.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The last review of the portfolio was undertaken following the implementation of the TPT specific controversial weapons policy in 2019.</p> <p>Following this review, the Trustee produced a list to restrict investments in controversial weapons, adopted from the MSCI's recommendations. The RI Framework includes the criteria for identifying companies in which investment is to be avoided. For the period under review, the Framework was reviewed on 14 October 2021 and again on subsequently reviewed on 8 December 2022.</p>
Governance Factors		
<p>The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is aware that the assessment of companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties is an evolving area. The Trustee has actively engaged in training sessions on wider Responsible Investment practices, which will inform TPT's implementation of this policy in the future.</p>

Policy	Has the policy been followed?	Evidence
Engagement (1/2)		
<p>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. 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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has delegated the responsibility for its corporate engagement activities to AB in a manner consistent with the SIP. However, it will continue to monitor AB on an annual basis, considering both the funds' performances against their respective benchmarks and other prevailing circumstances.</p>

Policy	Has the policy been followed?	Evidence
Engagement (2/2)		
<p>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 and the PLSA and the Institutional Investors Group on Climate Change (“IIGCC”). This list is not considered to be exhaustive.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is a signatory of the PRI. Reports are compiled by the PRI on an annual basis to assess the sustainability credentials of firms in the investment industry, to promote its key objectives. TPT scored highly across a majority of the modules, including its RI goals and objectives. This report is published on the TPT website.</p>
Codes and Industry Initiatives		
<p>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”).</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC and UKSIF.</p>

Policy	Has the policy been followed?	Evidence
Non-financial Matters		
<p>The Trustee will review its policy on non-financial matters on an annual basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>TPT has an Ethical Investment Framework that was adopted following consultation with key member organisations. The framework is aimed at applying a standard set of ethical criteria to TPT's Ethical Funds to address moral or ethical preferences that have been highlighted to TPT as being important to some member organisations, and likely shared by a sub-set of members. For the period under review, the Framework was reviewed on 14 October 2021 and again on 8 December 2022.</p>
Compliance		
<p>The IC 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 the DC SIP. The Trustee will review the 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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP was updated before 1 October 2019 to reflect the Trustee's view on stewardship and financially material risks such as ESG, including climate change.</p> <p>The SIP was updated on the 13 October 2022 to reflect the fact that the Property fund had resumed trading and to make reference to the new benchmark that the cash fund had adopted.</p> <p>The Trustee Board approved a set of Responsible Investment Principles on 14 October 2021 and again on 13 October 2022.</p> <p>These principles supplement the Investment Beliefs.</p>

Overview of the Trustee's Voting and Engagement Policies

Summary of TPT's policies

The Trustee has delegated all aspects of monitoring the behaviour of the investee companies to the individual investment managers who are, in the Trustee's opinion, best placed to make judgements and to engage in dialogue with the underlying issuers.

Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

The Trustee's stewardship policy is to:

- delegate responsibility to investment managers for the exercising of rights (including voting rights) attaching to TPT's investments; and
- encourage its investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The Trustee's ability to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. In the instances where TPT's assets are invested in pooled funds, where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets, the Trustee has limited scope to influence managers' voting and stewardship activities. However, the Trustee does take stewardship into account in selecting, monitoring, and retaining its investment managers.

The Trustee has adopted the PLSA Stewardship and Voting Guidelines as voting policy. The policy references G20/ OECD Corporate Governance Principles and the ICGN Global Governance Principles. The Trustee is also part of the PLSA Stewardship Advisory Group and contributes annually to the updates of the PLSA Stewardship and Voting Guidelines.

How have the policies been followed for TPT?

A majority of TPT's investment managers are signatories to the UN Principles of Responsible Investment ("UN PRI").

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. The investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee the Trustee's ability to influence voting activities undertaken is limited. However, where possible the Trustee has looked to include its Voting and Engagement Policy into the Investment Management Agreements of segregated mandates.

Voting Behaviour in DB Section

Legal and General Investment Management (“LGIM”)

Voting

The Trustee invests in pooled fund arrangements and, as such, it is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT’s Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests information to demonstrate that each manager is exercising good stewardship (**see table below**).

The Pensions Trust
Year ended 30 September 2022

	Ethical UK Equity Index	Ethical Global	UK Equity Index	North America Equity Index	Europe (ex UK) Equity Index	Asia Pacific (ex Japan) Developed Equity Index	Japan Equity Index
How many meetings were you eligible to vote at over the year to 30/09/2022?	279	1,150	120	608	512	182	348
How many resolutions were you eligible to vote on over the year to 30/09/2022?	4,534	16,567	2,182	7,696	8,339	1,341	4,421
What % of resolutions for which you were eligible did you vote on?	100.0%	99.7%	100.0%	99.4%	99.7%	100.0%	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	94.1%	82.1%	95.3%	64.8%	82.5%	72.1%	89.1%
Of the resolutions on which you voted, on what % did you vote against management?	5.9%	17.7%	4.7%	35.1%	17.0%	27.9%	10.9%
Of the resolutions on which you voted, on what % did you abstain?	0.0%	0.2%	0.0%	0.1%	0.5%	0.0%	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	43.0%	76.6%	44.2%	97.9%	78.7%	68.1%	71.3%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. Voting decisions are made by LGIM and voting on strategic decisions is not outsourced to third parties. LGIM has put in place a custom voting policy with specific voting instructions.						
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.7%	12.7%	4.2%	26.2%	9.6%	16.2%	8.9%

Most significant votes

In determining significant votes, LGIM’s Investment Stewardship team considers the criteria provided by the PLSA. This includes but is not limited to:

- high profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- sanction vote as a result of a direct or collaborative engagement;
- vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s five-year ESG priority engagement themes.

Company:	NVIDIA Corporation
Date:	2 June 2022
Resolution:	Elect Director Harvey C. Jones
LGIM Vote:	Voted against the resolution.
Rationale:	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Man Group

Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2022?	871
How many resolutions were you eligible to vote on over the year to 30/09/2022?	10,296
What % of resolutions for which you were eligible did you vote on?	97.3%
Of the resolutions on which you voted, on what % did you vote with management?	86.6%
Of the resolutions on which you voted, on what % did you vote against management?	12.9%
Of the resolutions on which you voted, on what % did you abstain?	0.5%
In what % of meetings, at which you did vote, did you vote at least once against management?	6.9%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	Man Group appointed Glass Lewis as its proxy service provider. Man use Glass Lewis's voting platform 'Viewpoint' to vote their shares electronically and to receive research reports and custom voting recommendations. They have monitoring controls in place to ensure that the recommendations provided are in accordance with their ESG Voting Policy and that their votes are instructed in a timely and effective way. Specifically, Man's voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, they also have in place electronic alerts to inform them of votes against their policy, votes that need manual input and rejected votes that require further action.
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	6.6%

Most significant votes

Man’s proxy voting framework comprises a bespoke screening system that identifies high-value meetings. This screening combines the ESG rating from a third-party provider with an internal metric on deemed importance of the meeting. If a company falls below a certain threshold score in any area (ESG rating) and/or is considered materially important based on the % of shares outstanding held by Man Group or the fund’s assets under management (“AUM”), the meeting will be flagged to the Stewardship Team and be considered ‘high-value’. In addition to this, all shareholder proposals are also flagged to the Stewardship Team and reviewed.

Company:	Booking Holdings Inc
Date:	9 June 2022
Resolution:	Shareholder Proposal Regarding Linking Executive Pay to Climate Change Performance
Man Vote:	Voted for the resolution.
Rationale:	Favour linking executive compensation to social criteria.

Ownership Capital

Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2022?	15
How many resolutions were you eligible to vote on over the year to 30/09/2022?	189
What % of resolutions for which you were eligible did you vote on?	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	81.0%
Of the resolutions on which you voted, on what % did you vote against management?	16.0%
Of the resolutions on which you voted, on what % did you abstain?	3.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	80.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	In Q4 2021 (and historically), Ownership casted their proxy votes via a dedicated voting provider, Broadridge. In January 2022 they on boarded the ISS platform for voting and reporting. They have their own voting policy. Please refer to their Shareholder Engagement and Voting Policy.
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	15.0%

Most significant votes

Votes are determined to be significant by the Ownership Capital investment team on a case-by-case basis in accordance with their voting policies and the impact of each vote in question.

Company:	Bio-Techne
Date:	28 October 2021
Resolution:	Advisory vote to ratify named Executive Officers' compensation
Ownership Capital Vote:	Voted Against the resolution.
Rationale:	The company still does not have a clawback provision and metrics for LTIPs and short awards are Organic Revenue, Adjusted Operating Income. Ownership noted that there should be another metric (ideally ROIC and ROE) to judge acquisition performance. They would also like a relative metric to better judge individual performance rather than sector performance.

RBC Global Asset Management

Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

	Emerging Markets Equity SRI	Emerging Markets Equity ex-China	China Equity
How many meetings were you eligible to vote at over the year to 30/09/2022?	69	63	54
How many resolutions were you eligible to vote on over the year to 30/09/2022?	638	568	555
What % of resolutions for which you were eligible did you vote on?	100.0%	100.0%	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	85.3%	89.8%	82.5%
Of the resolutions on which you voted, on what % did you vote against management?	14.7%	10.2%	17.5%
Of the resolutions on which you voted, on what % did you abstain ¹ ?	2.4%	2.1%	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	40.6%	38.1%	55.6%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	RBC GAM retains the services of Institutional Shareholder Services (ISS) to manage and execute proxy votes. In addition, ISS provides custom voting recommendations for all proxies based on the RBC GAM Proxy Voting Guidelines. RBC GAM subscribes to the research of both ISS and Glass, Lewis & Co. The research and benchmark policy voting recommendations from both proxy advisors are considered as part of the proxy voting decision. However, the final voting decision is independent and voting authority rests solely with RBC GAM.		
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0.2%	0.5%	0.5%

¹RBC treats "abstain" votes as follows: abstained votes are counted with management if management did not make a recommendation and abstained votes are counted against management if management did make a recommendation.

Most significant votes

Proxy voting plays a key role in RBC's active stewardship activities. As such, there are several particularly significant votes each year. For the purposes of this report, RBC included a mix of proposals covering votes against the recommendations of management, instances of longstanding or ongoing engagements with issuers, and votes on non-routine voting matters, especially where the proposals could impact shareholder rights or corporate governance practices at the investee company.

Company:	China Resources Land Limited
Date:	15 June 2022
Resolution:	Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights
RBC Vote:	Voted Against the resolution.
Rationale:	<p>RBC GAM opposes the resolution due to:</p> <ul style="list-style-type: none"> • The aggregate share issuance limit is greater than 10% of the relevant class of shares. • The company has not specified the discount limit.

Ruffer LLP

Voting

TPT invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2022?	41
How many resolutions were you eligible to vote on over the year to 30/09/2022?	653
What % of resolutions for which you were eligible did you vote on?	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	96.2%
Of the resolutions on which you voted, on what % did you vote against management?	3.5%
Of the resolutions on which you voted, on what % did you abstain?	0.3%
In what % of meetings, at which you did vote, did you vote at least once against management?	36.6%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	<p>Ruffer's proxy voting advisor is ISS. Ruffer have developed their own internal voting guidelines. However, they take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although they are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares.</p> <p>Each research analyst, supported by the Ruffer responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.</p>
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.4%

Most significant votes

Ruffer have defined ‘significant votes’ as those that they think will be of particular interest to their clients. In most cases, these are when they form part of continuing engagement with the company and/or Ruffer have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and their internal voting guidelines.

Company:	Meta Platforms, Inc
Date:	26 May 2022
Resolution:	To publish Third-Party Human Rights Impact Assessment
Ruffer Vote:	Voted For the resolution.
Rationale:	Facebook has received substantial media backlash over the use of its targeted advertising to discriminate against marginalised groups. Although the company has recently tightened its restrictions for targeting options, it still appears to be facing scrutiny on the topic. It has faced a number of legal risks due to lawsuits from the ACLU, HUD, FTC, and others. Given the large amount of company revenue that comes from advertisements, a third-party human rights impact assessment on the company’s policies and practices related to targeted advertising could help shareholders assess Meta’s management of human rights related risks.

Sands Capital Management

Voting

TPT invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2022?	40
How many resolutions were you eligible to vote on over the year to 30/09/2022?	384
What % of resolutions for which you were eligible did you vote on?	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	95.6%
Of the resolutions on which you voted, on what % did you vote against management?	4.4%
Of the resolutions on which you voted, on what % did you abstain?	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	27.5%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	ISS, Glass Lewis, and SES (for India Holdings) standard voting policy.
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	13.6%

Most significant votes

The criteria Sands Capital selected to assess the “significance” of the vote were the dissent level, shareholder proposals they voted FOR, times they voted AGAINST management or ISS, historical votes on similar proposals, and overall relevance to the strategy.

Company:	CP All Public Company Limited
Date:	24 April 2022
Resolution:	Elect Padoong Techasarintr, Pridi Boonyoung, and Phatcharavat Wongsuwan as Directors
Sands Capital Vote:	Voted Against the resolution.
Rationale:	Following several attempts at engagement with the Company, Sands continues to have concerns about a non-independent Board as these directors have been on the board since 1999 and therefore are no longer independent in their view.

Voting Behaviour in DC Section

Amundi

Voting

TPT's investments in the DC section are through pooled fund arrangements and, as such, it is not necessary for managers to consult with the Trustee before voting. Additionally, for the DC section, selection and monitoring of underlying managers is delegated to AllianceBernstein ("AB") through the target date fund investment structure. Therefore, engagement with underlying managers is performed by AB. As standard, AB monitors these managers' policies against AB's own policies. However, AB have committed to formally reviewing TPT's policies and actively consider these policies with respect to how underlying managers are utilised. Additionally, AB aims to improve alignment with TPT's policies, where possible, over time (**see table below**).

The Pensions Trust
Year ended 30 September 2022

	Global Multi-Factor Equity	MSCI World Climate Transition	Index MSCI World SRI	Index MSCI Emerging Markets	Index MSCI Emerging Markets 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 over the year to 30/09/2022?	1,416	1,419	373	2,987	579	411	394	450
How many resolutions were you eligible to vote on over the year to 30/09/2022?	17,081	19,245	5,212	26,344	2,246	4,338	3,894	4,445
What % of resolutions for which you were eligible did you vote on?	98.0%	94.6%	98%	95.9%	94.5%	99.3%	89.6%	99.4%
Of the resolutions on which you voted, on what % did you vote with management?	79.7%	79.2%	81%	71.2%	78.8%	82.0%	75.9%	77.3%
Of the resolutions on which you voted, on what % did you vote against management?	19.6%	20.8%	19%	26.8%	18.3%	18.4%	17.9%	22.7%
Of the resolutions on which you voted, on what % did you abstain?	0.7%	0.0%	1%	1.9%	3.0%	0%	6.2%	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	71.0%	80.6%	79%	59.0%	61.3%	70.4%	58.4%	64.7%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	Amundi uses the ISS Proxyexchange platform to send its voting instructions. Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions, while retaining complete autonomy from their recommendations. ISS also provides customised voting recommendations based on Amundi's voting policy.							
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Most significant votes

As determined at Amundi level: a selection is made of the most important environmental and social shareholder proposals as well as emblematic votes, as encountered by the voting analysts from time to time (linked for example to controversies that have been highly mediatized).

Company:	The Walt Disney Company
Date:	9 March 2022
Resolution:	Report on Human Rights Due Diligence
Amundi Vote:	Voted For the resolution.
Rationale:	Additional disclosure could be supplied to enable better assessment of the efficacy of the company's related policies. The requested report could help positively impact the company's long-term value creation as well as reduce reputational and legal risks. Amundi therefore considers that the proposal has merit.

BlackRock

Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT's Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

	Blackrock AB GLB EQ	iShares ESG Screened Gbl Corp Bnd Idx GBP Hgd Acc
How many meetings were you eligible to vote at over the year to 30/09/2022?	1,527	4,793
How many resolutions were you eligible to vote on over the year to 30/09/2022?	21,198	49,866
What % of resolutions for which you were eligible did you vote on?	91%	92.0%
Of the resolutions on which you voted ² , on what % did you vote with management?	94.0%	91.0%
Of the resolutions on which you voted, on what % did you vote against management?	5.0%	8.0%
Of the resolutions on which you voted, on what % did you abstain?	0.0%	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	28.0%	34.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	BlackRock use ISS electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.	
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0.0%	0.0%

²Blackrock reports that voting figures may not total 100% for a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Most significant votes

BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes they have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock look at the sustainable long-term financial performance of investee companies.

Company:	Ocado
Date:	4 May 2022
Resolution:	Approve Remuneration Policy
BlackRock Vote:	Voted against the resolution.
Rationale:	BIS did not support the extension of the Value Creation Plan introduced in 2019, and the Remuneration Policy of which it formed a significant part, due to their concerns about its appropriateness as a tool for measuring performance and incentivising management.

Legal and General Investment Management (“LGIM”)

Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, they are to vote in line with TPT’s Voting and Engagement Policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates that the manager is exercising good stewardship (**see table below**).

The Pensions Trust
Year ended 30 September 2022

	Ethical UK Equity Index	Ethical Global Equity Index	Diversified Fund	Global Equity Market Weight (30:70) Index - 75% GBP Hedged	Future World Annuity Aware
How many meetings were you eligible to vote at over the year to 30/09/2022?	279	1,150	9,804	7,288	5
How many resolutions were you eligible to vote on over the year to 30/09/2022?	4,534	16,567	99,646	75,194	9
What % of resolutions for which you were eligible did you vote on?	100.0%	99.7%	99.8%	99.9%	100.0%
Of the resolutions on which you voted, on what % did you vote with management?	94.1%	82.1%	77.4%	80.4%	100.0%
Of the resolutions on which you voted, on what % did you vote against management?	5.9%	17.7%	21.9%	18.4%	0.0%
Of the resolutions on which you voted, on what % did you abstain?	0.0%	0.2%	0.7%	1.2%	0.0%
In what % of meetings, at which you did vote, did you vote at least once against management?	43.0%	76.6%	71.0%	60.7%	0.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or have you created your own bespoke policy which they then implement on your behalf?	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. Voting decisions are made by LGIM and voting on strategic decisions is not outsourced to third parties. LGIM has put in place a custom voting policy with specific voting instructions.				
On what % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.7%	12.7%	12.5%	9.8%	0.0%

Most significant votes

In determining significant votes, LGIM’s Investment Stewardship team considers the criteria provided by the PLSA. This includes but is not limited to:

- high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- sanction vote as a result of a direct or collaborative engagement;
- vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s five-year ESG priority engagement themes.

Company:	Apple Inc.
Date:	4 March 2022
Resolution:	Resolution 9 - Report on Civil Rights Audit
LGIM Vote:	Voted for the resolution.
Rationale:	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.

Final Remarks

The reporting period for this Statement covers 1 October 2021 to 30 September 2022. Any actions undertaken by the Trustee after this date will be covered in the next Statement. From a stewardship and engagement perspective, the Trustee is limited in its scope to influence directly how asset managers invest and engage with underlying companies due to the range of investments they use. However, where applicable the Trustee does seek to incorporate its voting and engagement policies into its appointment terms with managers.