

Stewardship Report

FOR YEAR 2024

(1 October 2023 – 30 September 2024)



This Stewardship Report is issued by Verity Trustees Limited in its capacity as the corporate trustee and asset owner of The Pensions Trust and The Pensions Trust 2016.

Verity Trustees Limited (VTL or “the Trustee”) is the corporate trustee of The Pensions Trust and The Pensions Trust 2016 (together, “the Trusts”). It is a company limited by guarantee and is regulated by The Pensions Regulator (TPR).

TPT Retirement Solutions Limited (TPT) is wholly owned by VTL.

TPT provides pension management and administration services to UK pension schemes.



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VTL Stewardship Report 2024

Introduction



Introduction

This Stewardship Report sets out Verity Trustees Limited's (VTL) approach to stewardship, aligned with the 12 principles of the Financial Reporting Council's UK Stewardship Code 2020. It describes, on a principle-by-principle basis, how we have met the Code's expectations, with a focus on the activities undertaken and the outcomes delivered during the period 1 October 2023 to 30 September 2024.

VTL is the corporate trustee and asset owner of The Pensions Trust and The Pensions Trust 2016. TPT Retirement Solutions Limited (TPT), a wholly-owned subsidiary of VTL, provides pension management and administration services to a range of UK pension schemes. Through this structure, we aim to deliver long-term value to our members and employers by integrating stewardship and sustainability across our investment approach.

Responsible investment is a core part of our investment philosophy. We view responsible investment as the incorporation of environmental, social and governance (ESG) factors into investment and oversight processes to support better risk-adjusted returns and positive real-world outcomes. Our scale as a long-term investor allows us not only to safeguard the financial interests of our members, but also to contribute to a more sustainable and equitable economy.

Stewardship is embedded across our governance and investment decision-making frameworks. As a universal owner, our holdings span a representative slice of the economy. We therefore take a system-wide view and recognise our responsibility to help shape sustainable capital markets that work in the interests of our beneficiaries over the long term.

We believe it is our responsibility to:

- act as effective stewards of the assets in which we invest;
- promote high standards of corporate governance and ESG integration; and
- support the healthy functioning of markets and the economy.

We maintain a robust stewardship framework and policies that seek to ensure consistent application and continuous improvement, as well as rigorous oversight of our investment managers. This report outlines the way in which we apply this framework in practice. It describes our governance arrangements, culture and values, investment beliefs and strategy, and our approach to ESG integration, risk management and conflicts of interest. Throughout, we provide examples and case studies to demonstrate how our stewardship activities have contributed to meaningful outcomes during the reporting period. We also include a summary of our engagement and voting activity. Although this report focuses on the financial year 2023–24, we also reference forward-looking actions, priorities and next steps that reflect our commitment to ongoing improvement and ambition to retain signatory status under the UK Stewardship Code.

Next steps

We understand that responsible investment and effective stewardship are ongoing journeys that evolve with emerging risks, opportunities and stakeholder expectations. We remain committed to strengthening our approach and deepening our impact.

In the year ahead, our stewardship efforts will focus on the following strategic priorities:

- **Improving transparency and reporting:** Continuing to build on our disclosures to provide clearer, more accessible reporting to stakeholders, including members and employers.
- **Exploring natural capital and biodiversity:** Advancing our understanding of nature-related risks and opportunities, including the links between natural capital and investment outcomes.
- **Revisiting our climate strategy beyond 2025:** Reviewing and refining our climate-related goals and roadmap to reflect progress to date and emerging best practice.

These initiatives reflect our belief that responsible investment is central to delivering better member outcomes, safeguarding long-term value, and supporting the transition to a sustainable, inclusive economy.

Note on use of prior disclosures

In line with the Financial Reporting Council's interim changes to the UK Stewardship Code reporting expectations (March 2024), we have reused or cross-referenced content from our 2024 Stewardship Report where there have been no material changes. All information remains accurate as at the reporting period ending 30 September 2024.

Key changes since last year's submission

TPT Investment Management (TPTIM), originally established as the in-house investment function of TPT, has matured into an FCA-authorised investment management firm. It now provides regulated investment management and consultancy services to UK pension schemes. TPTIM is a wholly owned subsidiary of TPT. TPTIM has been formally appointed by VTL as both investment manager and investment adviser.

Summary table

This table provides a high-level summary of how VTL meets the expectations of each of the 12 Principles of the UK Stewardship Code 2020, across both its DB and DC portfolios.

Principle	Summary of how VTL meets the principle
1. Purpose, strategy and culture	VTL's purpose as a trustee-led organisation is underpinned by fiduciary duty, long-term focus and responsible investment. Its strategy and culture align with TPT's values and reinforce oversight of stewardship across DB and DC portfolios.
2. Governance, resources and incentives	VTL operates robust governance through its Board and subcommittees, with clear responsibilities for stewardship oversight. It monitors both TPTIM (DB) and AB (DC), supported by ESG training and internal expertise.
3. Conflicts of interest	VTL has formal conflict management processes covering its dual role as trustee and owner of TPT. Conflicts are also identified, recorded and managed in relation to stewardship.
4. Promoting well-functioning markets	VTL supports systemic improvements through collaborative initiatives and stewardship priorities that aim to address market-wide risks such as climate change.
5. Review and assurance	VTL regularly reviews stewardship activities and reporting through the Investment Oversight Committee. Assurance includes review of TPTIM and AB's processes, as well as internal policy updates.
6. Client and beneficiary needs	Investment strategies are designed to meet the distinct needs of DB and DC members. TPTIM implements tailored DB portfolios, while AB manages DC assets in line with member outcomes and ethical preferences.
7. Stewardship, investment and ESG integration	ESG factors are embedded in investment beliefs and manager oversight. Stewardship is integrated into DB and DC portfolios via expectations placed on TPTIM and AB, respectively.
8. Monitoring managers and service providers	VTL monitors TPTIM and AB through structured reporting, performance reviews, and ESG assessments. It holds managers accountable for engagement, voting, and alignment with RI principles.
9. Engagement	Engagement is primarily undertaken by TPTIM and AB, with VTL overseeing effectiveness and outcomes. VTL supports escalation where material ESG concerns arise.
10. Collaboration	VTL encourages collaboration via its managers' participation in engagement initiatives and industry bodies recognising the value of collective influence.
11. Escalation	Escalation processes are in place for TPTIM and AB. Escalation policies of underlying investment managers are also assessed and discussed, as well as escalation activity.
12. Exercising rights and responsibilities	VTL oversees voting and engagement practices delegated to managers, reviewing alignment with stewardship policies. Proxy voting outcomes and case studies demonstrate influence and accountability.

Purpose and governance



Principle 1

Purpose, strategy and culture

Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

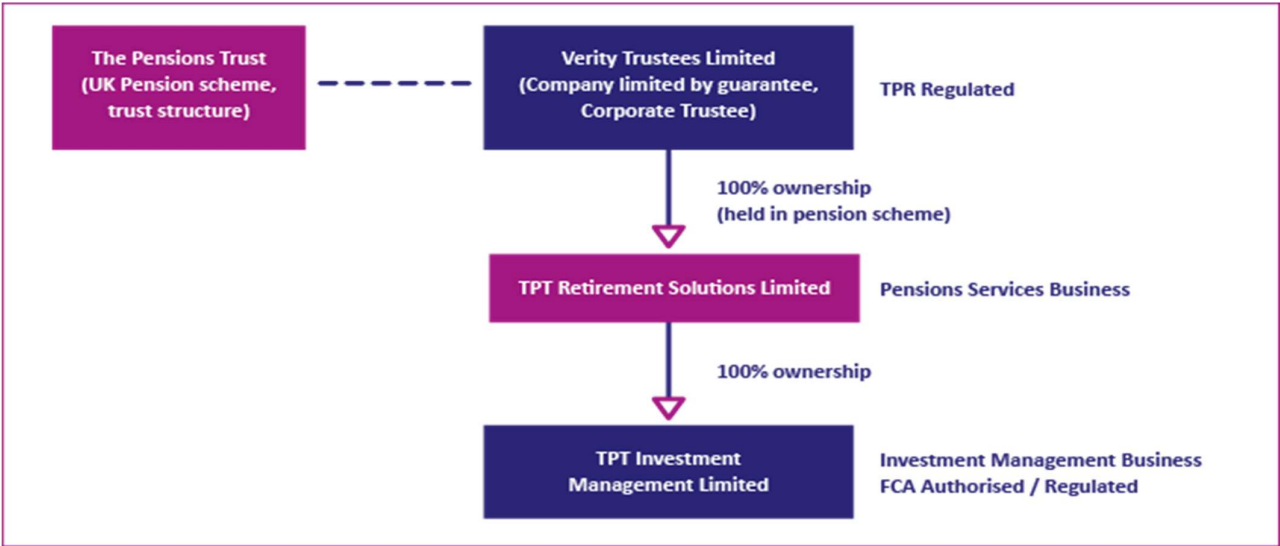
Who we are

VTL is the corporate trustee and asset owner of The Pensions Trust and The Pensions Trust 2016. TPT¹, a wholly-owned subsidiary of VTL, is one of the UK’s leading workplace pension providers. With over 75 years of experience, TPT provides defined benefit (DB) and defined contribution (DC) pension scheme management and administration services, supporting over 2,400 employers and 470,000 members. As at 30 September 2024, TPT manages £11.1 billion in assets.

TPT is one of the few UK providers offering both DB and DC schemes within a dual-authorised Master Trust structure. It provides cost-efficient investments for employers and members, using an approach that is supported by market-leading investment strategies and a long-standing commitment to responsible investing.

75+ years of experience in the pensions sector	£11.1bn of assets under management
470,000 members across the UK	2,400 employers

Figure 1. Corporate structure



¹ TPT is wholly owned by VTL in its capacity as trustee of The Pensions Trust and the Pensions Trust 2016. TPTIM is a wholly owned subsidiary of TPT. TPT provides pension management and administration services to UK pension schemes. TPTIM is authorised and regulated by the FCA and provides investment management and consultancy services to UK pension schemes.

Mission

TPT's mission is to **make pension schemes perform better for everyone**, from employers and trustees who have their own schemes to members who are saving for the future.

Making pension schemes perform better for everyone involves improving service provision not only for members, but also for other stakeholders. This broader mission recognises all of the work that TPT does and the impact it can have through pensions management. It also recognises VTL's role as a universal asset owner and the opportunity we have to make a difference to the world.

As a trustee-led business, our purpose is rooted in fiduciary responsibility and long-term thinking. Our stewardship approach is driven by this purpose: to protect and grow member outcomes over time, while supporting the health of the financial system and broader society.

TPT's values

Committed We are engaged. We keep to promises and meet our customers' expectations. We are persistent in our pursuit of success.	Cost effective We always look for good use of resources. We budget fairly and robustly. We act competitively.	Customer Focussed We offer a very high level of service. We listen to and learn from our customers. We are friendly, approachable, supportive, understanding and responsible.
Inclusive We establish partnerships with customers. We embrace diversity in all that we do. We work towards one goal and one vision.	Innovative We challenge current processes or traditional methods. We act proactively and creatively. We encourage and accept new ideas.	Integrity We consider the interests of others and respect their views. We are fair in all of our dealings. We offer the option of ethical investments.

We're pension specialists

Pensions are all that we do. We've been providing them for employers and their members since 1946. With this heritage comes a huge amount of experience and the right skills – from day-to-day pension scheme management to navigating more challenging or unexpected situations.

We keep things simple

We can't always make pensions less complicated, but we can make them easier to understand. We're always reviewing our communication methods to make sure we provide the right information in the right way.

We're responsible investors

We were investing responsibly long before it was a requirement. It's not only the right way to work, but also an essential part of recognising financial risks and opportunities. We implement ESG policies to secure the best outcomes, and actively engage in industry initiatives to help make a difference.

We're future-focused

We manage pension schemes based on knowledge and insight, so they can achieve better outcomes now and in the future. For the things we can't always predict, like market turbulence or new legislation, we have a long track record of adapting and innovating. It's what makes us one of today's leading pension providers and helps us to futureproof your pension scheme.

These values inform the way TPT operates as a business and how VTL governs the schemes. While TPT's corporate values are distinct from the Trustee's investment beliefs and responsible investment principles, VTL ensures strong alignment between them. As the sole owner of TPT, VTL plays an active role in setting expectations around organisational culture and monitors TPT's implementation of the Trustee's investment beliefs and approach to stewardship and responsible investment.

Examples of how these values inform stewardship activity – including proxy voting and engagement – are set out in ***Principle 12 (Exercising rights and responsibilities)***.

Investment beliefs and responsible investment principles

VTL has established a set of investment beliefs which provide a framework for long-term investment decision making. These beliefs are reviewed annually and published publicly, forming the foundation for the schemes' DB and DC investment strategies. Recognising the importance of responsible investment, the Trustee has also adopted a dedicated set of responsible investment principles. These principles reinforce the central role that stewardship and ESG integration play in protecting and enhancing long-term value. Together, the beliefs and responsible investment principles support the development and oversight of the Trustee's investment strategy and stewardship activities.

Our Investment Beliefs

1. Assets are held to pay benefits and should be invested taking account of the characteristics of these benefits.
2. Risk should only be tolerated to the extent that the Trustee has confidence, where relevant, that the covenant of the sponsoring employer(s) is sufficient to meet potential adverse consequences. The investment strategy may take account of the preferences of the sponsoring employer(s), including ethical concerns, where these are consistent with risk tolerance and investment beliefs.
3. Asset allocation is a more important determinant of returns than manager or stock selection.
4. The potential to achieve a higher investment return generally requires taking higher risk (uncertainty in future returns). Higher risk assets (e.g. equities) are expected to outperform lower risk assets (e.g. government bonds) but are also expected to have higher variability of returns (volatility).
5. Diversification of risk assets, both within and across asset classes, reduces the variability of returns, both in absolute terms and relative to liabilities.
6. The real world is complex; judgement and qualitative research are important alongside quantitative analysis.
7. Illiquid assets, that provide sufficient reward to compensate for illiquidity, may be suitable investments. Sufficient liquidity to meet payments, including in stress scenarios, should be maintained.
8. Market opportunities to deliver returns in excess of an index may exist. However identifying and implementing strategies that consistently deliver excess returns after costs is difficult.
9. Good governance improves the quality of investment decision making. Transparency is an important enabler of good governance.
10. Responsible investment helps identify and mitigate risks. Responsible investment may also enhance portfolio returns.

Our Responsible Investment Principles

1. VTL aims to act as a good steward toward its stakeholders.
2. VTL views itself as a universal owner; it strives to positively contribute to the debates in the real economy: climate change, fair society, and good governance.
3. ESG factors impact financial performance and create risk and opportunities.
4. Decisions relating to ESG matters should be made on a financial basis with an inclusive view of different ethical beliefs.
5. The Trustee prefers to engage with, rather than exclude, companies or sectors. Our focus is on long-term value creation and tangible real-world outcomes. Exclusion should be considered a last resort, e.g. when it becomes clear that engagement will not work.
6. The Trustee is responsible for the votes cast, even if voting is delegated to third-party investment managers. Therefore, the Trustee needs to appropriately oversee investment managers to assess whether they are voting in a manner consistent with its Voting and Engagement Policy.
7. We value collaboration with other investors and market participants to seek positive outcomes for the assets managed on behalf of our members.
8. VTL's aspiration is that its approach to and implementation of Responsible Investment compares favourably with its peers.
9. Responsible Investment is an evolving subject and the Trustee's principles and objectives should be reviewed regularly to ensure that they continue to be consistent with best practices and regulatory requirements.
10. Sufficient resources are required to fulfil the Responsible Investment objectives in the interests of the members.

Investment strategy

The Trustee determines the investment strategy for both The Pensions Trust and The Pensions Trust 2016, in line with its fiduciary duties and applicable legislation. Separate Statements of Investment Principles (SIPs) are maintained for DB and DC assets.

Defined Benefit

The DB schemes' investment strategy is governed by the DB SIP and is implemented by TPTIM, a wholly-owned subsidiary of TPT. TPTIM manages the strategy on behalf of the Trustee and reports through the Investment Oversight Committee (IOC). TPTIM also serves as an investment adviser to VTL.

TPTIM has delegated day-to-day management to a panel of third-party investment managers and has taken steps to ensure that they have the necessary expertise and ESG credentials. The DB strategy currently allocates assets across three key portfolio components:

- **Growth Asset Portfolio (GAP):** Aims to deliver long-term growth through diversified exposure to equities, alternative credit and other return-seeking assets. This portfolio includes liquid and illiquid strategies to optimise risk-adjusted returns.
- **Matching-Plus Portfolio (MPP):** Comprises contractual cashflow assets such as corporate bonds and secured income strategies, providing a higher expected return than gilts with a focus on high credit quality.
- **Liability-Driven Investments (LDI):** Includes assets that closely match scheme liabilities, mitigating risks related to interest rate and inflation fluctuations. TPTIM implements bespoke LDI solutions to enhance capital efficiency and risk management.

The strategy is realised through different TPT funds, which are structured as funds of funds².

Each pension scheme's investment strategy is based on its unique liability profile, risk tolerance and funding position. By strategically allocating between the Growth Asset and Matching-Plus Portfolios, the investment approach seeks to generate excess returns while effectively managing risk.

Defined Contribution

The DC investment strategy aims to meet the diverse needs of members through a default 'target date' fund structure and a range of self-select options. The Trustee invests through a unit-linked insurance policy with Phoenix Life Limited, with AllianceBernstein (AB) responsible for appointing and monitoring the underlying fund managers and adjusting asset allocations.

The Trustee's ability to influence stewardship outcomes is more limited in the DC structure, but expectations around stewardship and ESG integration are clearly communicated to AB and monitored on an ongoing basis.

For members who wish to invest in accordance with ethical considerations and the Trustee's Ethical Investment Framework, a suite of ethical target date funds is available within the default option.

For a more detailed description of how assets are managed in both our DB and DC portfolios, please see *Principle 6 (Client and beneficiary needs)*. For information on how we select and monitor our investment managers, please refer to *Principle 8 (Monitoring managers and service providers)*.

² Please note that, as of 30 September 2024, not all funds had been launched. For clarity and ease of reading, we refer to fund names when presenting engagement examples later in this report, while also identifying the underlying investment managers.

Responsible investment

VTL is committed to being a responsible investor. Our approach to responsible investment is built on the belief that ESG factors can materially impact long-term financial performance, and must, therefore, be considered as part of our fiduciary duty.

Responsible investment is embedded across our investment beliefs, SIPs and governance structures. It forms an integral part of the Trustee's approach to risk management and portfolio resilience. Our Responsible Investment Framework, reviewed annually by the Trustee Board following advice from the Investment Oversight Committee, sets out how responsible investment is implemented across asset classes and how we engage with asset managers and stakeholders.

We continue to evolve our responsible investment strategy in response to emerging risks and regulatory expectations, with particular focus on climate change and natural capital. ESG integration and stewardship practices are addressed further in *Principle 7 (Stewardship, investment and ESG integration)*.

Assessing our effectiveness

The Trustee believes its governance, investment beliefs, and Responsible Investment Framework provide a robust foundation for delivering better outcomes for members and employers. Over the reporting year, the Trustee has taken steps to strengthen its oversight and stewardship approach in line with its long-term fiduciary responsibilities. This has included reviewing and refining the Responsible Investment Framework and deepening oversight of TPTIM's engagement and ESG integration processes. In the DC portfolio, the Trustee has continued to assess AB's investment and stewardship practices to ensure alignment with our expectations and member needs. These actions have reinforced our ability to act in the best interests of beneficiaries, and support our aim to deliver good sustainable, risk-adjusted outcomes over time. We will continue to build on this foundation in the year ahead, guided by our investment beliefs and our commitment to responsible investment.

Principle 2

Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

Governance structure

Trustee Board

VTL is the corporate trustee of the Trusts. It is a company limited by guarantee and is regulated by The Pensions Regulator. The Trustee Board is responsible for ensuring that members' benefits are protected and that the Master Trusts are properly governed.

Effective oversight is central to our approach. The Trustee Board has ultimate accountability for all matters relating to the operation and governance of the Trusts, including the oversight of investment strategy and responsible investment.

The Board is supported by a robust committee structure that ensures appropriate expertise and challenge across key areas. This includes the annual review and approval of the SIPs and the Responsible Investment Framework. The Trustee Board also reviews stewardship activity and the performance of TPTIM and AB, the investment managers for the DB and DC portfolios, respectively.

Further detail on our review and assurance processes is provided in *Principle 5 (Review and assurance)*.

Subcommittees of VTL

Investment Oversight Committee

Responsible for overseeing the performance of TPTIM and AB, the appointed investment managers for the DB and DC portfolios, respectively.

Audit, Risk and Compliance Committee

Ensures effective internal controls and compliance, oversees the annual audit process, and reviews the annual accounts of the Trusts.

Appeals & Discretions Committee

Reviews appeals at the second stage of the Internal Dispute Resolution Procedure and considers discretionary benefit payments.

Remuneration & Appointments Committee

Approves the overall remuneration strategy for all Trustee Board and Committee members.

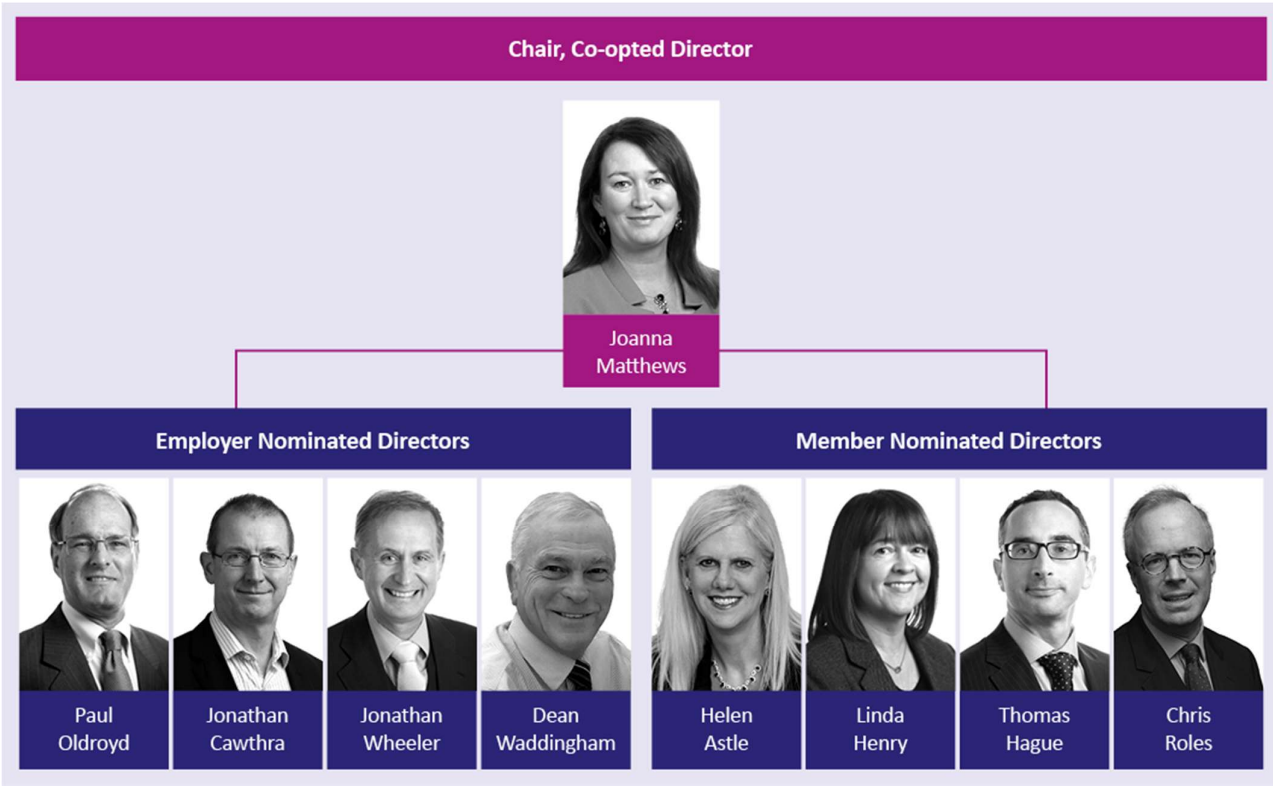
Funding Committee

Makes scheme-specific funding and investment decisions for TPT's DB pension schemes and oversees the valuation process for all Trust DB pension schemes.

Member Services Committee

Oversees the services provided by TPT Retirement Solutions to members, offering input on service enhancements and agreeing on administration policy as required.

Figure 2. Trustee Board composition as at 30 September 2024³



Good governance is essential to ensure effective oversight – our Trustee Board has ultimate responsibility for all issues relevant to the schemes.

Figure 3. Governance structure



³ The composition of the Trustee Board was updated on 1 October 2024. As of this date, the Board comprises: Joanna Matthews (Chair), Chris Roles (Senior Nominated Director), Thomas Hague, Paul Oldroyd, Dean Waddingham, Dan Jackson, Roger Boulton, Lauren Whitworth and Helen Astle.

Assessment

The Trustee believes that its current governance arrangements provide effective oversight of responsible investment and stewardship. The structure ensures accountability at both Board and operational levels, and supports clear delegation and challenge. The outcomes of recent reviews, including enhanced reporting and scrutiny of manager practices, provide evidence that the structure is working as intended. Looking ahead, the Trustee's next external board effectiveness review will be undertaken in 2025. This will assess governance performance across all areas, including investment oversight and stewardship, and will inform any enhancements to our committee structures, reporting processes or escalation mechanisms.

Resourcing stewardship

As mentioned, the Trustee delegates day-to-day investment and stewardship responsibilities to its appointed investment managers: TPTIM for the DB portfolio and AB for the DC portfolio.

TPTIM is a dedicated, FCA-authorised investment manager, ultimately owned by VTL but operationally independent. It maintains an investment team comprising 12 professionals, including two specialists fully dedicated to responsible investment and stewardship, although all investment staff are expected to apply ESG considerations across their work. The responsible investment team consists of a Responsible Investment Manager with 11 years of experience and a Responsible Investment Analyst with 3 years of experience. They bring together technical knowledge and practitioner experience in ESG and stewardship, with significant skills in ESG analysis and engagement.

TPTIM's responsible investment and stewardship capabilities are supported by:

- A dedicated responsible investment function, with responsibility for engagement oversight, voting analysis, policy development and reporting;
- The use of third-party platforms (Esgaia) to monitor voting activity and engagement outcomes across mandates;
- Regular engagement with external managers to assess ESG integration and alignment with the Trustee's stewardship priorities; and
- Investment in analytics tools for climate risk, natural capital and portfolio ESG metrics.

For the DC portfolio, AB is appointed as the platform manager. AB is responsible for appointing and overseeing underlying investment managers and has delegated certain voting and engagement functions accordingly. AB's responsible investment team provides updates to the Trustee and its advisers and engages with managers to align their stewardship activities with VTL's expectations. Where AB directly manages assets, it is expected to lead on active ownership and ESG integration. AB also monitors the stewardship practices of sub-managers and reports on engagement activities and alignment with ESG themes relevant to the Trustee's policies.

The Trustee receives regular stewardship updates from both TPTIM and AB, which include:

- Details of engagement activity and outcomes;
- Assessment of alignment with agreed stewardship themes;
- Emerging ESG risks and regulatory developments; and
- Voting records and commentary on significant votes.

This ensures that stewardship is consistently and adequately resourced across both DB and DC investments.

Incentives and accountability

The Trustee expects both TPTIM and AB to integrate stewardship responsibilities into their internal governance and performance management systems.

At TPTIM, ESG and stewardship integration are embedded into the firm's strategic objectives. Accountability for stewardship delivery is clearly defined.

- The Board of Directors and Executive Committee oversee progress against stewardship objectives;
- The Investment Committee monitors policy implementation and engagement alignment;
- Individual team members across portfolio management and stewardship functions are assigned ESG-related objectives as part of their annual performance evaluations.

This structure ensures that ESG priorities, including those set by the Trustee, are embedded in day-to-day decision making. TPTIM staff are also subject to ongoing training on stewardship, sustainability standards and emerging regulatory requirements.

Similarly, AB incorporates ESG and stewardship objectives into the roles of its investment and research staff. These expectations are reinforced through oversight meetings with the Trustee. The Trustee assesses AB's effectiveness annually as part of the DC default strategy review.

To ensure external alignment, both TPTIM and AB are required to:

- Provide evidence of how stewardship expectations are embedded into manager oversight;
- Report on how they are incentivising and monitoring underlying managers for delivery against ESG and stewardship objectives;
- Explain how performance against these expectations influences mandate continuation or escalation actions.

By embedding stewardship accountability into governance structures and staff objectives, and maintaining robust oversight mechanisms, the Trustee ensures that its appointed investment managers are appropriately incentivised and equipped to deliver high-quality stewardship on its behalf.

Education and training

The Trustee Board benefits from a broad range of experience and expertise, enabling informed oversight of stewardship and investment strategy. All Trustee Directors are required to meet The Pensions Regulator's "Fit and Proper" requirements and to complete the Trustee Toolkit.

An annual training programme is maintained to ensure that all directors have the necessary skills and knowledge to discharge their duties effectively. This programme is reviewed annually and is informed through an assessment of individual and collective learning needs.

Training covers key developments in responsible investment and stewardship. In the reporting period, ESG-related training was delivered in March and June 2024. Topics included climate strategy implementation, progress towards net zero targets, the Taskforce on Nature-related Financial Disclosures (TNFD) framework, and the consideration of natural capital in investment decision making.

Promoting diversity and inclusion

VTL is committed to fostering an inclusive and diverse governance culture, recognising that a range of perspectives contributes to better decision making and more effective stewardship. The Trustee Board includes individuals from a range of professional backgrounds and sectors, and appointments are made in accordance with an open and inclusive recruitment process designed to encourage a diverse pipeline of candidates. The Trustee keeps the Board's composition under regular review and ensures it remains aligned with the strategic needs of the Trusts.

Diversity is also embedded in VTL's expectations of its service providers and investment managers. Both TPTIM and AB are expected to demonstrate a commitment to inclusive recruitment, culture and progression, as well as considering diversity as part of their stewardship practices.

Case study 1. Advancing diversity

In 2024, VTL's delegated manager TPTIM undertook a focused engagement initiative with all its external investment managers to assess their approach to diversity.

The engagement centred on the following themes:

- The existence of formal diversity policies and governance frameworks;
- How managers measure progress and report on diversity outcomes;
- Whether diversity-related key performance indicators are linked to senior leadership remuneration;
- The integration of diversity into recruitment, retention and promotion processes;
- Pay equity practices, including gender and ethnicity pay gap analysis.

The engagement revealed considerable variation across the industry. Some managers showed strong leadership, having embedded measurable diversity targets and incorporate diversity outcomes into executive remuneration structures. These firms routinely track promotion and recruitment data by demographic group and conduct regular pay equity assessments. Others, however, had yet to adopt formal policies or had limited transparency regarding their progress.

Where gaps were identified, TPTIM encouraged greater disclosure, stronger accountability mechanisms, and a clearer link between diversity policies and investment team practices.

Principle 3

Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Our conflicts of interest policy

A fundamental duty of a pension scheme trustee is to act in the best interests of scheme beneficiaries. The Trustee has adopted a comprehensive **Conflicts of Interest Policy**, which is reviewed annually as part of the Governance Document and approved by the Trustee Board. The policy sets out procedures for identifying, disclosing and managing conflicts of interest, including perceived or potential conflicts.

Each Trustee Director is expected to consider whether they are subject to a conflict of interest that may compromise their ability to act impartially. A conflict may arise where a director's duties or interests in one role are incompatible with their obligations as a Trustee. Directors are also expected to be alert to the perception of conflicts, even where no actual conflict exists.

Examples of potential conflicts

While it is not possible to define every circumstance in which a conflict may arise, the policy identifies several common scenarios.

- **Personal interests:** These may include decisions that affect a director individually (e.g. decisions regarding their own pension benefits), or where a director or close family member holds a material financial interest in a third party engaging with the Trustee.
- **Negotiations:** Directors must not represent both the Trustee and a participating employer in the same negotiations (e.g. during scheme funding discussions or corporate transactions).
- **Confidential information:** Directors who also hold roles with participating employers may have access to sensitive information. Where this information is material to a Trustee decision, the director must consider whether it will be made available to the full Board in a timely manner.
- **Balancing member or employer interests:** The Trustee may need to balance competing interests across different categories of members or employers. Although this is not a legal conflict per se, the Trustee must act impartially and manage any situation where one director's role may give rise to perceived partiality.

Process for managing conflicts

Directors must declare any interest in a matter before it is discussed at a Board or Committee meeting. All declared interests are recorded in the **Register of Conflicts of Interest**, which is reviewed and maintained for transparency. On appointment, each director completes a declaration of interests form, and is required to update this as necessary.

In the interests of openness, the policy outlines that Directors must disclose (among other things):

- Whether they are a member of a scheme within the Trusts;
- Whether they are employed by, or otherwise remunerated by, a participating employer;
- Whether they hold shares in a participating employer;
- Whether they are affected by a decision in a way that is not similar to other members;
- Whether they hold any representative or advisory roles that could present a conflict;
- Whether a close family member is in any of the above positions.

Any actual or perceived conflict of interest, and the action taken to address it, is documented in the meeting minutes.

Professional advisers and service providers

The Trustee expects its professional advisers to provide impartial advice, free from conflict. Advisers have a duty to disclose any potential or actual conflicts that may arise. This is reinforced in engagement letters and monitored as part of the ongoing due diligence and supplier review process.

In particular, investment managers may face conflicts in exercising voting rights or making stewardship-related decisions on behalf of the Trustee. Managers are expected to act in line with the Trustee's responsible investment policies and must confirm regularly how they identify, manage and mitigate conflicts within their firm. This includes:

- Policies on personal trading and gifts;
- Processes for voting where the firm may have a financial interest;
- Use of information barriers;
- Clear oversight procedures. Client and beneficiary interests: We recognise that different clients may have diverse interests and ensure that stewardship actions are aligned with our overarching principles and fiduciary duty.

The Trustee's supplier review process (described in the Governance Document) includes an assessment of how advisers manage conflicts of interest in practice. This review informs the ongoing appointment of advisers and managers.

Where a conflict arises, the Trustee considers how best to manage it – which may include using a different team within the same firm, appointing a new adviser, or (where appropriate) bringing in an additional independent adviser.

Managing conflicts of interest in relation to stewardship

The Trustee is committed to acting as a responsible steward of its assets and recognises that stewardship-related conflicts must be proactively identified and managed.

Examples of stewardship-related conflicts include:

- A Trustee Director or staff member holding a position or personal connection with an investee company;
- An investment manager prioritising its own commercial interests or those of another client over the Trustee's stewardship objectives;
- An investment manager voting in a manner inconsistent with the Trustee's approved policies.

To mitigate these risks:

- The Trustee has adopted clear voting and engagement policies, which are communicated to external managers;
- Managers are required to report regularly on their stewardship activity, including how they identify and manage conflicts;
- The Trustee reviews how stewardship practices align with its expectations and assesses whether action is needed in cases of misalignment;
- Managers are required to escalate any conflict that may affect their ability to act in the interests of the Trusts.

Through this structured approach, the Trustee ensures that stewardship decisions are consistent with its fiduciary duty and aligned with the best interests of members.

Case study 2. Addressing divergent voting decisions

Context: VTL delegates investment management for the DB portfolio to TPTIM. TPTIM is responsible for overseeing the stewardship practices of appointed investment managers, including how they exercise voting rights on VTL's behalf. While voting decisions are delegated to these managers, the Trustee expects them to act in accordance with the policies set out in the Responsible Investment Framework.

Issue identified: In the second quarter of 2024, three of TPTIM's appointed managers – each managing global equity mandates – took divergent voting positions on a climate-related shareholder resolution at a large multinational company. The resolution called for enhanced disclosure on the company's climate strategy, including alignment with just transition principles.

- Managers A and B supported the resolution, citing its consistency with their climate stewardship approach and the value of increased transparency.
- Manager C opposed the resolution, explaining that while they supported the underlying objective, they believed the company was already making satisfactory progress.

Escalation: This divergence in voting outcomes prompted TPTIM's responsible investment team to conduct a review of manager rationales and alignment with the Trustee's expectations. While differing interpretations may be justifiable in principle, Manager C's position was considered inconsistent with our climate stewardship expectations and our published voting guidance.

TPTIM raised the issue with Manager C during its Annual Review Meeting, seeking clarity on its internal voting policy, the decision-making process in this instance, and any engagement undertaken with the investee company on climate transition planning. As a result of this case, TPTIM enhanced its internal monitoring of voting activity. This included better use of the Esgaia stewardship platform to flag and analyse voting divergences on key environmental and social issues. Broader discussions were also initiated with equity managers to explore the future potential of pass-through voting services as a mechanism for better aligning votes with the Trustee's stewardship priorities.

Principle 4

Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Identifying and managing systemic and market-wide risks

VTL recognises that systemic and market-wide risks can materially affect the long-term sustainability of the financial system, investment outcomes, and ultimately the retirement security of our members. The Trustee integrates the identification and oversight of these risks within its broader governance, investment and risk management processes.

The holistic **Risk Management Framework** aims to ensure that risks are effectively identified, managed, monitored and reported across the group. Several risk appetite metrics, key risk indicators and key controls are utilised to support the ongoing and active management of risk. Where a metric, indicator or key control failing highlights that the organisation may be operating outside of its risk appetite, remedial action plans are developed, implemented and tracked to resolution to ensure that appetite is maintained.

The Trustee uses a hierarchy of risk mechanisms to ensure that risks are identified and managed across all levels of the organisation. This incorporates principal risks, which are deemed the most significant and could potentially impact the achievement of strategic objectives, right through to process-level risk identification and management through control.

This approach incorporates:

- Horizon scanning to detect emerging risks;
- Stress testing and scenario analysis to assess portfolio resilience;
- Change risk assessments to capture new risks introduced by internal or external developments;
- Reporting and analysis to support timely and informed decision-making;
- Training and education to embed awareness across the organisation.

These processes enable VTL to remain proactive in responding to developments that may impact financial markets, investment strategies, or the broader regulatory landscape.

Processes for identifying, assessing and managing risks

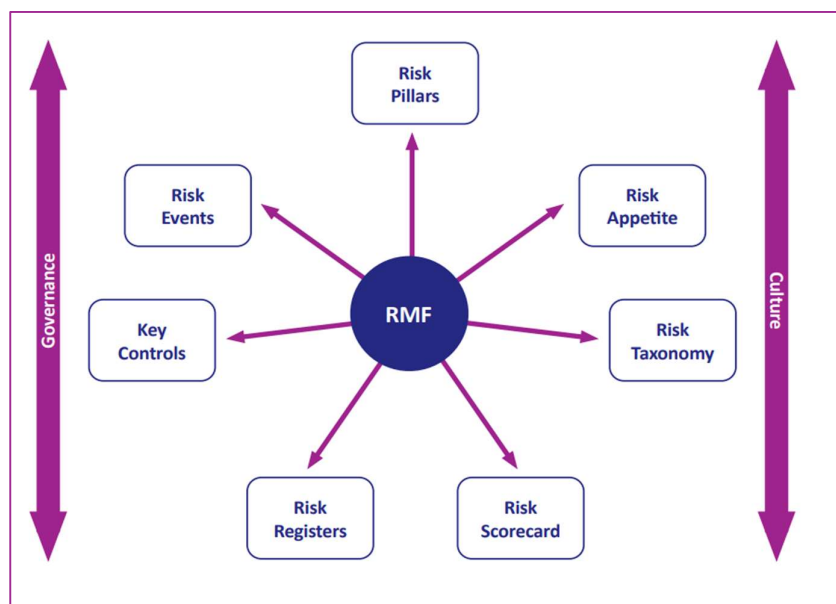
The identification, assessment and management of risk are embedded within the Risk Management Framework and SIPs, which are both formally documented and regularly reviewed. The Framework is composed of multiple elements designed to ensure a consistent and robust approach to risk across the organisation.

As part of this Framework, the Trustee monitors the concentration of investments across asset classes, managers, sectors, countries and regions. This helps mitigate the risk that adverse performance in any single area could unduly impact overall investment returns.

The Trustee also recognises that ESG-related risks and opportunities may affect investment performance. These are assessed and managed within the context of the Trustee's responsible investment beliefs and broader risk appetite.

Further, the Framework addresses the risk of non-compliance with regulatory requirements or investment policies, including the Trustee's SIPs and responsible investment principles. A failure to meet these expectations could result in regulatory scrutiny, sanctions, and reputational harm – risks which the Trustee actively seeks to mitigate.

Figure 4. Risk management framework



Defined Benefit

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

Table 1. DB – Key risks and mitigation

Risk	Description	Mitigation
Basis	Liabilities cannot be perfectly matched.	Modelling of liabilities using Asset- Liability software enables risk relative to liabilities to be understood and monitored. Additionally, work with the LDI manager enables LDI approaches to be designed to mitigate mismatch risks.
Counterparty	Schemes or managers enter into financial contracts with a third party which then fails, for example, due to default, to fulfil its obligations.	Set an appropriately high minimum credit rating of counterparties to transact with and limit the exposure to any single counterparty. Collateral is required from counterparties to financial contracts to mitigate the loss in the event they fail to fulfil their obligations under the contracts.
Covenant	Financial capacity and willingness of the sponsoring employers to support the scheme.	Monitor and review on a regular basis.
Credit	Default or impairment by issuers of financial assets and the risk that the value of these assets depreciates as a result of an increase in the overall level of perceived credit risk in the market.	Control by imposing limits on the amount and type of credit assets that can be held.
Diversification	A high proportion of the assets are invested in securities of the same, or related, issuer or in the same or similar industry sectors.	Provide an appropriate spread of assets by type and spread of individual securities within each asset class through the overall investment arrangements.
ESG & climate change	Downside risks that result from ESG-related factors, including but not limited to climate change.	RI Framework sets out ESG risk management strategy as an integral part of the investment decision-making process, with specific reference to climate change and the Trustee's approach to engaging with and monitoring its investment managers in relation to ESG.
Foreign exchange	Losses that result from unhedged overseas investments.	Implement a dedicated foreign currency hedging programme.
Illiquidity	Inability of assets to be sold quickly or sold at fair market values.	Set a prudent limit for the proportion of illiquid assets to be held in the portfolio and monitor the exposure on a regular basis.
Longevity	Pensioners live longer than expected, leading to greater-than-expected benefit payments being made.	Monitor schemes' mortality experience and mortality trends, and consider the likely outlook for future experience. Carry out sensitivity testing on the mortality assumptions to determine the impact of changes in the assumptions.
Manager	Investment managers persistently underperform their performance objectives.	Maintain a robust manager selection and monitoring process, manager diversification, tracking error limits and performance targets.
Mismatch	Mismatch between the schemes' assets and liabilities, particularly in relation to the impact of changes in long-term interest rates and inflation.	Implement bespoke liability hedging solutions to manage a significant portion of the mismatch risk for each scheme.
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 and TPT2016.	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 the underlying schemes' objectives.	Set risk measures and limits, to be monitored regularly. Consider valuation metrics for investments, review strategic allocations on a regular basis.

Defined Contribution

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

Table 2. DC – Key risks and mitigation

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 funds (and transaction costs) is disproportionately high compared to the type of investment.	Monitor and review on a regular basis.
Diversification	A high proportion of the assets is 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 risks that result from ESG-related factors, including climate change.	RI Framework sets out ESG risk management strategy as an integral part of the investment decision-making process, with specific reference to climate change and the Trustee's approach to engaging with and monitoring its investment managers in relation to ESG.
Illiquidity	Inability of assets to be sold quickly or sold at fair market value.	Set a prudent limit for the proportion of illiquid assets to be held in the portfolio and monitor the exposure on a regular basis.
Managers / Product provider	Investment managers / product providers 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.

VTL regularly reviews the effectiveness of its risk management practices. Our risk oversight processes are reviewed annually and adapted in response to new insights, regulatory developments and industry learning.

Alignment of investments with systemic risk insights

The Trustee seeks to align investments with insights gained from its risk analysis. This includes:

- Embedding responsible investment principles within SIPs and manager mandates;
- Ensuring diversification to mitigate concentration risks across sectors, asset classes, and geographies;
- Regular review of the asset-liability model and DB funding assumptions;
- Consideration of inflation sensitivity and long-term sustainability in DC strategies;
- Reviewing risk-adjusted returns of climate and nature-based investment opportunities.

Case study 3. Enhancing asset and liability risk modelling

Aiming to strengthen fiduciary management capabilities and support better-informed investment decision making, TPTIM initiated a strategic project to implement a dedicated in-house risk modelling framework using MSCI BarraOne. This project was designed to enable robust analysis of asset and liability risks across our portfolios and ensure we can deliver ex-ante risk insights consistent with market-leading fiduciary standards.

The ongoing project is designed to:

- accurately model the LDI strategies and TPT in-house funds in the MSCI BarraOne platform;
- enable the decomposition and monitoring of key risk characteristics across standalone and aggregate portfolios;
- develop a robust, scalable risk reporting framework to support regular and transparent oversight.

The project, once complete, will significantly enhance TPTIM's ability to quantify, decompose and monitor financial risks to client schemes. By embedding forward-looking risk insights into reporting and oversight processes, the initiative will support better-informed decision making, more robust governance, and alignment with regulatory expectations in increasingly sophisticated investment environments. It demonstrates TPTIM's commitment to continuous improvement and management of financial risks.

ESG risk management

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.

The Trustee has developed an approach to ensure that climate change risk, including physical, regulatory and transition risks, are explicitly considered through the investment process. The Trustee's approach to climate change is set out in its **Climate Change Policy**, which includes its commitment to net zero.

Climate-related risks and opportunities

We recognise that climate change is a key driver of macroeconomic shifts, impacting all asset classes to varying degrees and on a global scale. These changes create both risks and opportunities, influencing market dynamics, asset valuations, and long-term investment outcomes. Understanding and managing these factors is integral to our investment approach, ensuring resilience and adaptability in an evolving economic landscape.

Key risks

- **Physical risks:** Physical risks arise from the gradual increase in global temperatures and the growing severity and frequency of extreme weather events. Over the longer term, these risks are expected to manifest primarily as natural disasters affecting investee companies and the broader impact of changing temperatures on mortality rates.
- **Transition risks:** Transition risks stem from policy actions and technological innovations aimed at mitigating climate change. These risks are expected to materialise in the short to medium term, with high-emitting economic sectors particularly vulnerable to significant declines in valuation.

Opportunities

With risks come opportunities. These opportunities are likely to include assets that benefit from the transition to a net zero economy. Examples include renewable energy infrastructure and innovative technologies designed to support the net zero transition, which will create new avenues for investment.

Table 3 outlines how climate change may influence key asset classes, highlighting the associated risks and opportunities.

Table 3. Transition and physical risks relating to the schemes

Asset class	Transition risks	Physical risks	Opportunities
Listed equities	<p>High-emitting sectors (e.g. energy, industrials) face declining valuations due to regulatory changes and carbon pricing.</p> <p>Technological disruptions may render some companies' business models obsolete.</p>	<p>Increased frequency of extreme weather events can disrupt supply chains and operations.</p> <p>Rising temperatures may impact workforce productivity and consumer behaviour.</p>	<p>Companies innovating in low-carbon technologies or renewable energy may experience growth.</p> <p>Opportunities in sectors driving decarbonisation, such as clean energy and electric vehicles.</p>
Corporate fixed income	<p>Credit risk may increase for issuers in carbon-intensive industries as regulatory costs rise.</p> <p>Stranded assets could affect issuers' ability to service debt.</p>	<p>Physical damages to assets or facilities could impact issuers' operational and financial stability.</p> <p>Weather events could lead to insurance premium hikes, affecting credit ratings.</p>	<p>Green bonds and sustainability-linked debt instruments offer exposure to climate-positive projects.</p> <p>Companies transitioning effectively to low-carbon models may present resilient investment opportunities.</p>
Real estate	<p>Stricter building regulations and higher energy efficiency standards may increase costs for property developers and owners.</p>	<p>Properties in climate-vulnerable locations face risks from flooding, storms and / or rising sea levels.</p> <p>Increased cooling costs in warmer climates may impact operating expenses.</p>	<p>Investments in green buildings and retrofitting to improve energy efficiency can yield long-term cost savings.</p> <p>Demand for sustainable, climate-resilient properties is likely to grow.</p>
Infrastructure	<p>Fossil fuel-based infrastructure assets may face obsolescence as the energy transition accelerates.</p> <p>Regulatory risks may impact project viability, particularly for high-carbon assets.</p>	<p>Critical infrastructure is vulnerable to damage from extreme weather events, leading to higher maintenance and insurance costs.</p> <p>Water shortages or temperature extremes could disrupt operations.</p>	<p>Infrastructure projects supporting the net zero transition, such as renewable energy, smart grids and public transport systems, offer attractive long-term returns.</p> <p>Investments in climate-resilient infrastructure can mitigate risk and create value.</p>

How climate change impacts DB and DC pension schemes

Defined Benefit

DB pension schemes must meet the statutory funding objective, ensuring the Trust holds sufficient assets to pay members' pension benefits. A scheme's funding position is assessed by comparing the market value of its assets with the present value of its liabilities. This is typically expressed either as a funding ratio (the ratio of assets to liabilities) or as a deficit or surplus (the difference between assets and liabilities). The Scheme Actuary determines the assumptions used to calculate the value of the liabilities.

Climate change can affect DB pension schemes in several ways, including:

- **Investment returns:** Climate-related risks can influence the returns achieved by scheme assets, particularly in sectors exposed to transition or physical risks. Asset valuations could shift as some industries face increased costs or obsolescence, while others benefit from the transition to a low-carbon economy.
- **Mortality assumptions:** Changing environmental factors, such as rising temperatures or increased extreme weather events, could alter life expectancy assumptions, impacting future liabilities.
- **Employer covenant:** Climate change may affect the financial stability of sponsoring employers, particularly those in high-risk sectors. This could influence the strength of the covenant and the employer's ability to meet its pension obligations.
- **Regulatory risks:** New climate-related regulations, such as mandatory carbon disclosure or carbon pricing, could increase operational costs or impact investment strategies. Failure to comply with these regulations could lead to higher liabilities or additional costs.
- **Inflation and liability hedging:** Climate change-related disruptions, such as increased extreme weather events or resource shortages, could exacerbate inflationary pressures. These factors may impact inflation-linked bonds and other hedging assets, altering the scheme's liability projections and funding position.
- **Long-term sustainability:** The long-term effects of climate change could lead to irreversible environmental and economic shifts, impacting the sustainability of pension schemes. These changes could affect the assumptions underlying the scheme's long-term liabilities, particularly for schemes with obligations extending over many decades.

Defined Contribution

DC pension schemes must invest members' contributions effectively to build a retirement pot of sufficient size to support them through retirement.

Climate change can affect DC schemes in the following ways:

- **Investment returns:** Climate change can impact asset valuations, particularly in high-emitting sectors. This may lead to negative investment returns in certain assets, especially in the short to medium term, as some industries face regulatory pressures or physical risks that undermine profitability.
- **Member behaviour:** There is a growing trend of members seeking to invest in more sustainable or climate-friendly assets. This shift may impact the allocation of funds within the scheme, leading to increased demand for ESG or low-carbon investment options.
- **Regulatory and legal risks:** New regulations requiring DC schemes to consider climate-related risks in their investment choices may lead to a reassessment of investment strategies. Failure to adapt could result in legal and reputational risks for pension providers.
- **Long-term value creation:** As with DB schemes, DC schemes must consider long-term sustainability. The transition to a net zero economy presents both challenges and opportunities for investment. Schemes that adopt forward-thinking investment strategies aligned with sustainability goals may create better value for members over time.

In both DB and DC schemes, the growing importance of climate-related risks and opportunities calls for strategic adjustments. These may include changes to investment strategies, incorporating ESG criteria, and ensuring that schemes remain resilient in the face of evolving environmental and regulatory landscapes.

Working with stakeholders to improve market functioning

The Trustee believes that collaborative efforts across the investment industry are essential to support a stable and effective financial system. VTL, through TPTIM, actively participates in initiatives that aim to improve corporate transparency, investor standards and climate-related reporting. This includes dialogue with industry bodies, responding to consultations, joining working groups, and participating in collaborative initiatives to support the continued improvement of the functioning of financial markets. These partnerships allow VTL to influence policy and practice in support of well-functioning markets and long-term investment outcomes.

More information on collaborative engagement and memberships can be found in **Principle 10 (Collaboration)**.

Case study 4. Climate and nature strategy

TPTIM held an Investment Away Day on 17 September 2024, featuring a dedicated session on progress towards our net zero goals and natural capital research. This session was designed to reinforce strategic priorities and enhance collective understanding of the evolving regulatory and market landscape.

During the session, TPTIM reflected on progress towards our climate goals, examining both the challenges and opportunities in supporting investee companies on their decarbonisation journeys. The responsible investment team provided updates on climate-related engagements and stewardship activities, highlighting the importance of long-term value creation and real-world impact. Natural capital was also a key focus, acknowledging the increasing materiality of biodiversity and ecosystem services to financial and economic stability. TPTIM reviewed the latest research on nature-related risks and opportunities, reinforcing the commitment to integrating these considerations into investment processes and stewardship activities.

To enrich the discussion, the Institutional Investors Group on Climate Change (IIGCC) also presented to share insights on industry best practices, regulatory developments and investor-led initiatives driving systemic change. Their perspective provided valuable context, strengthening internal reflections and reinforcing the need for continued engagement and advocacy in addressing climate risks and opportunities.

The session strengthened alignment across teams on our climate priorities and reinforced commitment to action. Key takeaways will inform the engagement strategy and reporting, ensuring stewardship activities remain effective and aligned with best practices.

Principle 5

Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Reviewing stewardship and responsible investment policies

The Trustee conducts an annual review of the policies that guide responsible investment and stewardship across the Trusts. This review ensures policies remain aligned with the Trustee's investment beliefs, regulatory requirements, industry expectations and the evolving needs of members and beneficiaries.

This process includes:

- Annual review and approval of the Responsible Investment Framework, including updates in response to regulation, evidence and market developments;
- Annual review of the SIP for DB and DC schemes;
- Use of Implementation Statements to publicly report how the SIPs have been applied, with specific attention to stewardship and voting;
- Regular monitoring of climate-related strategy and responsible investment integration, overseen by the IOC, Funding Committee and ultimately the Trustee Board.

Responsible investment-related matters are discussed regularly at Board and committee level, with dedicated sessions held on material topics. This enables continuous learning and ensures that stewardship remains embedded in the Trustee's strategic agenda.

Internal and external assurance

The Trustee employs both internal and external assurance mechanisms to promote the quality, integrity and credibility of stewardship activity and associated reporting.

Internal assurance

Internal oversight is delivered through established governance structures:

- The IOC regularly reviews investment manager practices, stewardship implementation and alignment with the Trustee's responsible investment policies;
- The Trustee Board receives regular updates and holds ultimate responsibility for reviewing and approving the Responsible Investment Framework and associated policies;
- Trustee meetings provide structured opportunities to assess the effectiveness of stewardship activity, informed by direct feedback from investment managers and responsible investment specialists.

External assurance

To reinforce transparency and objectivity, the Trustee may commission independent external reviews. For example, VTL appointed an independent legal adviser to undertake an external review of this Stewardship Report ahead of submission. The review assessed content clarity, policy implementation, and alignment with the expectations of the Financial Reporting Council.

The Trustee believes that independent external review:

- Enhances accountability;
- Encourages constructive challenge and continuous improvement;
- Strengthens member confidence in stewardship reporting.

This external input complements internal governance processes, providing a proportionate and credible assurance approach.

Highlight: Independent assurance in practice

Assurance over stewardship reporting is an evolving area of practice. To support effective challenge and reinforce transparency, the Trustee appointed an independent consultant to review this Stewardship Report ahead of submission.

Internally, the report underwent thorough review by the Investment Oversight Committee and the Trustee Board, who also approved the final version. Regular updates were provided at both committee and board levels, and two dedicated feedback sessions were held for Trustee Board members to contribute directly to the report's development.

Rationale for assurance approach

The Trustee believes that a dual approach to assurance is most appropriate. Internal governance provides contextual oversight, allowing the Trustee to assess policy implementation and adjust practices based on specific needs. External input provides objective, industry-aligned challenge on the quality and completeness of disclosures.

Together, this combination ensures that stewardship activities are not only effectively executed, but also transparently and credibly reported.

Ensuring fair, balanced and understandable reporting

The Trustee is committed to producing reporting that is:

- Accurate and evidence-based;
- Balanced, highlighting both progress and areas for development;
- Understandable, accessible to members and stakeholders.

To support this, stewardship reporting is reviewed by the IOC and the Trustee Board. Reporting is assessed for consistency with the SIPs, investment beliefs and responsible investment principles, and efforts are made to clearly explain both policies and outcomes. The Implementation Statements also play a critical role in publicly demonstrating policy application and outcomes across both DB and DC schemes. Clear case studies, manager assessments, and voting examples are included in this Stewardship Report to enhance transparency and member understanding

Continuous improvement and effectiveness

The Trustee views stewardship as an evolving discipline and actively seeks to improve policies and practices. In 2024, we updated our Climate Change Policy to clarify our stance on fossil fuel investments and formalise our expectations for investment managers. These include the requirement to have a clearly-defined policy on climate risk and an active stewardship strategy to support the net zero transition.

We have also advanced our understanding of the interconnectivity between climate change and nature. Recognising that biodiversity loss presents a growing financial and systemic risk, we have undertaken a biodiversity footprinting exercise to evaluate the impact of our DB portfolio on natural ecosystems. This research marks a significant step in broadening our sustainability lens and aligning our investments with nature-positive outcomes.

Regular feedback is sought from managers, internal specialists and external consultants, helping to inform future policy updates. Learnings from collaboration with TPTIM, AB and industry partners also support benchmarking and innovation.

VTL Stewardship Report 2024

Investment approach



Principle 6

Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Scheme structure and membership profile

As mentioned, VTL is the corporate trustee and asset owner of The Pensions Trust and The Pensions Trust 2016. These are centralised occupational pension funds for non-associated employers.

As of 30 September 2024, the schemes comprised:

- 57 segregated sections within The Pensions Trust;
- 12 segregated sections within The Pensions Trust 2016;
- Combined membership of approximately 470,000 individuals across both DB and DC schemes;
- Around 2,400 participating employers.

Individual schemes and asset values are detailed in the Annual Reports and Financial Statements 2024, available on TPT's website:

- [The Pensions Trust Annual Report and Financial Statements 2024](#)
- [The Pensions Trust 2016 Annual Report and Financial Statements 2024](#)

Table 4. 2024 membership

Status	Members	Average Age
Deferred	283,840	46
No Liability	230,303	58
Active	134,995	45
Pensioner	49,971	72
Dependants Pension	4,281	70
Paid Up	869	55
Life Assurance Only	814	44
Pending Decision	61	49
Serious IHER	41	58
Taunton GP Pension	12	83

Data as at 30 September 2024

The membership base is diverse, ranging from younger active members to retired pensioners, reflecting a broad range of time horizons and risk preferences.

Asset allocation

As of 30 September 2024, total assets under management (AUM) amounted to £11.1 billion, allocated across a range of asset classes and geographies to support diversification and long-term risk-adjusted returns.

A summary of DB allocations (managed by TPTIM) includes:

Table 5. DB asset class allocation

Asset class	Allocation
UK Gilts and Index-Linked Gilts	35.50%
Corporate Bonds	14.19%
Private Credit	11.37%
Equities	10.91%
Hedge Funds	8.25%
Infrastructure	7.92%
Property	5.35%
Ex-UK Sovereign Bonds	3.33%
Cash and Liquidity Funds	2.45%
Derivatives	0.71%

Table 6. DB geographical exposure

Region	Equity and fixed income	Infrastructure	Real estate
North America	31.79%	15.91%	0.00%
UK	42.54%	38.09%	100.00%
Europe	15.76%	31.45%	0.00%
Asia	7.52%	9.41%	0.00%
Other	2.39%	5.13%	0.00%

A summary of DC allocations (managed by AB) includes:

Table 7. DC asset class allocation – TPT standard target date fund range

Asset class	Allocation
Equities	80.32%
Corporate Bonds	9.14%
Government Bonds	8.86%
Commodities	1.68%

Table 8. DC asset class allocation – TPT ethical target date fund range

Asset class	Allocation
Equities	68.06%
Government Bonds	15.62%
Multi-asset	12.35%
Corporate Bonds	3.97%

Table 9. DC geographical exposure – TPT standard target date fund range

Country	Weight
US	55.70%
UK	14.70%
Japan	5.20%
France	3.10%
Canada	2.50%
Germany	2.00%
Switzerland	2.00%
China	1.70%
India	1.40%
Australia	1.30%
Other	10.40%

Table 10. DC geographical exposure – TPT ethical target date fund range

Country	Weight
US	50.30%
UK	18.70%
Japan	5.30%
Netherlands	3.60%
Canada	3.00%
France	2.70%
Switzerland	2.10%
Denmark	1.80%
China	1.30%
Australia	1.20%
Other	10.00%

This diversified approach reflects the Trustee’s objective of delivering long-term growth, managing downside risk and protecting member outcomes.

Time horizon and investment strategy

As long-term stewards of members’ retirement savings, VTL and its appointed managers consider a multi-decade investment time horizon. Investment decisions are designed to meet:

- The statutory funding objectives of DB schemes (i.e. paying benefits as they fall due);
- The retirement income needs of DC members, many of whom will draw down on savings over multiple decades.

Strategic reviews of scheme-specific investment strategies occur at least every three years, or more frequently following material changes in funding, covenant strength or membership profile. This aligns the investment time horizon with the evolving needs and circumstances of each scheme.

Meeting member needs and preferences

The Trustee ensures that investment solutions align with members' diverse needs and circumstances by:

- Offering Target Date Funds (TDFs) as the default DC investment option, automatically de-risking as members approach retirement;
- Providing Ethical Target Date Funds (ETDFs), aligned with VTL's Ethical Investment Framework, for members who wish to invest in line with specific ethical concerns;
- Regularly reviewing investment performance, suitability and risk to ensure value for money and appropriate diversification.

For DB members, asset pools are tailored to match scheme-specific liabilities, risk tolerances and employer funding capacity. This reflects a strong fiduciary duty to balance long-term investment return with funding security.

Engaging with members and beneficiaries

VTL is committed to transparent communication with members. This includes:

- Publishing Implementation Statements, explaining how the SIP has been implemented and how voting and engagement policies have been applied;
- Maintaining an accessible Responsible Investment webpage, with policy documents, stewardship reports and ESG updates;
- Providing quarterly and annual stewardship reporting via its appointed investment managers (e.g. voting and engagement data);
- Offering an ethical investment option based on beneficiary preferences gathered through prior consultations.

The Trustee monitors member feedback (e.g. through employers or member service queries) and also reviews the stewardship activity of its investment managers, ensuring that engagement and voting policies reflect members' long-term interests, including ESG considerations.

Monitoring alignment and policy adherence

TPTIM and AB are required to regularly report on the way in which their investment and stewardship activities align with VTL's policies. Any material deviations from expectations by underlying managers are identified, assessed, and addressed – typically through engagement, and escalated where necessary.

Further detail is provided under **Principle 8 (Monitoring managers and service providers)** and **Principle 11 (Escalation)**. For a practical example of how voting divergence is managed, see **Case Study 2 in Principle 3 (Conflicts of Interest)**.

Ethical offering

It is important to distinguish our commitment to responsible investment from ethical investment. While responsible investment is an approach that we believe helps manage risk and return, ethical investment is a specific style of investment that screens out certain companies or activities based on moral or ethical preferences. For members who wish to reflect ethical concerns in their pension investments, VTL offers an Ethical Investment Framework. This framework sets out the standard ethical criteria which are applied to VTL's ethical funds. It was adopted in 2016 following consultations with key member organisations and serves as an assurance to certain members that investments in TPT's ethical funds do not support companies, products, policies or practices of particular concern to them. The framework applies to both DB and DC assets.

Principle 7

Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Responsible Investment Framework

VTL is committed to being a long-term, responsible steward of capital. In line with its fiduciary duty, the Trustee recognises that material ESG factors – including climate change, biodiversity loss, and social inequality – can influence investment risk and return over time. These factors are therefore integrated into the Trustee’s approach to asset allocation, manager selection and oversight, and stewardship activity.

To formalise this, the Trustee has adopted a Responsible Investment Framework, which is reviewed annually and sets out how ESG issues and stewardship considerations are embedded across all investment and governance processes. The implementation of the Framework is supported by TPTIM and AB for the DB and DC portfolios, respectively. While the Framework applies to all investments, the Trustee tailors its expectations to each asset class and investment style.

Selection

ESG issues are integrated into the manager tendering and selection process. New mandates are expected to demonstrate:

- Robust policies on stewardship and ESG integration;
- Demonstrable consideration of ESG risks and opportunities in portfolio construction;
- Capability and resource to monitor and report on ESG performance.

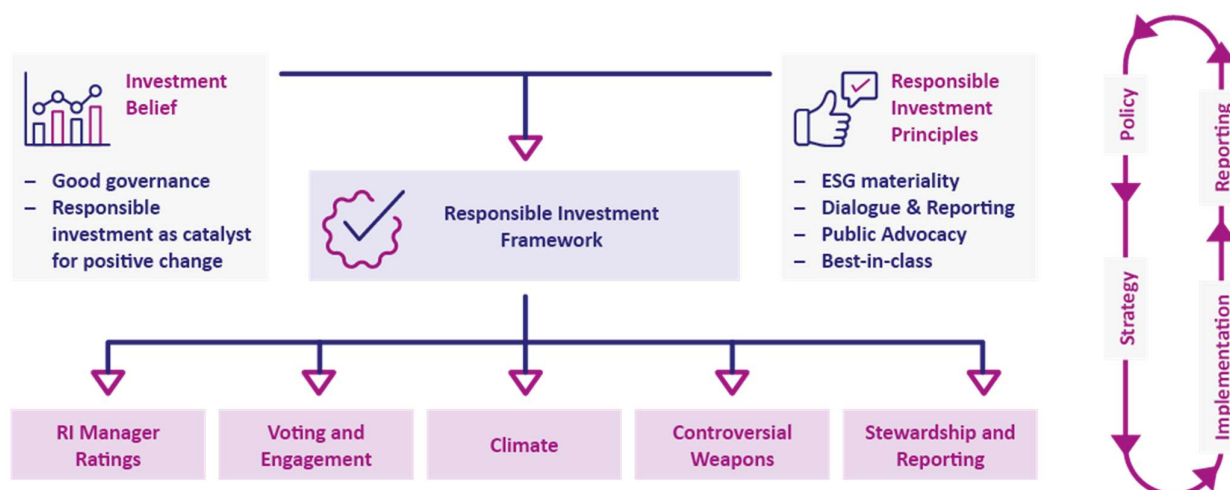
Investment Management Agreements are tailored to reflect ESG integration, stewardship expectations, and relevant time horizons, whenever possible. For example, mandates are expected to align with the Trustee’s long-term investment horizon and climate change commitments, including net zero by 2050.

Monitoring and engagement

Underlying managers are required to report quarterly on ESG integration, voting and engagement activities. Their performance is assessed against the Trustee’s policies, which cover areas such as climate strategy, governance practices, and responsiveness to stewardship priorities. Where concerns are identified, these are addressed through formal review meetings, with the outcomes informing decisions on mandate continuation and any necessary escalation.

Further detail is provided under **Principle 11 (Escalation)**.

Figure 5. Responsible investment at VTL



Responsible investment forms an integral part of the governance and risk management framework used to protect the long-term value of the assets we manage on behalf of our members and beneficiaries. Our Responsible Investment Framework describes how we incorporate ESG into our investment decisions and the selection and monitoring of investment managers.

TPTIM is committed to addressing climate change as a core element of its responsible investment strategy. Recognising that climate change presents both financial risks and opportunities, we integrate climate considerations into our investment processes, ensuring alignment with the goals of the Paris Agreement and the transition to a low-carbon economy. Our strategy supports a pathway to net zero greenhouse gas emissions by 2050, safeguarding long-term asset performance while contributing to real-world decarbonisation.

Tailoring integration across asset classes

VTL recognises that ESG integration and stewardship practices vary across asset classes and geographies.

The Trustee's expectations are adapted accordingly:

- **Equities (active and passive):** ESG and stewardship are assessed through managers' engagement records, proxy voting, and alignment with the Trustee's thematic priorities (e.g. climate and biodiversity).
- **Fixed income:** Managers are expected to assess issuer-level ESG risks, including transition risk, covenant strength, and human rights controversies. For example, ESG considerations are incorporated into credit analysis and bond selection processes.
- **Private markets:** ESG due diligence is expected during acquisition and across the investment holding period. The Trustee also seeks transparency on General Partner ESG policies and reporting.
- **Infrastructure and real estate:** Managers are asked to demonstrate how climate resilience, tenant health and safety, and regulatory risk are considered. Stewardship includes influencing sustainability performance improvements over time.

This differentiated approach helps the Trustee to ensure that stewardship and ESG integration remain material and relevant in each context.

Stewardship and investment integration

The integration of stewardship and investment, including material ESG issues, is supported by several processes and activities, including:

- **asset allocation;**
- **manager selection and monitoring;**
- **risk management;**
- **active ownership;**
- **training and education; and**
- **advocacy.**

Stewardship priorities

Each year, the Trustee, supported by TPTIM, identifies thematic stewardship priorities based on materiality, risk exposure, and alignment with long-term member outcomes. These priorities form part of TPTIM's engagement plan and are shared with underlying managers. In 2024, the Trustee's stewardship priorities focused on:

Climate change: Aligning portfolios with the goals of the Paris Agreement, including net zero emissions by 2050;

Deforestation: Addressing nature-related risks by encouraging companies to adopt deforestation-free supply chains;

While managers are not mandated to adopt all priorities, the Trustee expects convergence in approach and focus areas. Divergence is explored and, where necessary, challenged during manager review cycles.

Climate integration and net zero strategy

The Trustee views climate change as a systemic financial risk and a key long-term challenge to safeguarding retirement outcomes. Our Climate Action Plan details our roadmap to net zero. The plan is shaped by the following commitments:

1. Be active in influencing the transition to a low carbon economy including reaching net zero within our operations.	2. Achieve net zero by 2050, with a decrease in our carbon intensity of at least 25% by 2025 and 50% by 2030.	3. Increase our investment in climate solutions to at least 6% of return-seeking assets by 2030.
4. Continue to build a rigorous approach to incorporating climate-change risks and opportunities into the way we invest members' assets.	5. Work together with companies, governments and standard-setters and disinvest when no alternatives are possible.	6. Regularly report back to members and wider stakeholders including through TCFD reporting.

Climate considerations are integral to our responsible investment approach across portfolio construction and monitoring, advocacy, and reporting. We use the Net Zero Investment Framework (NZIF) as a reference point for setting metrics and methodologies to decarbonise our investment portfolio and allocate capital to climate solutions. Our efforts also include active engagement with the wider investment community and policymakers. We believe that industry-wide focus and greater transparency are essential to facilitating the transition to a net zero economy.

Our Climate Change Policy was updated in 2024 to clarify our stance on fossil fuel investments and formalise expectations for investment managers.

TCFD reporting

Our TCFD Report looks at our objectives, actions, risks, opportunities and investments through a climate-related lens. Read the [full report](#).

Net zero investment strategy

We aim to provide investments that make a positive contribution to the world and support the transition to a net zero economy. Climate change is integrated into our investment decision making to help meet our targets. This includes adjustments to asset allocation and portfolio construction, alongside a stewardship strategy underpinned by robust voting and engagement policies.

Manager selection and oversight

Both TPTIM and AB require prospective investment managers to demonstrate strong responsible investment capabilities and expertise in managing climate-related risks and opportunities. ESG and climate considerations are fully integrated into operational due diligence and ongoing monitoring processes to ensure alignment with the Trustee's priorities.

Asset allocation

Green infrastructure and renewable energy play a central role in our asset allocation approach. We are committed to increasing investment in climate solutions to at least 6% of return-seeking assets by 2030. Since 2016, we have made dedicated allocations to renewable energy generation and supporting technologies, reinforcing our commitment to the low-carbon transition.

Screening

Our Climate Policy explicitly states that investments in thermal coal, oil sands, and Arctic drilling activities are misaligned with a net zero ambition. In 2024, the policy was updated to further clarify our position on fossil fuel investments and to strengthen the requirements placed on investment managers, ensuring they implement robust climate guidelines and stewardship policies in line with net zero objectives.

Tilting

As part of our transition strategy, in 2021 we reallocated our passive equity investments into a Low Carbon Transition Global Equity Fund. This climate-tilted approach led to an approximate 79% reduction in absolute portfolio emissions from the equity portfolio between 2019 and 2021.

Stewardship

We believe that real-world decarbonisation should be the primary driver of emissions reductions within our portfolio. Active ownership is therefore a critical component of our net zero strategy. We use engagement and voting tools to influence corporate behaviour and align our investments with climate objectives.

Principle 8

Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

Selecting and monitoring investment managers

The Trustee has a duty to ensure that all appointed investment managers act in the best interests of members and align with our investment beliefs, responsible investment principles and stewardship priorities. To support this, the Trustee has put in place robust processes for the selection and monitoring of external managers.

For DB investments, VTL delegates investment oversight to TPTIM. For DC investments, oversight is delegated to AB. Both parties are accountable to the Trustee through reporting to the IOC.

TPTIM and AB, in turn, appoint and oversee the performance of underlying investment managers. These managers are carefully selected based on a range of criteria, including their investment philosophy, track record, team experience, operational resilience, and crucially, their approach to ESG integration and stewardship.

Managers are not appointed for a fixed term, but are subject to regular review through structured monitoring. Investment mandates include clear expectations regarding ESG and climate-related risks.

These expectations are often incorporated into Investment Management Agreements and are tailored to the asset class, strategy (active or passive), and structure of the mandate.

ESG integration in manager selection





Responsible investment considerations are embedded at the selection stage. During due diligence, TPTIM and AB assess the degree to which ESG factors are integrated into a manager's investment process and the credibility of their stewardship policies.

This includes:

- Evaluation of ESG policy frameworks and governance structures;
- Assessment of voting and engagement strategies;
- Review of climate-related reporting and alignment with net zero or just transition frameworks (where relevant);
- Consideration of resource and personnel dedicated to responsible investment.

Where managers do not meet minimum expectations, further due diligence may be undertaken or the appointment deferred.

Figure 6. Investment Strategy & Responsible investment manager oversight

Investment Strategy & RI Manager Oversight		Internal Assurance
	Appointing managers with strong RI policies and processes	<ul style="list-style-type: none"> – Manager meeting reviews – TPTIM Investment Committee – VTL Investment Oversight Committee – VTL Trustee Board
	Investing in mandates with climate solutions credentials	
	Integrating RI into legal documents	
	Integrating RI as part of the due diligence and monitoring processes	
		Reporting
		<ul style="list-style-type: none"> – Implementation Statement – TCFD Reporting – Stewardship Reporting – PRI

Monitoring manager performance

Ongoing oversight of managers is a key aspect of the Trustee’s stewardship framework. TPTIM and AB monitor all appointed managers regularly to ensure that performance – financial and non-financial – remains aligned with the Trustee’s objectives. This includes:

Quarterly reporting on investment performance, ESG risk exposure and stewardship activity;

Annual assessments of managers’ responsible investment capabilities, using a defined scoring framework with ratings applied across multiple dimensions;

Thematic deep-dives into key issues, including climate risk and engagement outcomes.

Where issues are identified – for example, poor-quality stewardship reporting, voting misalignment or ESG policy gaps – TPTIM and AB engage with managers directly to seek clarification or improvement. These discussions are formally documented and escalated where necessary.

Case study reference:

See *Case study 2. Addressing divergent voting decisions* in **Principle 3 (Conflicts of interest)**.

If a manager fails to meet expectations on a sustained basis or demonstrates unwillingness to engage, the Trustee will consider reallocation or termination of the mandate. This reinforces accountability and helps to ensure ongoing alignment with the Trustee’s long-term objectives.

Case study 5. Addressing nature-related risks and opportunities

As an appointed investment manager for VTL, TPTIM recognises nature as a key sustainability theme, and actively oversees underlying managers on their consideration of nature-related risks and opportunities.

In 2024, TPTIM undertook a targeted engagement exercise with investment managers to assess the extent to which nature-related risks – such as biodiversity loss and ecosystem degradation – are integrated into investment strategies, measurement methodologies, and reporting frameworks. These issues present not only environmental challenges but also material financial and systemic risks.

As part of this engagement, TPTIM asked managers how they identify and assess nature-related risks within their portfolios. Discussions covered the use of biodiversity-related metrics, the transparency of reporting to stakeholders, and progress towards aligning with the TNFD framework. Managers were also asked about their collaboration with other investors, industry initiatives, or non-profit organisations to advance best practices in nature and biodiversity stewardship.

The findings highlighted a wide range in the maturity of approaches. While some managers had begun integrating biodiversity considerations into their investment processes, others were at a more nascent stage. Some expressed intentions to align with the TNFD, though timelines for implementation varied. The engagement also revealed a lack of standardisation across the industry in nature-related reporting, with inconsistent methodologies and disclosure practices.

TPTIM remains committed to promoting best practice in this area on behalf of VTL. As part of its ongoing monitoring and stewardship activities, TPTIM will continue to engage with managers, requesting periodic updates – including case studies and disclosures aligned with relevant frameworks – to ensure continued alignment with VTL’s sustainability priorities. By fostering greater transparency and accountability, TPTIM aims to support the integration of nature-related considerations into long-term investment decision making and contribute to a financial system that recognises the value of nature.

Monitoring service providers

The Trustee also oversees the performance of key service providers. The level of monitoring applied is proportionate to the importance and risk profile of the service in question. For example, the Trustee’s custodian, Northern Trust, is subject to weekly operational calls; periodic performance reporting; formal service level agreements (SLAs) and attestation processes; and regular reviews and feedback loops.

Oversight includes both risk management (e.g. controls and compliance) and service quality (e.g. timeliness, accuracy and client responsiveness). Where appropriate, issues are escalated and collaborative discussions are held to identify and implement improvements.

All service providers are expected to operate transparently and in alignment with the Trustee’s standards of governance, integrity, and responsible investment.

Service delivery and outcomes

During the reporting year, our key service providers, including our custodian Northern Trust, have delivered their services in accordance with agreed expectations and service levels. Regular operational meetings and ongoing engagement enabled open dialogue and prompt resolution of minor issues as they arose. No material concerns were identified that required escalation or contractual review. The Trustee is satisfied that the services received over the period have met the needs of the Trusts and supported the effective implementation of our investment and stewardship objectives.

Use of proxy voting providers

VTL delegates proxy voting responsibilities to its underlying investment managers. Consequently, VTL does not directly appoint or use proxy voting providers itself. However, we recognise the important role that proxy advisors can play in shaping voting outcomes – particularly where managers rely on their research or recommendations to inform decisions.

To ensure transparency and accountability in the delegated model, TPTIM, as fiduciary manager and investment advisor, monitors how underlying investment managers use proxy voting services. This includes reviewing:

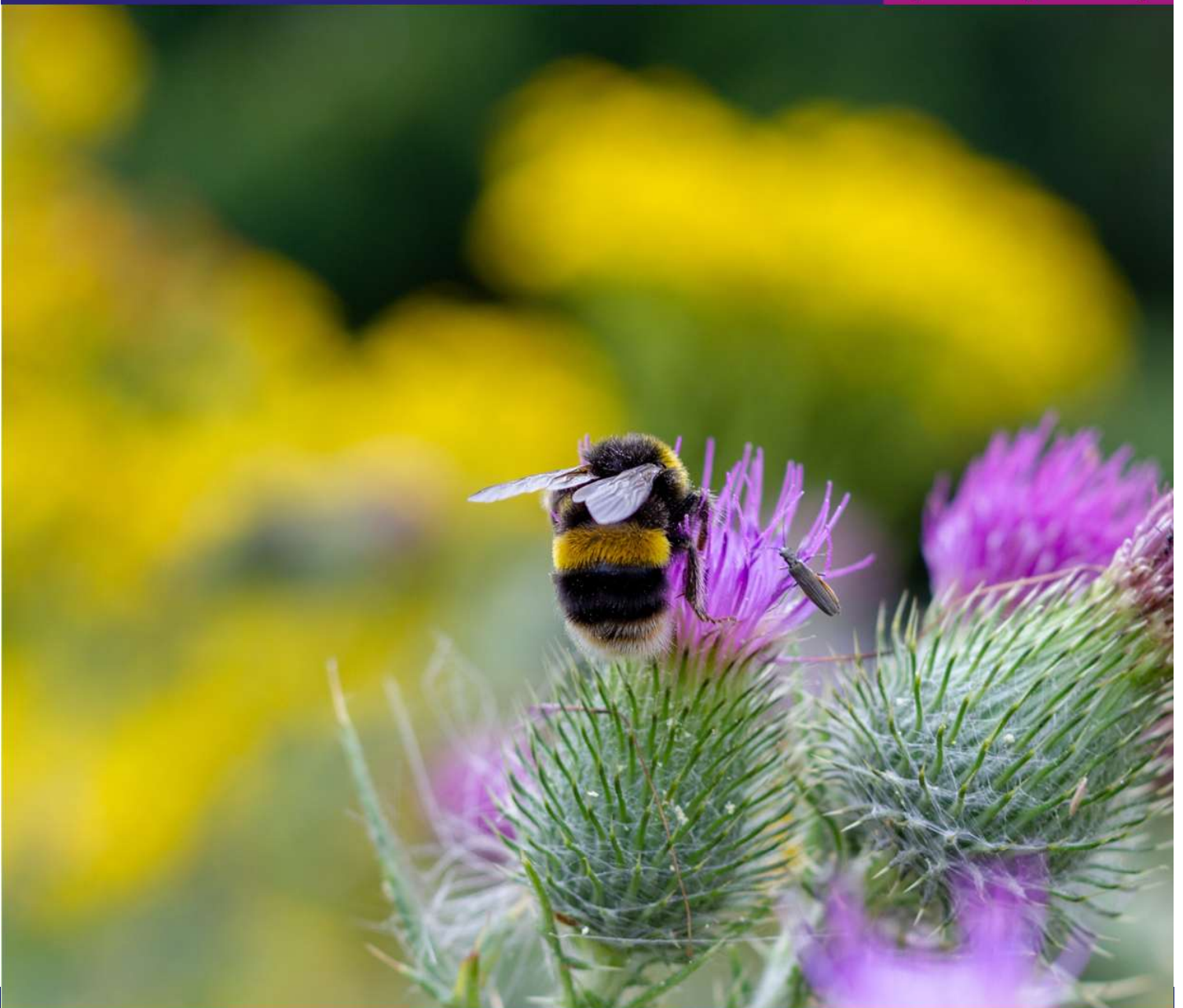
- Which proxy voting providers are used by each manager;
- Whether the manager applies a custom voting policy or defaults to the provider's standard policy;
- How the manager oversees and challenges the proxy advisor's recommendations; and
- The extent to which voting activity aligns with VTL's stewardship priorities.

To support consistency across managers, TPTIM collects this information using the Pension and Lifetime Savings Association (PLSA) Voting and Implementation Statement Template. This is done for both DB and DC portfolios. This standardised approach enables effective comparison and strengthens oversight.

Where voting behaviour appears inconsistent with expectations or not clearly aligned with the best interests of VTL's beneficiaries, TPTIM raises these issues as part of its ongoing manager monitoring. This approach ensures that, even within a delegated framework, stewardship responsibilities are exercised with appropriate rigour and accountability on behalf of VTL.

VTL Stewardship Report 2024

Engagement



Principle 9

Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Our approach to engagement

As a long-term asset owner, the Trustee views engagement as an essential tool to promote positive change and protect the long-term value of scheme assets. Engagement plays a central role in our responsible investment strategy, and is used to influence issuers on ESG issues.

Given the size and diversification of our portfolio, the Trustee adopts a multi-layered approach to engagement, working through appointed investment managers while retaining oversight and the ability to escalate where necessary. Our engagement model consists of four core elements.

1. Engagement by investment managers

The Trustee delegates day-to-day engagement activity to its appointed investment managers. This reflects the managers' direct access to company leadership, detailed understanding of holdings and capacity to sustain dialogue over time. Managers are expected to engage on ESG issues where these are material to the investment case or broader systemic risks, such as climate change or governance quality.

The Trustee expects all managers to:

- Actively engage with companies on key ESG topics;
- Set clear engagement objectives;
- Monitor progress against those objectives;
- Escalate engagement when outcomes are not forthcoming;
- Report regularly on activity and results.

The Trustee, via TPTIM for DB and AB for DC, reviews manager engagement activity and uses this information to assess alignment with our responsible investment principles and stewardship expectations.

2. Joint engagement with managers

There may be occasions when engagement topics identified by the Trustee overlap with the engagement efforts of its investment managers. In these situations, VTL, through TPTIM, will seek to undertake joint engagement activities with investment managers. VTL believes that having both an asset owner and an investment manager at the table to talk about an issue adds significant weight to the discussion.

3. Collaborative engagement

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. To support this goal, TPTIM, on behalf of VTL, will participate in collaborative engagements with other asset owners and industry groups, aligning these efforts with VTL's Investment Beliefs and Responsible Investment Framework.

Collaborative engagement enables the Trustee to amplify its voice on issues of systemic importance and contribute to broader market change.

4. Direct engagement

On occasions, an issue may arise where VTL believes it is necessary to directly engage with companies on particular ESG-related issues. In such cases, TPTIM, in respect of the DB portfolio, and AB, for the DC portfolio, conduct targeted engagements on behalf of VTL to address these concerns and drive meaningful progress.

The Trustee retains oversight and is updated on the objectives, engagement timeline and outcomes.

Direct engagement is typically reserved for issues of significant member interest, reputational risk or strategic relevance to the portfolio.

Monitoring and assessing engagement effectiveness

Investment managers are required to submit engagement data on a quarterly basis. This includes:

A description of the issue or theme;

- The engagement objective;
- The method and timeline of engagement;
- Any milestones or progress indicators;
- The outcome or next steps.

This data is reviewed by TPTIM's responsible investment team and discussed with managers as part of regular review meetings. The quality, format and depth of reporting vary across managers and asset classes. TPTIM, as adviser to the Trustee, continues to engage with managers to improve the clarity and consistency of engagement reporting – particularly around the use of milestones and measurable outcomes, which are often underdeveloped in current disclosures.

Where engagement appears ineffective or poorly aligned with VTL's priorities, TPTIM may request clarification, escalate the issue, or reassess the mandate.

TPTIM's quarterly stewardship reports summarise manager engagement activity and include selected case studies. These are shared internally and published on TPT's website, supporting transparency and member accountability.

Engagement activity undertaken on our behalf by asset managers

Corporate Fixed Income

Investment manager: Royal London Asset Management (RLAM)

TPT Fund: Investment Grade Bond Fund

Issuer: HSBC Bank Plc

Topic: Just Transition

Background: RLAM has been advocating for a 'just transition' for several years, encouraging companies and governments to consider the social implications of moving to a low-carbon economy. The key objective is to integrate social considerations into climate transition plans. RLAM engaged with HSBC to encourage disclosure on how social issues are incorporated into its decarbonisation strategy, in alignment with the just transition principles outlined in the Paris Agreement.

Action: RLAM engaged with HSBC to obtain greater transparency on the company's approach to just transition and its alignment with net zero commitments.

Outcomes and next steps: Since publishing its net zero report, HSBC has been strategically embedding just transition principles. HSBC has prioritised innovation in sustainability-related lending, aiming to extend services to a broader customer base, including smaller businesses. The company is exploring the development of sustainability-linked bonds and loans, as well as assessing the necessity of just transition-linked products. In emerging markets, HSBC continues its work on the Just Energy Transition Partnership project. Despite the challenge of applying universal principles across different markets, HSBC remains committed to supporting just transition while meeting climate targets. HSBC is enhancing relationship managers' understanding of just transition and incorporating relevant questions into climate transition plans for high-emitting sectors. While further details on its plans are pending, the company has a comprehensive work plan and intends to include initial disclosures in existing reports.

Equity

Investment manager: Ownership Capital

TPT Fund: Global Equity Fund

Issuer: Intercontinental Exchange (ICE)

Topic: Climate Change

Background: ICE was founded to develop an internet-based platform providing a more efficient market structure for trading. It operates regulated exchanges in commodity and financial markets and has expanded to provide financial data, analytics, and a digital mortgage platform. ICE is a leader in environmental trading products, including carbon credits, RECs, government emissions auctions, and carbon price indexes. As the owner of the New York Stock Exchange, ICE plays a crucial role in setting exchange standards and shaping best practices in ESG.

Action: Ownership Capital engaged with ICE on its carbon emissions verification and the need to reset its Scope 1 and 2 emissions targets following the BlackKnight acquisition. It also sought greater transparency on ICE's supplier engagement framework for addressing Scope 3 emissions.

Outcomes and next steps: ICE published third-party verification of its carbon emissions, a development Ownership Capital had been advocating for. ICE has also launched new sustainability products to support clients on their path to net zero. The Commodity Traceability service, for example, enables clients to validate and demonstrate compliance with the EU Deforestation Regulation. Ownership Capital will continue to engage with ICE to track progress on emissions target-setting and supply chain transparency.

Equity

Investment manager: Ruffer LLP

TPT Fund: Liquid Alternatives Fund

Issuer: BP Plc

Topic: Sustainability Reporting

Background: Ruffer sought additional reporting from BP on low-carbon or transition growth engines and financial reporting by business segment for greater transparency.

Action: The CFO acknowledged that Ruffer was among several stakeholders requesting greater insight and potentially a re-segmentation of financial reporting to distinguish low-carbon and transition growth initiatives from traditional oil operations. However, she cautioned that, given BP's scale and existing asset base- some of which will be repurposed for sustainable aviation fuel or biofuels- the company would take 12 to 18 months before announcing any changes.

Outcomes and next steps: In the next meeting with BP, Ruffer plans to follow up on several points raised by the CFO, including the potential for revised segment reporting, key performance indicators for measuring the speed and trajectory of BP's energy transition, and capital allocation strategies to ensure shareholder confidence in BP's investment decisions.

Infrastructure

Investment manager: Stonepeak

TPT Fund: Real Assets Fund

Engagement theme: Human and Labour Rights

Background: Stonepeak's engagement aims to ensure that portfolio companies effectively integrate modern slavery risks into their risk management frameworks. This aligns with Stonepeak's policy to enhance governance concerning human rights and modern slavery issues. The objective is to assess and benchmark the maturity of selected portfolio companies in managing human rights risks and their ambitions in this area.

Action: Through this engagement, Stonepeak developed a deeper understanding of potential human rights risks within its portfolio companies. The initiative enabled Stonepeak to assess where these companies stand relative to their peers in managing human rights risks and impacts. A roadmap was established to implement recommendations designed to strengthen portfolio companies' approaches to human rights.

Outcomes and next steps: Stonepeak will continue to support portfolio companies in embedding best practices for human rights risk management and will monitor their progress against the established roadmap.

Corporate Fixed Income

Investment manager: TwentyFour Asset Management

TPT Fund: Investment Grade Bond Fund

Issuer: BNP Paribas

Topic: Diversity

Background: TwentyFour engaged with BNP on its UK gender pay gap, which stood at 37.8%- higher than some of its peers- and had increased rather than decreased over the past year.

Action: BNP's Investor Relations (IR) team explained that the pay gap remains high due to a larger proportion of men in senior positions and front-office roles. BNP's London branch is reportedly in line with the industry average compared to firms like Barclays UK and HSBC UK and fares better than Goldman Sachs UK. IR outlined several initiatives aimed at improving gender balance, including recruitment and early-career development programmes. BNP also has multiple DE&I committees working to address gender disparities.

Outcomes and next steps: BNP's response demonstrated awareness of the issue and outlined initial steps to address it. However, significant improvement is still required. TwentyFour will continue monitoring BNP's progress on gender pay equity and diversity initiatives.

Infrastructure

Investment manager: Foresight Group

TPT Fund: Real Assets Fund

Engagement theme: Clean Energy

Background: Foresight selected MaresConnect due to its strategic role in enhancing cross-border energy security and renewable integration between Great Britain and Ireland. The engagement aimed to secure regulatory approvals and progress key project milestones, critical for de-risking the investment and ensuring successful project delivery.

Action: In early 2024, Ofgem issued a negative-minded decision on the project. In response, Foresight escalated its engagement in Q3, appealing the decision with additional data and strategic arguments. Key actions included securing a cap-and-floor contract in principle from Ofgem, submitting a grid connection application to Eirgrid, and meeting with the Irish Energy Minister. Foresight's portfolio team, led by senior management, also engaged with top-tier EPC and marine survey contractors.

Outcomes and next steps: The appeal led to Ofgem overturning its initial decision, securing the cap-and-floor contract in principle—significantly reducing investment risk. The project has also made progress with regulatory applications and government support. Next steps include monitoring regulatory developments, finalising contracts, and preparing for Phase 2, leading to the final investment decision and construction commencement.

Property

Investment manager: CBRE Investment Management (CBRE IM)

Engagement theme: Climate Change

Background: Climate change represents one of the most pressing global challenges. Reducing carbon emissions is a core objective for both the assets CBRE IM manages and its own operations. The firm's Sustainability Vision outlines its commitment to addressing climate-related risks and opportunities, focusing on delivering net zero operational carbon performance and enhancing physical resilience. Where CBRE IM has direct control over assets and portfolios, it implements these commitments directly; where control is limited, it seeks to influence non-discretionary clients to align with its sustainability objectives.

Action: CBRE IM's transaction management teams engage with property sellers to collect and analyse climate-related data, assess transition and physical climate risks, and negotiate sustainability terms where necessary. Portfolio and asset management teams work closely with property managers and tenants on climate-related initiatives. CBRE IM actively contributes to key industry groups, including the INREV ESG Committee, theGRESB Real Estate Advisory Board, and UK-based organisations such as The Aldersgate Group. Engagement with clients, tenants, and property managers occurs regularly through meetings and written communications, with the level and frequency of engagement varying based on the complexity and severity of climate-related issues.

While the firm's engagement approach remains consistent, the frequency of climate-related discussions has increased in response to regulatory developments such as the TCFD and SFDR, as well as the broader evolution of ESG standards. Climate change is now a standing agenda item in most stakeholder meetings.

Outcomes and next steps: CBRE IM will continue to engage tenants on climate-related initiatives, targets, and opportunities for collaboration.

Corporate Fixed Income

Investment manager: Wellington Management

TPT Fund: Global Credit Opportunities Fund

Engagement theme: Human and Labour Rights

Background: Companies at higher risk of modern slavery share characteristics such as industry exposure, location, history of controversies, and weak policies. Wellington developed a modern slavery engagement framework to assess risk and encourage improved practices among investee companies. **Action:** The engagement framework prioritises companies based on industry, location, and proprietary risk scores. Wellington has engaged with high-risk companies to assess their approach to modern slavery risk and discuss potential escalations, including exclusions if necessary.

Outcomes and next steps: This engagement remains ongoing. Wellington has facilitated discussions to promote better practices and continues to assess corporate progress. An exclusions working group regularly reviews engagement outcomes and determines next steps in addressing modern slavery risks.

Equity

Investment manager: Amundi

Topic: Deforestation

Background: In 2024, Amundi entered the second year of engagement with a European utility company that transitioned from coal-fired power generation to biomass combustion. The company's biomass sourcing practices have been the subject of public controversy due to allegations of deforestation—specifically involving high-carbon-value primary forests. These concerns were compounded by regulatory fines for misreporting the types and origins of forestry materials used, raising serious questions about the sustainability of the company's supply chain and the accuracy of its environmental disclosures. These developments prompted Amundi to deepen its analysis and engagement.

Action: In 2023, Amundi's engagement focused on assessing the company's no-deforestation and conversion policies, its biomass sourcing strategy, and its response to emerging controversies. While the company demonstrated some progress, Amundi identified key gaps in managing deforestation risk. In 2024, Amundi continued to engage, with an emphasis on the need for robust supply chain controls and the integration of biodiversity and climate-related ambitions with deforestation mitigation strategies.

Amundi's engagement objectives included:

- Enhancing transparency regarding the company's response to deforestation allegations and improving disclosure and accountability across its supply chain;
- Securing a commitment to exclude sourcing from primary forests and to achieve 100% certified and verified biomass by 2025;
- Encouraging implementation of regular, independent audits to strengthen internal processes and uphold no-deforestation standards.

Outcomes and next steps: In response to engagement in 2024, the company committed to conducting independent audits and adopted improved disclosure practices. It began reporting detailed information on biomass sourcing, including the types of fiber (e.g. sawmill and wood industry residues, agricultural residues, end-of-life trees, and low-grade roundwood) and their country of origin. However, the company continued to face scrutiny amid fresh allegations of sourcing from old-growth forests.

Amundi raised this issue with the company, which clarified that its biomass sourcing relied on residues rather than high-grade timber. The company acknowledged, however, that the type of licenses it had been using – while locally compliant – created reputational concerns. Later in the year, the company committed to discontinuing the use of such licenses and reinforced its sustainability framework by increasing reliance on third-party certification schemes. It also introduced a target for 100% certified sourcing across all regions, although a firm deadline was not specified. Amundi recommended aligning this timeline with the end of 2025 to reflect EU deforestation regulation and best practice.

Further positive developments included the introduction of tools to monitor forest cover changes and verify compliance with no-deforestation policies. However, Amundi noted that public transparency on the use of these monitoring tools remains limited. Additionally, the company's sourcing policy still does not explicitly protect old-growth or primary forests – an issue that Amundi raised as a priority.

Governance improvements included greater oversight by a Sustainability Council and an Independent Advisory Board. Nonetheless, Amundi flagged the absence of clear KPIs related to no-deforestation in executive remuneration packages. Including such KPIs would improve accountability and align leadership incentives with stated environmental goals.

Amundi views the progress to date as encouraging but believes there is still room for improvement. Future engagement will focus on:

- Securing a time-bound commitment to no-deforestation and no-conversion by 2025;
- Improving transparency around forest monitoring practices and third-party audits;
- Ensuring that no-deforestation KPIs are integrated into executive remuneration; and
- Strengthening verification processes and aligning sourcing policies with industry best practices.

Given the company's exposure to ongoing controversies and elevated deforestation risks, Amundi will continue to closely monitor developments and adjust its ESG rating as warranted by performance and risk changes.

Equity

Investment manager: AB

Issuer: Banco do Brasil

Topic: Climate risk management

Background: Banco do Brasil is a state-owned bank and the largest agricultural lender in Brazil, with agriculture representing around one-third of its BRL375 billion loan book. The sector is vital to the national economy but increasingly vulnerable to physical climate risks, including extreme weather events such as severe flooding and droughts. These risks threaten the value and functionality of assets underpinning the bank's lending portfolio. The bank, through its 2023 CDP Climate Report, disclosed tools used to monitor climate-related risks – such as its Harvest Monitoring Panel and climate scenario analysis – and noted that these are used to inform short- and long-term risk mitigation strategies. Banco do Brasil also owns a majority stake in BBSE, the country's largest agricultural insurer, which introduces complex interdependencies in how climate risk is transferred and managed across both entities.

Action: AB held two engagements with Banco do Brasil to better understand how the bank integrates climate risk into its lending and risk management. The first engagement focused on the bank's ESG strategy, government influence over its sustainability policies, and the controls in place to avoid financing deforestation through its agricultural loan book. A second, more technical engagement followed, involving AB's Director of Responsible Investment Research, a climate risk analyst, and the equity analyst covering the bank. The discussion focused on how the bank identifies and measures physical climate risks, its use of data from BBSE, its insurance and pricing practices, and the potential role of the Brazilian government in providing financial support in the event of widespread climate-related loan defaults.

Outcomes and next steps: These engagements helped AB gain greater clarity on the bank's approach to physical climate risk, including how it integrates weather-related data into credit decision-making and capital allocation. The conversations also prompted AB to engage directly with BBSE to better understand its climate risk modelling, use of reinsurance, and the extent to which its risk exposure may correlate with Banco do Brasil. Insights from these discussions informed AB's valuation modelling and portfolio positioning across LATAM banks. AB will continue engaging to monitor the evolution of the bank's risk practices, the clarity of its relationship with BBSE, and its role in financing adaptation as part of Brazil's broader climate resilience strategy.

Equity

Investment manager: Amundi

Topic: Biodiversity

Background: Pesticides are a major driver of biodiversity loss, particularly through their impact on pollinators, birds, and aquatic ecosystems. While pesticides have historically contributed to higher crop yields, their widespread use – especially in regions with weak regulation- has led to significant environmental and health concerns. Regulatory efforts, including the EU’s Farm to Fork Strategy and the Global Biodiversity Framework (GBF) adopted at COP15, now aim to reduce pesticide use and risk by 50% by 2030. This evolving policy landscape presents both financial and reputational risks to pesticide producers, particularly in light of high-profile litigation and costly settlements linked to adverse health effects. At the same time, companies that lead in developing safer alternatives may be well-positioned for future growth.

Action: Amundi initiated a focused engagement programme with listed companies materially involved in pesticide production and associated controversies. The objective is to encourage these companies to better integrate biodiversity considerations into their strategies and improve oversight of hazardous chemical products. Amundi called on companies to phase out Highly Hazardous Pesticides (HHPs), invest in safer alternatives, improve transparency on product classification, and enhance value chain oversight.

Outcomes and next steps: Through dialogue with controversial pesticide producers, Amundi observed limited progress in phasing out HHPs, with companies largely waiting for further regulatory clarity. Definitions of “green” or safer alternatives remain company-specific and often lack scientific transparency. Many firms have focused on potential biodiversity benefits, such as avoided land-use change, without addressing negative downstream impacts. Weaknesses in data collection and risk assessment were cited as key barriers to setting meaningful targets, and most companies still do not disclose methodologies for evaluating biodiversity risks.

Amundi will continue its engagements to push for greater transparency, stronger commitments to phasing out hazardous products, and deeper integration of biodiversity risk across operations. Recognising the challenge posed by inconsistent global regulation, Amundi will also advocate for improved collaboration between producers and their downstream partners. This work forms part of Amundi’s broader biodiversity strategy, through which it aims to drive change in the crop protection sector and promote a transition toward safer and more sustainable chemical use.

Principle 10

Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our approach to collaboration

As a long-term asset owner, VTL recognises that collaboration with other investors is often the most effective way to influence systemic risks, raise market standards and advocate for improved corporate practice. We believe that collaborative engagement is particularly important where individual influence may be limited – for example, when addressing large multinational companies, industry-wide issues or structural barriers within the financial system.

The Trustee supports collaboration as a complement to direct and manager-led engagement, particularly on issues aligned with its Responsible Investment Framework. These include climate change, the just transition, biodiversity, and human rights.

Collaboration also plays an important role in reinforcing the expectations we set for our external managers and in helping to shape broader market practices around stewardship, disclosure and ESG integration.

How we collaborate

Given the delegated nature of VTL's investment and stewardship model, participation in collaborative initiatives is undertaken by TPTIM on behalf of the Trustee for the DB portfolio. AB leads any collaborative efforts relevant to the DC portfolio. Collaborative efforts are selected where they are expected to deliver meaningful engagement outcomes or influence relevant market structures.

The Trustee, via TPTIM, participates in collaborative engagement initiatives with other asset owners, investment managers, and civil society organisations. These engagements typically target companies, policymakers or standard setters and focus on areas of shared concern.

Examples of the collaborative platforms supported during the reporting period include:

- **Climate Action 100+** – A global investor-led initiative that engages with the world's largest corporate greenhouse gas emitters to improve governance, reduce emissions, and strengthen climate-related financial disclosures.
- **Institutional Investors Group on Climate Change (IIGCC)** – A leading European network of investors working to support the transition to a net zero economy through policy advocacy, corporate engagement, and investment practices aligned with climate goals.
- **Investor Policy Dialogue on Deforestation (IPDD)** – An investor-led initiative that engages with governments of key forest-risk countries to promote policies that reduce deforestation and support sustainable land use, helping to mitigate systemic risks to portfolios.
- **UK Sustainable Investment and Finance Association (UKSIF)** – A membership network that brings together asset owners, managers, and service providers to advance sustainable finance in the UK through thought leadership, advocacy, and collaboration.

Monitoring collaborative activity

TPTIM provides regular updates on collaborative engagements, including:

- The role played by TPTIM (lead, supporter, co-signer, etc.);
- The objective of the engagement or policy effort;
- Companies, sectors, or regulatory targets involved;
- Progress made and any planned escalation.

TPTIM and AB also share updates on underlying managers' collaborative efforts.

Reflection on effectiveness

Collaboration enhances the credibility and reach of our stewardship activity. The Trustee has seen collaborative efforts lead to increased transparency, clearer policies and better ESG reporting. Where appropriate, we complement collaborative engagements with direct escalation or engagement through managers.

While collaboration is not a substitute for accountability, it is a valuable tool in areas where coordination is necessary to shift corporate behaviour or policy frameworks. The Trustee remains committed to supporting targeted, time-bound collaborative initiatives that align with our fiduciary duty and long-term investment objectives.

Collaborative engagement activity undertaken on our behalf by asset managers

Investment manager: TPTIM

In 2024, TPTIM co-chaired the IIGCC Climate Solutions (Renewable Energy) Working Group, which was established to develop practical guidance for investors seeking to align infrastructure investments with the goals of the Paris Agreement. The group's work supports the global ambition – reinforced at COP28 – to triple renewable energy capacity by 2030. The key aim was to develop a framework that provides a credible and actionable approach for investors to set climate-related objectives, measure progress, and disclose their contribution to the scale-up of renewable infrastructure.

Throughout the year, TPTIM contributed to the development of the framework by participating in regular working group meetings and providing input. This case exemplifies TPTIM's commitment to active ownership and systemic stewardship – not only aligning our own capital with the net zero transition, but also helping shape industry standards that enable broader market adoption. Looking ahead, TPTIM will continue to support the IIGCC's work on climate solutions, including the development of forthcoming guidance on transmission, distribution, and storage infrastructure – critical enablers of a decarbonised global energy system.

Investment manager: L&G Asset Management

TPT Fund: Global Equity Fund

Issuer: Unilever

Topic: Circular economy

Background: As part of its commitment to sustainable investing, L&G Asset Management actively engages with companies on resource efficiency and circular economy practices. Plastics use, particularly single-use fossil-fuel-based plastics, presents a significant environmental and systemic risk – contributing to pollution, biodiversity loss and climate change. Given Unilever's global footprint in the consumer goods sector and its extensive supply chains, plastics management is a material issue. L&G's engagement aims to support Unilever's transition away from virgin plastic use and toward more circular solutions.

Collaborative action: L&G joined a collaborative engagement initiative coordinated by the Dutch Association of Investors for Sustainable Development (VBDO). Through this investor-led dialogue, L&G and peers met with Unilever to assess the company's plastics strategy, with a focus on:

- the use of virgin and flexible plastics;
- investment in refill and reuse solutions;
- advancements in recycling and packaging innovation;
- alignment with the UN Global Plastics Treaty, including advocacy for an ambitious global agreement and refraining from negative lobbying.

By working in partnership with other investors, L&G was able to amplify expectations around Unilever's approach to circularity, transparency, and regulatory alignment.

Outcomes and next steps: This engagement is ongoing but has already provided greater transparency into Unilever's approach. L&G noted that the company has revised its plastics-related targets to reflect recent technological developments and has increased disclosure around its circular economy strategy. However, L&G continues to seek more concrete progress on eliminating single-use plastics and broader alignment with circular economy principles. L&G will maintain a dialogue with Unilever and its peers through the VBDO collaboration to monitor progress and reinforce investor expectations for real-world impact.

Principle 11

Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

Our approach to escalation

The Trustee recognises the critical role that escalation plays in effective stewardship. Escalation helps to safeguard the long-term interests of members, particularly where managers or companies fail to respond to engagement or act in ways that may undermine sustainable outcomes.

The Trustee delegates day-to-day engagement activity to its appointed investment managers but retains ultimate responsibility for ensuring that stewardship is conducted to a high standard. Oversight of stewardship and escalation activities is carried out through TPTIM for the DB portfolio and AB for the DC portfolio.

Escalation may apply both to:

- **Managers**, where the Trustee considers that stewardship expectations are not being met; and
- **Issuers**, where persistent ESG risks, governance concerns or poor practices require further action beyond standard engagement.

Oversight escalation by the Trustee

Where an investment manager's stewardship activity falls short of expectations – for example, due to insufficient escalation on material risks, misalignment in voting, or inadequate reporting – the Trustee, via TPTIM, will escalate the issue directly.

Escalation process and response

Escalation decisions are taken based on the severity of the issue, potential financial or reputational risk, and the responsiveness of the manager or issuer. If non-compliance or serious misalignment is identified, the following steps may be considered:

- **Engagement** – Open dialogue to clarify expectations and agree an improvement plan;
- **Formal warning** – Written communication outlining the concern and corrective actions required;
- **Internal escalation** – Raised with the Investment Oversight Committee or Trustee Board;
- **Mandate review** – Consideration of mandate suitability or potential reallocation if the issue persists.

This approach is applied proportionately, recognising that constructive engagement and relationship management are key to long-term effectiveness.

Monitoring and escalation through our managers

Underlying investment managers are required to report regularly on their stewardship activity, including details of engagements and any escalation steps taken. Managers are asked to report real examples of escalation and provide commentary on outcomes or lessons learned.

The Trustee expects all managers to have defined escalation policies, including:

- Criteria for escalating an issue (e.g. lack of responsiveness, worsening ESG risk, failure to meet engagement milestones);
- A range of escalation tools;
- Monitoring of engagement effectiveness over time.

Common escalation tools used by our managers include:

- Voting against the re-election of board members;
- Sending formal letters to the board or senior management;
- Speaking at AGMs or filing shareholder resolutions;
- Joining collaborative engagement initiatives;
- Divestment or reduced exposure (as a last resort).

The Trustee supports these escalation measures and may independently consider similar approaches, particularly for high-priority ESG issues.

Reviewing escalation outcomes

Our escalation approach is designed to ensure that stewardship activity is impactful, consistent with our investment beliefs and aligned with the best interests of our members and beneficiaries.

The Trustee reviews escalation outcomes to assess whether actions taken – by TPTIM or underlying managers – have led to tangible progress on the issues raised. This includes monitoring evidence of change.

Outcomes are considered as part of regular oversight and inform future engagement priorities, stewardship expectations, and, where relevant, mandate reviews. Where escalation has not delivered the desired impact, lessons are drawn to strengthen future approaches.

Escalation activity undertaken on our behalf by asset managers

Investment manager: TPTIM

As part of TPTIM's ongoing monitoring of investment managers, TPTIM engaged with Ruffer to reassess its approach to ESG integration, climate action and escalation processes. Ensuring that managers uphold high stewardship standards and take effective action when engagement does not lead to sufficient progress is a key priority in TPTIM's responsible investment approach.

TPTIM met with Ruffer to review its responsible investment approach, climate strategy and escalation framework. Ruffer emphasised its focus on real-world decarbonisation rather than portfolio decarbonisation, actively engaging with high-emitting companies to influence their transition strategies. The firm has set net zero targets, aiming for 80% portfolio alignment by 2030 and a 50% reduction in emissions intensity over the same period.

Ruffer provided insight into its tiered escalation approach when engagement does not yield sufficient progress. This includes escalating concerns through collaborative investor initiatives, issuing public letters, filing shareholder proposals, exercising voting rights, and, where necessary, divesting from holdings. Voting decisions are subject to an active review process, supported by ISS benchmark policies and data from MSCI and CDP. To illustrate its escalation approach, Ruffer shared case studies demonstrating its assessment of corporate willingness and ability to transition within the energy sector.

TPTIM will continue to assess Ruffer's progress against its climate targets, focusing on the effectiveness of its engagement with high-emitting companies and the impact of its escalation strategies. It will encourage Ruffer to enhance transparency around how it measures the success of its escalation processes and engagement outcomes, ensuring that its approach remains aligned with our responsible investment principles.

Investment manager: L&G Asset Management

TPT Fund: Global Equity Fund

Issuer: McDonald's Corporation

Topic: Public health – Antimicrobial Resistance (AMR)

Background: Antimicrobial resistance (AMR) poses a significant global public health threat and is one of L&G's systemic engagement themes. Overuse of antibiotics in food-producing animals contributes to growing bacterial resistance, with widespread implications for human health, animal welfare, pharmaceutical supply chains, and water systems. As one of the world's largest beef purchasers, McDonald's has material influence over agricultural practices across its global supply chain. L&G's engagement objective has been for McDonald's to improve transparency on antibiotic usage in its supply chain and to fully align with World Health Organization (WHO) guidelines on the use of medically-important antimicrobials in food-producing animals.

Escalation action: L&G's engagement with McDonald's began in 2020 and has progressively escalated due to limited progress. Actions taken include:

- supporting and pre-declaring votes on shareholder proposals related to AMR;
- signing a collaborative investor letter coordinated by the Interfaith Center on Corporate Responsibility (ICCR);
- co-filing a shareholder resolution in December 2022 under the umbrella of The Shareholder Commons, calling on McDonald's to align fully with WHO guidelines.

Although McDonald's subsequently released new antibiotic reduction targets in response to pressure from investors, L&G assessed this as insufficient, particularly given the two-year delay and the narrow scope of application across meat types. In 2023, the shareholder resolution received 18% support—a modest but meaningful signal to the company. After McDonald's failed to take further action, L&G co-filed the same resolution again in 2024, this time alongside Amundi and The Shareholder Commons. However, the proposal was excluded from the proxy statement after a 'no-action' ruling by the SEC, on the grounds that the company had already "substantially implemented" the request.

In response, L&G supported an alternative AMR resolution filed by the Benedictine Sisters of Boerne, Texas, calling for a company-wide policy to phase out the use of medically important antibiotics for disease prevention in beef and pork supply chains. This resolution received 15% support, adding continued pressure on the company to act.

In parallel, L&G expanded its collaborative approach by joining the FAIRR investor initiative on antibiotic use in the quick-service restaurant sector. This engagement covers McDonald's and its industry peers, including Yum! Brands (owner of KFC and Pizza Hut) and Restaurant Brands International (owner of Burger King).

Outcomes and next steps: L&G continues to monitor McDonald's response and will consider further escalation routes if progress remains limited. This case illustrates the use of a structured and sustained escalation strategy, combining bilateral and collaborative engagement, voting action, shareholder resolution filing, and participation in sector-wide initiatives.

Investment manager: AB

TPT Fund: RTX Corp.

Topic: Climate transition

Background: RTX Corp. is an aerospace and defense company that falls within a high-impact industry under AB's Climate Transition Alignment Framework (CTAF). The issuer contributes to financed emissions in at least one AB actively managed equity or fixed income strategy. AB assessed RTX at level 1+ under the CTAF, as the company has not yet committed to a 1.5C-aligned target.

Escalation action: AB submitted a proposal in Q2 2024 for RTX Corp. to produce a report detailing efforts to reduce full value-chain emissions in line with 1.5C. RTX recently expanded reporting of the use of sold products, which comprise the vast majority of scope 3 emissions. AB abstained, after voting against the same shareholder resolution last year, as the company is progressing and in anticipation of an engagement focused on climate transition.

Outcomes and next steps: Through engagement, AB learned that RTX has set near- and medium-term targets to reduce scope 1 and 2 emissions by 15% by 2025 and 46% by 2030 (from a 2019 baseline), and aims to source 10% of its electricity from renewables by 2025. The company has launched energy efficiency projects and is exploring renewable electricity procurement. RTX reported a 19% reduction in emissions from the 2019 baseline as of 2023.

While RTX is investing in technology to address scope 3 emissions – including efforts to collect supplier emissions data via a third-party platform – it has not yet set a scope 3 target. Management explained that they are reluctant to commit to targets without a costed, credible implementation roadmap.

RTX also noted the existence of 14 technology development roadmaps, including one for sustainable products, and a USD 7.5 billion investment in R&D in 2024. The company is working on hydrogen- and hybrid-electric powered aircraft and more 100% SAF-compatible engines, including developments related to its v2500 engine.

Following a second engagement, AB noted that RTX remains focused on setting achievable, credible targets while continuing to invest in low-carbon product innovation. AB will continue monitoring progress against the company's 2030 scope 1 and 2 goals, assess developments on scope 3 target setting and absolute emission reductions, and track advancements in sustainable technologies. Proxy voting will remain a tool for further escalation if necessary.

Investment manager: Amundi

Topic: Climate policy and fossil fuel financing in the banking sector

Background: In July 2021, a European bank updated its thermal coal policy. While Amundi welcomed the bank's willingness to revisit its approach, the revised policy remained misaligned with the goals of the Paris Agreement, particularly the objective to limit global warming to 1.5°C. Amundi identified several areas of concern, including the absence of a commitment to phase out thermal coal power generation and a lack of full exclusion of coal project developers. Despite the bank's active role in sustainable finance – particularly in issuing and facilitating green and social bonds—Amundi expects all financial institutions to meet a minimum threshold in their climate commitments. This includes phasing out brown financing such as thermal coal, in line with a 2030/2040 timeline, while continuing to scale up green financing.

Escalation action: Amundi began engaging with the bank in 2023 to discuss the shortcomings of its thermal coal policy and broader climate strategy. To escalate the dialogue, Amundi participated in the bank's 2024 AGM and publicly questioned the board. The objective was to prompt alignment of the thermal coal policy with industry best practices. Specifically, Amundi asked when the bank would:

- Commit to phasing out thermal coal power generation by 2030 in OECD and EU countries, and by 2040 globally; and
- Extend the scope of its coal policy to cover investment activities and securities underwriting.

In parallel, Amundi maintained regular dialogue with the bank throughout 2024, recommending enhancements to its climate approach, including:

- Setting sectoral decarbonisation targets that cover capital markets activities (facilitated emissions) in addition to lending and investment portfolios; and
- Developing and publicly disclosing a client transition framework with clear methodologies, assessment outputs, engagement strategies, and escalation measures.

Outcomes and next steps: Amundi noted positive progress in some areas of the bank's climate strategy. In June 2024, the bank updated its unconventional oil and gas policy in response to prior engagement, clarifying that it now excludes counterparties generating more than 15% of production revenues from unconventional resources. Additionally, the bank submitted near-term climate targets to the Science Based Targets initiative (SBTi) in March 2024. These cover both operational emissions and scope 3 category 15 (financed emissions), which Amundi views as a meaningful development.

However, the engagement also revealed ongoing shortcomings. The bank has yet to commit to phasing out exposure to thermal coal-fired power plants, nor has it expanded its thermal coal policy to investment and underwriting activities. While the bank has acknowledged ongoing work on a client transition framework and made references to it in public documents, transparency remains limited.

Amundi recognises the bank's momentum on several fronts but believes further progress is needed. Engagement will continue, with a focus on securing commitments on thermal coal phase-out, expanding emissions targets to cover capital markets activity, and improving disclosure and robustness of the client transition framework.

Exercising rights and responsibilities



Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Our approach to ownership and shareholder rights

The Trustee delegates stewardship responsibilities, including voting, to its appointed investment partners. TPTIM and AB do not typically vote directly. Instead, they delegate voting to the underlying investment managers appointed to manage listed equity mandates. These managers are considered best placed to make informed voting decisions, given their access to company management and understanding of the investment strategy.

However, both TPTIM and AB are expected to closely monitor how voting rights are exercised by underlying managers. This includes ensuring that:

- Managers' voting records are reviewed regularly;
- Votes align with the Trustee's Voting Guidelines and overall stewardship priorities;
- Significant or contentious votes are flagged and reviewed;
- Any divergence from policy expectations is investigated and, where necessary, escalated.

Managers are expected to vote in accordance with recognised standards, including the PLSA Corporate Governance Policy and Voting Guidelines, supported by the G20/OECD and ICGN global governance principles. For non-UK holdings, similar expectations apply regarding transparency, board accountability, and shareholder rights.

The Trustee retains the right to instruct how votes should be cast, particularly in relation to high-priority issues, and may recall lent stock or override manager discretion where it is operationally feasible and proportionate.

Monitoring of voting rights and shareholdings

TPTIM and AB are responsible for monitoring:

- Shareholdings and associated voting rights;
- Voting activity, including rationale for significant or abstained votes;
- Voting outcomes against the Trustee's policies and expectations.

This information supports the Trustee's oversight of how ownership rights are exercised in practice.

Securities lending and voting rights

The Trustee operates a securities lending programme, which can in some cases temporarily limit the ability to vote on specific resolutions. Where a vote is considered contentious or strategically important, the Trustee may recall stock or restrict lending in order to exercise its voting rights. This decision is taken on a case-by-case basis in consultation with the relevant investment manager.

DB and DC voting structures

For the Defined Benefit portfolio, TPTIM favours segregated mandates where feasible, allowing greater transparency, tailored voting expectations, and the ability to intervene where necessary.

In the Defined Contribution portfolio, investments are made via a unit-linked insurance policy with Phoenix Life Limited. While underlying fund managers are responsible for voting, AB retains oversight of stewardship practices and, in some instances, exercises voting rights directly.

Stewardship across asset classes

While voting applies only to listed equities, the Trustee expects responsible investment practices and stewardship to be embedded across all asset classes, including fixed income, private markets and real assets. Please see Principle 7 (Stewardship, investment and ESG integration) for a more detailed overview of stewardship expectations across asset classes. Please refer to Principle 9 (Engagement) for examples and case studies.

Outcomes and transparency

TPTIM publishes quarterly stewardship reports that include summaries of significant votes. Full voting disclosures are also available on TPT's website. Detailed voting statistics for both DB and DC portfolios are provided in the Annex.

Significant votes

Investment manager: Ruffer

Company name	Amazon
Date of vote	22 May 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.86%
Summary of the resolution	Shareholder proposal requesting disclosure of all material scope 3 GHG emissions
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Amazon currently only discloses scope 3 emissions for its own brand products while peers, such as Walmart and Target, disclose scope 3 emissions for all product sales.
Outcome of the vote	Failed
Implications of the outcome	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.
On which criteria have you assessed this vote to be "most significant"?	Any vote against management or ISS recommendation, any vote in breach of Ruffer's internal voting guidelines, shareholder resolutions, climate-related resolutions, or dissident shareholder slates (US only).

Investment manager: L&G Asset Management

Company name	Walmart Inc.
Date of vote	5 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.58%
Summary of the resolution	Establish a company compensation policy of paying a living wage
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to the AGM.
Rationale for the voting decision	Paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover, etc.
Outcome of the vote	Failed.
Implications of the outcome	L&G will continue to engage with Walmart.
On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and high-profile meeting- This shareholder resolution was considered significant as L&G has been engaging with Walmart on the topic of living wages for several years.

Investment manager: Ownership Capital

Company name	Mastercard
Date of vote	16 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7%
Summary of the resolution	Report on Lobbying Payments and Policy
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes
Rationale for the voting decision	Additional information about the company's direct and indirect lobbying would allow shareholders to assess the company's management of lobbying-related activities and better understand the risks and benefits of these activities.
Outcome of the vote	Failed
Implications of the outcome	Ownership will continue the engagement and seek clarity from the company.
On which criteria have you assessed this vote to be "most significant"?	Ownership believes improved clarity in lobbying and political contributions is in the interest of shareholders.

Investment manager: Sands Capital

Company name	Cloudflare, Inc.
Date of vote	4 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.4%
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	The overall compensation program is too reliant on time rather than performance-based awards and has often been too generous. While there were no new grants this year, Sands takes issue with the granting of additional restricted stock units last year and the re-pricing of options. Sands notes that the company appears to have received little support on this matter last year from non-affiliated shareholders and the board has not been proactive with outreach in response to dissent.
Outcome of the vote	Passed
Implications of the outcome	No specific implications.
On which criteria have you assessed this vote to be "most significant"?	Shareholder proposals voted for, votes against management or ISS, historical votes on similar proposals, and overall relevance to strategy.

Investment manager: Ruffer

Company name	Prosus NV
Date of vote	21 August 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
Summary of the resolution	Approve Remuneration Report
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Ruffer voted against due to concerns over misalignment between executive pay and share price performance, as well as excessive payments to the former CEO upon departure.
Outcome of the vote	Passed
Implications of the outcome	Ruffer will continue to monitor the company and may engage if no progress is observed.
On which criteria have you assessed this vote to be "most significant"?	Any vote against management or ISS recommendation, any vote in breach of Ruffer's internal voting guidelines, shareholder resolutions, climate-related resolutions, or dissident shareholder slates (US only).

Investment manager: Man Group

Company name	Constellation Brands Inc
Date of vote	17 July 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	N/A
Summary of the resolution	Shareholder Proposal Regarding Report on Circular Economy for Packaging
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Man Group supports increased climate commitments.
Outcome of the vote	Failed
Implications of the outcome	Man Group prioritises shareholder proposals aligned with responsible investment principles and believes that active voting plays a key role in promoting sustainable corporate behaviour.
On which criteria have you assessed this vote to be "most significant"?	Shareholder proposal.

Investment manager: L&G Asset Management

Company name	National Grid Plc
Date of vote	10 July 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.3%
Summary of the resolution	Approve Climate Transition Plan
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to the AGM.
Rationale for the voting decision	The plan met L&G's minimum expectations, including the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5C goal.
Outcome of the vote	Passed
Implications of the outcome	L&G will continue to engage with investee companies and monitor progress on climate-related targets.
On which criteria have you assessed this vote to be "most significant"?	Thematic – Climate. L&G considers "Say on Climate" votes highly significant.

Investment manager: L&G Asset Management

Company name	DS Smith Plc
Date of vote	3 September 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
Summary of the resolution	Re-elect Geoff Drabble as Director
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to the AGM.
Rationale for the voting decision	Board gender diversity dropped below 40%, and L&G considers the company's succession planning and gender diversity targets insufficient.
Outcome of the vote	Passed
Implications of the outcome	L&G will continue engagement on diversity and advocate for stronger commitments.
On which criteria have you assessed this vote to be "most significant"?	Thematic- Diversity: L&G views diversity as a financially material issue.

Investment manager: L&G Asset Management

Company name	Tate & Lyle Plc
Date of vote	25 July 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
Summary of the resolution	Re-elect Nick Hampton as Director
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to the AGM.
Rationale for the voting decision	The company was deemed to not meet minimum standards with regard to L&G's deforestation policy.
Outcome of the vote	Passed
Implications of the outcome	L&G will continue to advocate for stronger deforestation policies.
On which criteria have you assessed this vote to be "most significant"?	Thematic- Nature: L&G applied this vote under its engagement programme on deforestation.

Investment manager: AB

Company name	Alphabet Inc
Date of vote	07 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	N/A
Summary of the resolution	Adopt Targets Evaluating YouTube Child Safety Policies
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	In light of both the ongoing scrutiny the company faces and the regulatory requirements on child safety impacts, the proposal appears value additive. Scrutiny has enhanced following multiple lawsuits and fines levied against the company related to issues of child safety, which would indicate that a report on these issues could be value additive in addressing controversy and mitigating risks.
Outcome of the vote	Failed
Implications of the outcome	Through both voting and engagement AB will continue to encourage the company to enhance its management of legal and reputational risks associated with child safety.
On which criteria have you assessed this vote to be "most significant"?	Vote against management on a social shareholder proposal at one of AB's most significant holdings.

Investment manager: Amundi

Company name	Constellation Brands, Inc
Date of vote	17 July 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
Summary of the resolution	Report on Supply Chain Water Risk Exposure
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A
Rationale for the voting decision	Additional disclosure requested by the proposal would benefit the company by allowing shareholders and stakeholders to better understand how the company is considering water-related risks and would provide reassurance to employees that issues related to water in its direct operations and across its value chain are being taken seriously.
Outcome of the vote	Passed
Implications of the outcome	Amundi to monitor relevant developments in this area and engage with the company if required.
On which criteria have you assessed this vote to be "most significant"?	Shareholder proposals on environmental, climate, social, labour rights, human rights issues. Management proposals on the climate strategy or climate report.

Investment manager: Northern Trust Asset Management

Company name	TotalEnergies SE
Date of vote	24 May 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	N/A
Summary of the resolution	Approve Report on Progress of Company's Sustainability and Climate Transition Plan (Advisory)
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Northern Trust engaged with TotalEnergies ahead of the AGM, requesting greater transparency regarding their medium term (post 2030) strategy. In line with the feedback received and absent assurances from the company in this area, NTAM voted against this resolution to encourage greater disclosure.
Outcome of the vote	Passed
Implications of the outcome	Northern Trust to continue to engage with the company.
On which criteria have you assessed this vote to be "most significant"?	Vote against management.

Investment manager: Baillie Gifford

Company name	Tesla, Inc.
Date of vote	13 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.4%
Summary of the resolution	Shareholder Resolution- Social
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Baillie Gifford supported the shareholder resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. They believe quantitative disclosure would help them understand and monitor the company's efforts. This is consistent with how they have voted on this resolution previously.
Outcome of the vote	Failed
Implications of the outcome	This resolution received 31% support. Baillie Gifford continues to believe additional disclosure would allow shareholders to better assess the company's efforts and progress on this matter.
On which criteria have you assessed this vote to be "most significant"?	Resolution submitted by shareholders and with greater than 20% support.

Glossary

Term	Acronym	Definition
Defined Benefit	DB	A Defined Benefit pension scheme is one where the amount you are paid is based on how many years you have been a member of the employer's scheme and the salary you have earned when you leave or retire. They pay out a secure income for life, which increases each year in line with inflation.
Defined Contribution	DC	Defined contribution pension schemes are occupational pension schemes where your contributions and your employer's contributions are invested and the proceeds used to buy a pension and/or other benefits at retirement.
Environmental, social and governance	ESG	The incorporation of environmental, social and governance issues into investment analysis and decision-making processes.
Greenhouse gases	GHG	Gases that trap heat in the atmosphere.
Institutional Investors Group on Climate Change	IIGCC	A leading European investor network focused on climate change, representing asset owners and managers committed to aligning investment practices with net zero goals.
Investor Policy Dialogue on Deforestation	IPDD	A global investor initiative that engages with governments and public institutions to address deforestation and promote sustainable land use policies. IPDD aims to reduce investment risks associated with deforestation and biodiversity loss by advocating for stronger regulatory frameworks and improved transparency.
Net Zero Investment Framework	NZIF	Provides a common set of recommended actions, metrics, and methodologies through which investors can maximise their contribution to achieving global net zero emissions by 2050 or sooner.
Responsible investment	RI	Responsible investment involves considering ESG issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship). It complements traditional financial analysis and portfolio construction techniques.
Task Force on Climate-Related Financial Disclosures	TCFD	A reporting framework that helps organisations disclose climate-related financial risks and opportunities.
Taskforce on Nature-related Financial Disclosures	TNFD	A developing framework for disclosing nature-related financial risks and dependencies.
Universal owner	-	Universal owners are investors whose portfolios encompass a representative slice of the market. Universal Ownership recognises the role played by highly diversified asset owners (like pension schemes and insurers) in tackling global externalities such as climate change.

Links to referenced documents

2024 TCFD Report:

<https://www.tpt.co.uk/mediaLocal/42ofiruu/tpt-tcdf-report-2024.pdf>

Climate Action Plan:

<https://www.tpt.co.uk/mediaLocal/jipppnj0/tpt-climate-action-report-2023.pdf>

DB SIP:

<https://www.tpt.co.uk/mediaLocal/flgjrass/trustee-statement-of-investment-principles-defined-benefit-elements.pdf>

DC SIP:

<https://www.tpt.co.uk/mediaLocal/0vnb20pu/trustee-statement-of-investment-principles-defined-contribution-elements.pdf>

Ethical Investment Framework:

<https://www.tpt.co.uk/mediaLocal/i4qhhkc2/ethical-investment-framework.pdf>

Investment Beliefs:

<https://www.tpt.co.uk/mediaLocal/f20haym3/tpt-investment-beliefs.pdf>

Responsible Investment Framework:

<https://www.tpt.co.uk/mediaLocal/gqeb1wwu/tpt-vtl-responsible-investment-framework.pdf>

Responsible Investment Principles:

<https://www.tpt.co.uk/mediaLocal/2ynbtugv/tpt-vtl-responsible-investment-principles.pdf>

VTL Stewardship Report 2023:

<https://www.tpt.co.uk/mediaLocal/tngbcm4k/stewardship-report.pdf>

Annex – Voting statistics



Voting statistics – DB

Investment manager	L&G Asset Management						
Fund	FTSE4Good UK Equity Index	FTSE4Good Developed Equity Index	Low Carbon Transition UK Equity Index	Low Carbon Transition North America Equity Index	Low Carbon Transition Europe (ex UK) Equity Index	Low Carbon Transition Asia Pacific (ex Japan) Equity Index	Low Carbon Transition Japan Equity Index
How many meetings were you eligible to vote at?	267	1182	88	527	478	152	296
How many resolutions were you eligible to vote on?	4609	16707	1822	7294	7903	1132	3668
What % of resolutions did you vote on for which you were eligible?	99.57%	99.50%	100.00%	98.72%	99.67%	100.00%	100.00%
Of the resolutions on which you voted, what % did you vote with management?	94.38%	82.15%	96.65%	64.05%	81.36%	79.06%	90.79%
Of the resolutions on which you voted, what % did you vote against management?	5.56%	17.49%	3.35%	35.08%	18.08%	20.94%	9.21%
Of the resolutions on which you voted, what % did you vote to abstain?	0.07%	0.35%	0.00%	0.87%	0.56%	0.00%	0.00%
In what % of meetings, for which you did vote, did you vote at least once against management?	39.47%	72.65%	30.68%	98.86%	79.45%	70.39%	62.84%
Which proxy advisory services does your firm use?	ISS	ISS	ISS	ISS	ISS	ISS	ISS
Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.92%	13.73%	3.24%	30.27%	9.36%	13.25%	8.56%

Voting statistics – DB

Investment manager	Man Group	Ownership Capital	RBC Global Asset Management			Ruffer LLP		Sands Capital Management
Fund	Man Risk Premia SPC	Long-Horizon Equity	Emerging Markets Equity SRI	Emerging Markets Equity ex-China	China Equity	Ruffer Absolute Return SRI	Ruffer Absolute Return	Global Growth
How many meetings were you eligible to vote at?	536	27	70	70	56	30	32	42
How many resolutions were you eligible to vote on?	6829	338	751	696	584	501	535	426
What % of resolutions did you vote on for which you were eligible?	99.76%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Of the resolutions on which you voted, what % did you vote with management?	78.84%	91.00%	93.87%	91.24%	84.76%	94.41%	96.64%	97.42%
Of the resolutions on which you voted, what % did you vote against management?	20.74%	9.00%	6.13%	8.76%	15.24%	5.59%	3.20%	2.58%
Of the resolutions on which you voted, what % did you vote to abstain?	0.04%	1.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.00%
In what % of meetings, for which you did vote, did you vote at least once against management?	76.68%	70.00%	32.86%	32.86%	58.93%	33.30%	31.30%	19.05%
Which proxy advisory services does your firm use?	Glass Lewis	ISS	ISS, Glass Lewis	ISS, Glass Lewis	ISS, Glass Lewis	ISS	ISS	ISS, Glass Lewis, and SES
Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Standard Policy
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	12.68%	9.00%	1.86%	2.01%	0.00%	3.20%	3.00%	12.44%

Voting statistics – DC

Investment manager	Alliance Bernstein	Amundi					
Fund	Sustainable All Market Portfolio	Global Multi-Factor Equity*	MSCI World Climate Transition	Index MSCI World SRI	Index FTSE EPRA NAREIT Global	Index MSCI ex China ESG Leaders	Index MSCI China ESG Leaders
How many meetings were you eligible to vote at?	126	1160	1197	338	376	435	554
How many resolutions were you eligible to vote on?	1837	17014	17452	4823	3993	4385	4507
What % of resolutions did you vote on for which you were eligible?	100.00%	100.00%	98.37%	99.30%	99.00%	96.11%	98.53%
Of the resolutions on which you voted, what % did you vote with management?	96.00%	86.00%	71.62%	70.54%	80.39%	79.00%	70.59%
Of the resolutions on which you voted, what % did you vote against management?	4.00%	8.00%	28.04%	29.16%	19.77%	21.00%	29.60%
Of the resolutions on which you voted, what % did you vote to abstain?	1.00%	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%
In what % of meetings, for which you did vote, did you vote at least once against management?	33.00%	49.00%	68.82%	74.97%	48.92%	48.08%	50.50%
Which proxy advisory services does your firm use?	ISS, Glass Lewis	ISS, Glass Lewis	ISS, Glass Lewis, and Proxinvest	ISS, Glass Lewis, and Proxinvest	ISS, Glass Lewis, and Proxinvest	ISS, Glass Lewis, and Proxinvest	ISS, Glass Lewis, and Proxinvest
Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.00%	5.00%	N/A	N/A	N/A	N/A	N/A

Voting statistics – DC

Investment manager	L&G Asset Management						
Fund	FTSE4Good UK Equity Index Fund	UK Equity Index Fund	FTSE4Good Developed Equity Index	Low Carbon Transition Global Equity Index Fd-GBP Curr Hed (OFC)	Future World Emerging Markets Equity Index Fund	Diversified Fund	Global Equity Market Weight (30:70) Index
How many meetings were you eligible to vote at?	267	730	1182	4751	3641	10451	7256
How many resolutions were you eligible to vote on?	4609	10436	16707	47586	29305	106232	72429
What % of resolutions did you vote on for which you were eligible?	99.57%	99.81%	99.50%	99.75%	100.00%	99.76%	99.78%
Of the resolutions on which you voted, what % did you vote with management?	94.38%	94.01%	82.15%	79.04%	80.25%	76.47%	80.72%
Of the resolutions on which you voted, what % did you vote against management?	5.56%	5.96%	17.49%	20.25%	18.96%	22.88%	18.54%
Of the resolutions on which you voted, what % did you vote to abstain?	0.07%	0.03%	0.35%	0.71%	0.79%	0.64%	0.73%
In what % of meetings, for which you did vote, did you vote at least once against management?	39.47%	40.47%	72.65%	64.67%	56.83%	72.46%	61.43%
Which proxy advisory services does your firm use?	ISS	ISS	ISS	ISS	ISS	ISS	ISS
Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.92%	5.16%	13.73%	11.24%	6.67%	14.06%	10.19%

Voting statistics – DC

Investment manager	Northern Trust	BlackRock	HSBC Asset Management	Baillie Gifford
Fund	Quality Low Volatility Low Carbon World Fund	ACS World Small Cap ESG Screened Equity Tracker Fund	HSBC Islamic Global Equity Fund	Positive Change Fund
How many meetings were you eligible to vote at?	196	4224	101	33
How many resolutions were you eligible to vote on?	2815	44846	1672	341
What % of resolutions did you vote on for which you were eligible?	99.00%	95.00%	94.00%	100.00%
Of the resolutions on which you voted, what % did you vote with management?	94.00%	92.00%	77.00%	94.72%
Of the resolutions on which you voted, what % did you vote against management?	5.00%	7.00%	22.00%	4.69%
Of the resolutions on which you voted, what % did you vote to abstain?	0.00%	0.00%	0.00%	0.59%
In what % of meetings, for which you did vote, did you vote at least once against management?	44.00%	32.00%	78.00%	27.27%
Which proxy advisory services does your firm use?	ISS	ISS	ISS	ISS, Glass Lewis, ZD Proxy and IIAS
Do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Bespoke Policy	Bespoke Policy	Bespoke Policy	Bespoke Policy
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2.00%	0.00%	1.00%	N/A



If you would like to contact us about this report, please feel free to, via:



enquiries@tpt.co.uk



<https://www.tpt.co.uk>



TPT Retirement Solutions
5th Floor, 3 South Brook Street, Aire Park, Leeds LS10 1FT