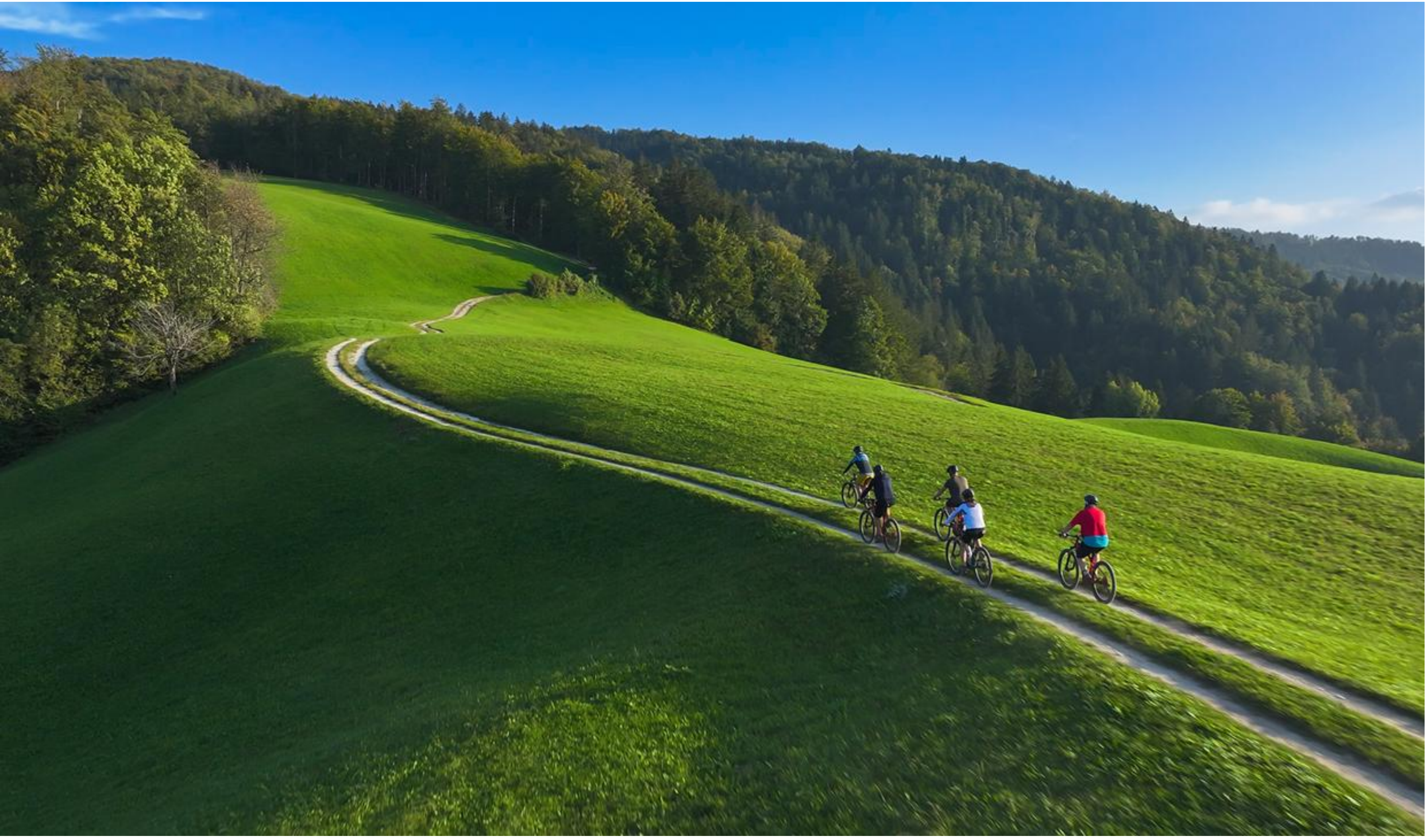
UK Stewardship Code 2026

Verity Trustees Limited

Policy and Context Disclosure

May 2026

tpt Retirement Solutions



Verity Trustees Limited (VTL or “the Trustee”) is the corporate trustee of The Pensions Trust and The Pensions Trust 2016 (together, “the Trusts”). In this role, the Trustee is responsible for overseeing the investment of assets on behalf of members and beneficiaries.

Responsible investment is a core component of the Trustee’s investment philosophy. It is defined as the systematic integration of environmental, social and governance (ESG) factors into investment decision-making and oversight processes, recognising their potential to materially impact long-term risk and return. As a long-term, diversified investor, the Trustee seeks to protect and enhance the financial interests of beneficiaries while supporting the development of well-functioning and sustainable markets.

Stewardship is embedded within the Trustee’s governance and investment approach. As a universal owner with exposure across the global economy, the Trustee adopts a system-wide perspective, recognising its role in contributing to the long-term resilience of financial markets. This includes promoting high standards of corporate governance, encouraging responsible business practices and supporting the effective functioning of markets. This approach is supported by a clear and robust stewardship framework, underpinned by defined policies, governance structures and processes.

This **Policy and Context Disclosure** outlines the foundations of the Trustee’s approach, including its governance structure, culture and investment beliefs, and how these support the integration of stewardship and responsible investment across its activities.

The document is reviewed at least annually and updated as required, or at a minimum every four years in the absence of material changes, in line with Financial Reporting Council (FRC) guidance.

For further information, please visit our **Responsible Investment webpage**.

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Who we are

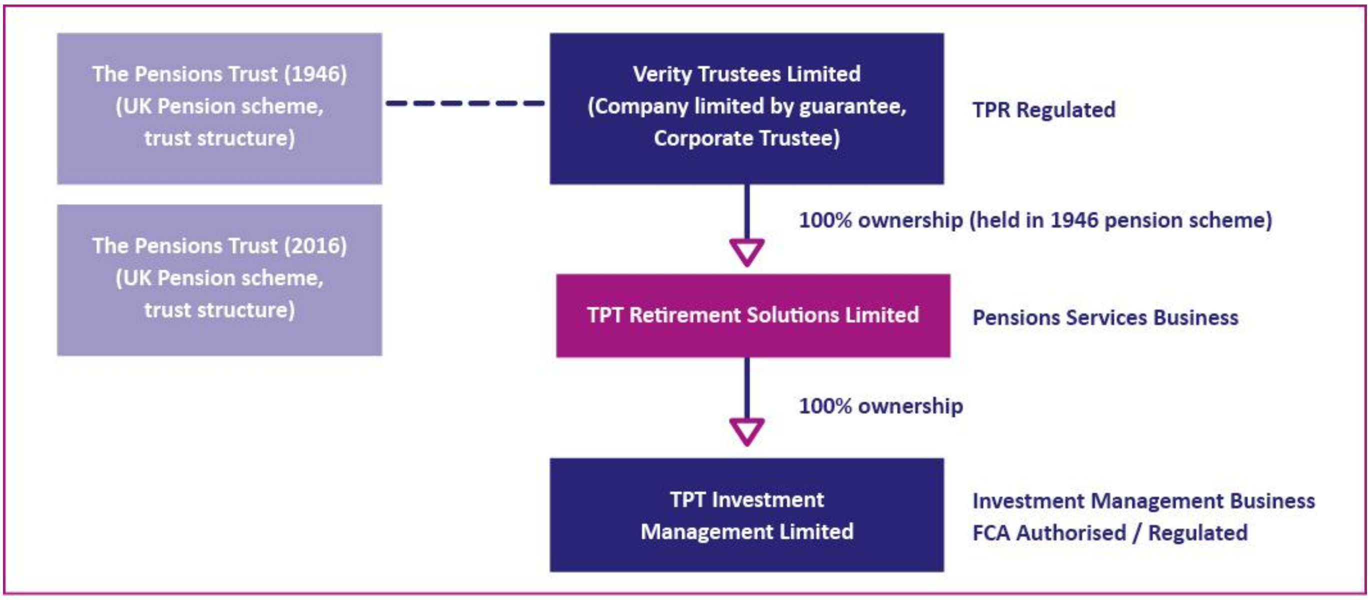
VTL is the corporate trustee and asset owner of The Pensions Trust and The Pensions Trust 2016. TPT Retirement Solutions Limited (TPT), a wholly-owned subsidiary of VTL, is a UK workplace pension provider. It offers Defined Benefit (DB) and Defined Contribution (DC) pension scheme management and administration services to a broad range of employers and members. As at 30 September 2025, TPT manages £11.4 billion in assets across both DB and DC.

VTL is governed by a Trustee Board comprising both employer-nominated and member-nominated directors. The Board is supported by specialist committees, including the Investment Oversight Committee, Funding Committee and Audit, Risk and Compliance Committee. This governance structure enables the Trustee to maintain effective oversight of investment strategy, stewardship and risk management.

VTL's stewardship approach reflects its role as an asset owner within a delegated investment model. While day-to-day investment activities are undertaken by appointed investment managers, VTL retains responsibility for agreeing the overall investment strategy, defining stewardship expectations and overseeing implementation. Stewardship is therefore primarily exercised through manager selection, ongoing monitoring and engagement, and the integration of responsible investment principles within mandates and governance frameworks. This approach enables VTL to influence outcomes across the investment chain while maintaining a clear focus on long-term value for beneficiaries.

80 years of experience in the pensions sector	**£11.4bn of assets under management**
2,400 employers	**490,000 members**

Figure 1. Organisational and Operating Structure[1]



[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.

Purpose, culture and values

As the corporate trustee and asset owner, VTL is responsible for safeguarding members' long-term retirement outcomes. In carrying out this role, VTL places reliance on TPT's culture and values to support the effective delivery of its strategy and stewardship approach. VTL maintains oversight through its governance framework, recognising that a strong and aligned culture is fundamental to delivering long-term value.

Mission

TPT's mission is to **make pension schemes perform better for everyone.**

Delivering on this mission requires a focus on high-quality service provision and effective pension management across all stakeholders. It reflects the breadth of TPT's activities and VTL's role in supporting long-term retirement outcomes for members and beneficiaries. It also recognises VTL's position as a universal asset owner, and the responsibility and opportunity this creates to contribute positively to the wider economy and society.

As a trustee-led organisation, our purpose is grounded in responsibility and long-term thinking. Our stewardship approach is shaped by this purpose, with a focus on protecting and enhancing member outcomes over time, while supporting the resilience and integrity of the financial system.

Values

TPT's values underpin the organisational culture and guide how the business makes decisions, collaborates and delivers on its responsibilities. They support the development of a trusted, accountable and inclusive working environment, enabling the organisation to achieve its objectives and deliver positive outcomes for beneficiaries.

Since the values were first established, both the external environment and the organisation have evolved. TPT has therefore undertaken a review to ensure that its values remain relevant, clearly articulate what matters most, and reflect how the organisation operates today.

The review was informed by employee feedback, including insights from TPT's Best Companies data, which highlighted key themes relating to culture and ways of working. These insights were considered alongside input from the Executive Board to define a refreshed set of values that reflect both colleague perspectives and organisational priorities.

The updated values reinforce a shared understanding of purpose, ways of working and the behaviours expected across the organisation.

TPT's values are:

We are challengers	We succeed together	We take ownership

These values define the behaviours and mindset expected across the organisation and support the delivery of TPT's long-term strategy and VTL's stewardship responsibilities.

Investment beliefs and responsible investment principles

VTL has established a set of Investment Beliefs that provide a framework for long-term investment decision making. These beliefs are reviewed annually and published publicly, forming the foundation of 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 emphasise the role of stewardship and the integration of ESG factors in protecting and enhancing long-term value.

Together, VTL's Investment Beliefs and Responsible Investment Principles guide the development and oversight of the Trustee's investment strategy and underpin its stewardship approach.

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 benefit 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

Defined Benefit

The DB investment strategy is implemented by TPT Investment Management (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 acts as an investment adviser to VTL.

Day-to-day investment management is delegated to a panel of third-party investment managers. TPTIM is responsible for the selection, appointment and ongoing oversight of these managers, including the assessment of their investment capabilities and approach to ESG integration.

The DB investment strategy is implemented through a diversified range of TPT funds, structured as funds of funds, covering growth assets, contractual income strategies and liability-hedging portfolios. Each scheme's allocation reflects its funding position, liability profile and risk tolerance.

Defined Contribution

The DC investment strategy is designed to meet the diverse needs of members through a default "target date" fund structure, complemented by a range of self-select options. The Trustee invests via a unit-linked insurance policy with Phoenix Life Limited, with AllianceBernstein responsible for appointing, monitoring and overseeing the underlying investment managers, as well as managing asset allocation.

Within this structure, the Trustee's ability to directly influence stewardship outcomes is more limited. However, stewardship and ESG expectations are clearly defined and communicated to AllianceBernstein, and are subject to ongoing monitoring and oversight through the Trustee's governance framework.

For members who wish to reflect ethical considerations in their investment choices, and in line with the Trustee's Ethical Investment Framework, a suite of ethical target date funds is available within the default strategy too.

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 schemes serving non-associated employers. The participating employers are UK-based.

As at 30 September 2025, the schemes comprised:

- 54 segregated sections within The Pensions Trust;
- 12 segregated sections within The Pensions Trust 2016;
- a combined membership of approximately 490,000 individuals across DB and DC schemes; and
- around 2,400 participating employers.

Further detail on individual schemes and asset values is provided in the 2025 Annual Reports and Financial Statements for The Pensions Trust and The Pensions Trust 2016.

Table 1. Membership profile

Status	Members	Average age
Deferred	284,659	47
No liability	236,932	60
Active	152,542	46
Pensioner	51,609	73
Dependants pension	4,248	71
Paid up	789	56
Life assurance only	653	46
Pending decision	61	51
Serious IHER	50	60

Data as at 30 September 2025

The membership base is diverse, spanning active members through to pensioners. This diversity informs the Trustee's investment strategy and stewardship approach. Given the long-term nature of pension liabilities and retirement savings, the Trustee adopts a long-term investment horizon (multi-decade for DC members and liability-aligned for DB sections), and integrates stewardship accordingly.

Strategic reviews of scheme-specific investment strategies are undertaken at least every three years, or more frequently in response to material changes in funding levels, covenant strength or membership profile. This ensures that investment time horizons and strategies remain aligned with the evolving needs and circumstances of each scheme.

Asset allocation

As at 30 September 2025, total assets under management were £11.4 billion, allocated across a diversified range of asset classes and geographies to support long-term, risk-adjusted returns.

100% of assets invested through external investment managers

All assets under management are invested through external investment managers. This fully delegated model shapes the Trustee's approach to stewardship across both DB and DC portfolios.

Within this structure, the Trustee's primary levers of influence are through the selection, appointment and ongoing oversight of external managers. This includes setting clear expectations on stewardship and ESG integration, embedding these within mandates where appropriate, and maintaining regular monitoring and challenge to assess alignment with the Trustee's policies and priorities.

DB allocation (managed by TPTIM)

Table 2. DB asset class allocation

Asset class	Allocation
Global Equity Fund	9.1%
Global Credit Opportunities Fund	2.8%
Investment Grade Bond Fund	12.0%
Liquid Alternatives Fund	12.5%
Private Credit Fund	9.7%
Real Assets Fund	9.3%
Secure Income Fund	5.5%
Property Fund	3.7%
UK Gilts and Index-Linked Gilts	32.3%
Ethical Equities	0.4%
Ethical Bonds	2.5%

Table 3. DB geographical exposure

Region	Global Equity Fund	Investment Grade Bond Fund	Liquid Alternatives Fund	Private Credit Fund	Real Assets Fund	Secure Income Fund	Property Fund
Asia Pacific	13.4%	0.4%	4.9%	0.4%	10.4%	0.0%	0.0%
Europe	11.2%	7.8%	10.6%	42.6%	31.2%	0.0%	0.0%
North America	70.8%	3.6%	25.7%	37.2%	15.0%	8.0%	0.0%
UK	3.5%	88.2%	15.7%	17.7%	38.9%	92.0%	100%
Other	1.1%	0.0%	0.0%	1.9%	4.4%	0.0%	0.0%

Note: Allocations may not add to 100% as they are based on net exposure (accounting for short positions as negative).

Region	Ethical Equities	Ethical Bonds
Asia Pacific	14.0%	1.3%
Europe	13.8%	11.9%
North America	42.4%	3.2%
UK	27.6%	83.7%
Other	2.2%	0.0%

Region	Global Credit Opportunities Fund
Africa (ex SA)	3.4%
Asia	13.8%
Central Europe	4.1%
Developed	62.4%
Eastern Europe, Middle East & South Africa	5.6%
Latin America	10.7%

DC allocation (managed by AllianceBernstein)

Table 4. DC asset class allocation

Asset class	Allocation
UK Equities	1.9%
Developed Markets (non-UK) Equities	52.3%
Emerging Markets Equities	5.4%
Small Cap Equities	3.0%
Low Volatility Equities	5.5%
Private Credit	3.6%
Global Property	3.3%
Private Equity	4.3%
Sustainable Infrastructure	2.4%
Commodities	1.7%
Corporate Bonds	9.7%
Index-Linked Gilts	4.7%
Gilts	2.1%

Table 5. DC geographical exposure

Country	Weight
Canada	2.7%
Developed Asia (ex Japan)	3.1%
Emerging Markets	5.4%
Europe (ex UK)	12.6%
Japan	5.0%
UK	14.7%
US	56.6%

Actively managed vs. passive

The Trustee adopts a pragmatic approach to the use of active and passive investment strategies across the portfolio, reflecting its investment beliefs and the characteristics of different asset classes.

A core investment belief is that while opportunities to deliver returns in excess of an index may exist, identifying and implementing strategies that consistently achieve this after costs is challenging.

Passive strategies are typically used in areas where markets are considered relatively efficient, and where cost-effective exposure to broad market returns is appropriate. Active management is employed where there is a stronger expectation that skilled managers can add value, including in less efficient or more complex markets, or where more targeted approaches to risk management, asset allocation or stewardship may be beneficial.

Within the Trustee's delegated investment model, decisions regarding the use of active and passive strategies are implemented by appointed investment managers, subject to the Trustee's overall investment strategy and oversight. The Trustee assesses the suitability of these approaches as part of manager selection and ongoing monitoring processes, including consideration of performance, costs, and alignment with responsible investment and stewardship expectations.

Across both active and passive strategies, the Trustee expects investment managers to integrate ESG factors and to exercise stewardship responsibilities in a manner consistent with its policies. This ensures that stewardship is applied consistently across the portfolio, regardless of the underlying investment approach.

Stewardship approach

VTL's stewardship approach reflects its role as a long-term asset owner operating through a delegated investment model. Stewardship is integrated within the Trustee's investment and governance framework, and is considered an important component of delivering sustainable long-term value for members and beneficiaries.

As noted, the Trustee exercises its stewardship responsibilities primarily through the selection, appointment and ongoing oversight of external investment managers. The Trustee's ability to direct stewardship varies by mandate structure, but is enhanced through mandate design and ongoing oversight. This includes setting clear expectations on ESG integration, voting and engagement, and ensuring these are reflected in manager monitoring processes. Through regular reporting and engagement, the Trustee assesses the extent to which managers' stewardship activities align with its policies and priorities and provides challenge where appropriate.

Given its diversified portfolio across asset classes and geographies, the Trustee adopts a system-wide perspective, recognising the importance of well-functioning markets and the management of financially material ESG risks and opportunities.

This approach is supported by a structured governance frame, enabling the Trustee to maintain oversight of stewardship activity across the investment chain and to promote continuous improvement in practices over time.

Alignment with members’ objectives

The Trustee’s stewardship approach is aligned with its duty to act in the best interests of members and beneficiaries. It is designed to support the delivery of sustainable long-term investment outcomes.

The Trustee seeks to ensure that investment solutions are structured to meet the evolving needs, circumstances and preferences of members across both DB and DC arrangements, while maintaining a consistent and coherent approach to stewardship.

For DB arrangements, investment strategies are tailored to reflect the specific characteristics of each scheme, including liability profiles, risk tolerances and employer funding capacity. This supports the Trustee’s objective of balancing the generation of long-term investment returns with the management of funding risk and the delivery of secure member outcomes. The Trustee’s Ethical Investment Framework can also be applied across DB portfolios, ensuring that ethical considerations are integrated.

For DC members, target date funds are used as the default investment option and are designed to adjust risk exposure over time as members approach retirement. In addition, ethical target date funds, aligned with VTL’s Ethical Investment Framework, are available for members who wish to reflect specific ethical considerations in their investment choices. A range of self-select funds is also available, providing members with flexibility to tailor their investments according to individual preferences. The Trustee undertakes regular reviews of investment performance, suitability and risk characteristics to support value for money and appropriate diversification across these options.

Stewardship priorities are applied across the portfolio, supporting a consistent approach to ESG integration, voting and engagement. Through its oversight of external investment managers, the Trustee seeks to ensure that stewardship activities are aligned with its policies and contribute to the long-term sustainability of the assets and markets on which member outcomes depend.

Ethical offering

The Trustee distinguishes between its approach to responsible investment and ethical investment. Responsible investment reflects the integration of ESG factors into investment decision making and stewardship, to support long-term risk-adjusted returns. Ethical investment, by contrast, involves the application of specific criteria to exclude or avoid certain companies, activities or sectors based on defined values or preferences.

For members who wish to reflect ethical considerations in their investment choices, VTL has established an Ethical Investment Framework. This framework sets out the criteria applied to the Trustee’s ethical investment options and is designed to provide clarity and consistency in how ethical considerations are implemented.

The framework was developed in 2016 following consultation with member organisations and is intended to reflect areas of particular concern to members. It provides assurance that investments within ethical funds are aligned with defined exclusions relating to companies, products, policies or practices.

The **Ethical Investment Framework** applies across both DB and DC arrangements, ensuring a consistent approach to ethical considerations.

B: Governance and resources

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Governance arrangements and accountability for stewardship

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 Trusts are effectively governed.

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

The Board is supported by a robust committee structure, which provides appropriate expertise and challenge across key areas. The Trustee Board also oversees stewardship activity and monitors the performance of TPTIM and AllianceBernstein, as the delegated investment providers for the DB and DC portfolios, respectively.

Figure 2. Trustee Board composition as at 30 September 2025[2]

[2] The composition of the Trustee Board was updated on 1 October 2025 with the appointment of Jayne King as a Member-nominated Director.

Subcommittees of VTL

- **Investment Oversight Committee:** Responsible for overseeing the performance of TPTIM and AllianceBernstein, 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 Report and Financial Statements 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 (TPT RSL) to members, offering input on service enhancements and agreeing on administration policy as required.

Mark Laidlaw
Chair of the Investment Oversight Committee

Colin Richardson
Chair of the Funding Committee

Figure 3. Governance structure

Trustee Board					
Investment Oversight Commitee	Audit, Risk and Compliance Committee	Appeals and Discretions Committee	Renumeration and Appointments Committee	Funding Committee	Member Services Committee

Board and committee oversight

The Trustee Board provides strategic direction on responsible investment matters, ensuring that financially material ESG risks and opportunities are considered within the broader context of investment and member outcomes. These considerations are embedded within Board discussions through regular reporting, training and periodic “deep-dive” sessions, enabling the Board to provide effective challenge and oversight of related policies and activities.

The Trustee Board reviews and approves key documents and policies that underpin VTL’s responsible investment approach, including the Responsible Investment Framework, Climate Change Policy, Climate Action Plan and the Statement of Investment Principles (SIP), for each arrangement.

ESG risks and opportunities are considered as part of the Trustee’s risk framework and are integrated into decision making across investment strategy, risk management, stewardship and long-term planning.

Responsibility for the oversight and implementation of responsible investment activities is supported through a delegated committee structure. The IOC oversees investment performance and the implementation of the Responsible Investment Framework. The Funding Committee considers ESG factors, including climate-related risks, where relevant to long-term funding plans, employer covenant assessments and the resilience of DB schemes. Material issues are escalated to the Trustee Board as appropriate.

The IOC meets quarterly, with key matters reported to the Trustee Board. Cross-cutting issues, such as strategic policy developments, target setting and responses to regulatory change, are considered and approved at the Board level.

Resourcing stewardship

As mentioned, VTL delegates day-to-day investment and stewardship activities to its appointed investment managers: TPTIM for the DB portfolio and AllianceBernstein for the DC portfolio. The Trustee seeks to ensure that its appointed providers have sufficient expertise, systems and governance structures to support the effective delivery of stewardship activities.

TPTIM is an FCA-authorised investment manager, ultimately owned by VTL but operationally independent. It maintains a dedicated responsible investment function, which leads the development and implementation of stewardship policies and coordinates stewardship activity across the DB portfolio. This includes setting stewardship priorities, overseeing engagement and voting activity undertaken by underlying managers, undertaking direct engagement where appropriate, participating in collaborative initiatives, and supporting internal and external reporting.

The responsible investment function works closely with the wider investment team to embed stewardship considerations into day-to-day investment oversight. Portfolio managers and investment analysts contribute to identifying stewardship priorities and monitoring relevant developments, ensuring stewardship is integrated into investment decision making. While specialist expertise is concentrated within the responsible investment function, accountability for stewardship is shared across investment teams.

TPTIM’s stewardship capabilities are supported by dedicated internal resources, ongoing training and access to specialist data, research and analytical tools. This includes the use of third-party providers such as MercerInsight for investment research, MSCI for ESG and climate data, and ISS STOXX for climate, nature and biodiversity analytics. Stewardship activity, including engagement and voting, is monitored through dedicated platforms such as Esgaia (now part of Glass Lewis), enabling systematic tracking of activity and progress.

For the DC portfolio, AllianceBernstein is responsible for appointing and overseeing underlying investment managers, including the delegation of certain voting and engagement activities. VTL sets clear expectations regarding stewardship and ESG integration, which are communicated to AllianceBernstein and monitored on an ongoing basis. AllianceBernstein is expected to ensure that appointed managers have appropriate capabilities, governance structures and processes.

The Trustee receives regular reporting from both TPTIM and AllianceBernstein, covering engagement activity, voting behaviour, alignment with stewardship priorities, and emerging ESG risks and regulatory developments. This enables the Trustee to maintain effective oversight and challenge, and to assess whether stewardship activities are being delivered in line with its expectations.

In addition to investment managers, both TPTIM and AllianceBernstein utilise external service providers to support stewardship activities, including ESG data, research and stewardship platforms. While these services enhance analytical capability, accountability for stewardship remains with the appointed investment managers. Service providers are subject to due diligence and ongoing monitoring to ensure the quality, relevance and alignment of their services.

The Trustee periodically reviews the effectiveness of stewardship resourcing and capabilities across its delegated model, taking into account the quality of reporting, the level of engagement activity, and the alignment of outcomes with its stewardship priorities. Where appropriate, this may inform enhancements to oversight, resourcing or provider arrangements.

Incentives and accountability

The Trustee expects its appointed investment providers to embed stewardship responsibilities within their governance structures, performance management frameworks and incentive arrangements.

At TPTIM, stewardship and responsible investment are integrated into the firm's strategic objectives, with clear accountability for delivery. Oversight is provided through internal governance structures, including Board and committee-level review of progress against stewardship priorities. ESG-related objectives are incorporated into annual performance assessments for relevant staff across portfolio management, manager oversight and responsible investment functions, reinforcing accountability for stewardship delivery.

Similarly, AllianceBernstein is expected to incorporate stewardship and ESG considerations into the roles and responsibilities of its investment and research teams. The Trustee assesses AllianceBernstein's effectiveness through ongoing oversight and formal reviews, including the annual review of the DC default strategy.

To support alignment across the investment chain, both TPTIM and AllianceBernstein are required to demonstrate how stewardship expectations are embedded within manager selection, monitoring and engagement processes. This includes evidencing how underlying managers are incentivised and assessed against ESG and stewardship objectives, and how performance against these expectations informs mandate decisions, including escalation where appropriate.

Through these arrangements, the Trustee seeks to ensure that stewardship is embedded within decision-making processes and that its appointed providers are appropriately incentivised and accountable for delivering stewardship in line with its policies and expectations.

Stewardship resourcing and oversight

- VTL retains overall responsibility for stewardship within a delegated investment model across DB and DC portfolios.
- Day-to-day stewardship is delivered by TPTIM (DB) and AllianceBernstein (DC), with clearly defined expectations and oversight arrangements.
- Stewardship is supported by dedicated responsible investment expertise, embedded across investment functions and complemented by external data and research providers.
- The Trustee receives regular reporting on engagement, voting and ESG, enabling effective oversight and challenge.
- Stewardship responsibilities are embedded within governance structures, performance management frameworks and incentive arrangements across appointed providers.
- The Trustee periodically reviews the adequacy and effectiveness of stewardship resourcing and capabilities across the investment chain.

Education and training

The Trustee Board collectively brings a broad range of experience and expertise, supporting informed oversight of investment strategy and stewardship. 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 in place to ensure that Trustees maintain the knowledge and skills required to discharge their responsibilities effectively. This programme is reviewed regularly and informed by an assessment of individual and collective learning needs.

Training covers key developments in responsible investment and stewardship, regulatory developments and evolving market practices.

C: Policies, processes and review

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Stewardship policies and processes

The Trustee's approach to stewardship is underpinned by a range of core policies and governance documents. These include the Responsible Investment Framework, SIPs, Investment Beliefs and Responsible Investment Principles. Together, these documents set out the Trustee's expectations in relation to ESG integration, voting and engagement practices, and the management of stewardship-related risks.

The Trustee sets clear expectations for its appointed investment managers, TPTIM for DB and AllianceBernstein for DC, including requirements relating to ESG integration, engagement and voting. These expectations are embedded within third-party mandates and reinforced through ongoing monitoring and oversight activities.

The Trustee maintains structured processes to oversee stewardship delivery across the investment chain. This includes regular reporting from investment managers covering engagement activity, voting behaviour, alignment with stewardship priorities, and emerging ESG risks. These reports are reviewed by the Investment Oversight Committee and, where appropriate, escalated to the Trustee Board. The Trustee also engages directly with its managers to provide challenge and to assess the effectiveness of stewardship activities.

Stewardship policies

VTL's stewardship approach is underpinned by a suite of policies and frameworks, including:

- **Responsible Investment Framework:** This sets out the Trustee's overarching approach to ESG integration and stewardship, and contains key policies such as Fund Manager Selection and Monitoring, Voting and Engagement, Climate Change, Human Rights, Deforestation, Controversial Weapons, and Stewardship and Communication.
- **SIPs:** Separate SIPs for DB and DC arrangements outline the Trustee's investment beliefs, approach to stewardship, and expectations of appointed investment managers.
- **Investment Beliefs:** These provide the foundation for investment decision making.
- **Responsible Investment Principles:** These articulate the Trustee's approach to ESG integration and stewardship, including its preference for engagement and commitment to acting as a responsible asset owner.
- **Climate Change Policy and associated plans:** These form part of the Trustee's approach to identifying, managing and monitoring long-term, financially material climate-related risks and opportunities.

Policy review

VTL recognises that stewardship is an evolving discipline and therefore reviews its stewardship-related policies and processes on a regular basis to ensure they remain effective, appropriate and aligned with regulatory developments.

As a minimum:

- Key stewardship policies and frameworks are reviewed annually as part of the Trustee's governance and investment review cycle;
- Policies are also reviewed on an ad-hoc basis where there are material regulatory changes, significant market developments, or where oversight activity indicates that clarification or enhancement is required; and
- Alignment between policy and practice is assessed through regular monitoring of investment managers' stewardship activity, reporting quality and outcomes.

The findings from these reviews inform updates to policies, refinements to stewardship priorities and, where necessary, enhancements to oversight and reporting expectations.

Governance and approval

Ultimate responsibility for stewardship policies and processes rests with the Trustee Board. Oversight is delegated through established governance structures, principally the IOC, which is responsible for:

- Reviewing stewardship-related policies and frameworks;
- Overseeing implementation by TPTIM, AllianceBernstein and underlying managers;
- Monitoring alignment between policy, stewardship activity and reported outcomes; and
- Making recommendations to the Trustee Board where policy updates or enhancements are proposed.

Formal approval of stewardship-related policies, including the Responsible Investment Framework and SIPs, is undertaken by the Trustee Board following review and recommendation by the IOC.

Assurance and continuous improvement

The Trustee's policy framework and stewardship processes are supported by a combination of internal governance and external inputs. Internal assurance is provided through the Trustee's committee structure, including regular review of manager reporting, policy implementation and alignment with stated objectives.

External input is obtained through engagement with investment managers, specialist advisers and industry initiatives, which provide insight into evolving market practices and regulatory expectations. Where appropriate, external advisers support review processes, ensuring that the Trustee's approach remains aligned with best practice.

Policy reviews and approvals are primarily undertaken internally, drawing on the expertise of the Trustee, TPTIM and relevant advisers. Where appropriate, and particularly in relation to stewardship reporting, VTL also makes use of external assurance and independent review to support quality, challenge and regulatory alignment. For example, elements of stewardship reporting have been subject to external legal or specialist review prior to submission, providing additional confidence in the clarity, completeness and accuracy of disclosures.

How we keep stewardship policies effective

Stewardship policies are reviewed annually and approved by the Trustee Board following oversight by the Investment Oversight Committee. Reviews consider regulatory developments, emerging risks, manager performance and feedback arising from stewardship monitoring and reporting. External assurance is used selectively to support reporting quality and continuous improvement.

D: Conflicts of interest

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Approach to managing conflicts of interest

A fundamental duty of the Trustee is to act in the best interests of members and beneficiaries. VTL has adopted a comprehensive Conflicts of Interest Policy, which is reviewed at least annually and approved by the Trustee Board. The policy sets out the framework for identifying, assessing, managing and monitoring actual and potential conflicts of interest, including perceived conflicts.

Trustee Directors[3] are required to consider whether any personal, professional or financial interests could impair, or be perceived to impair, their ability to act impartially. Conflicts may arise where duties to the Trustee are not aligned with other roles or interests, including relationships with participating employers, advisers or investee companies.

Identification and assessment of conflicts

Conflicts of interest may arise in a range of circumstances. While not exhaustive, these include situations where:

- A Trustee Director has a personal or financial interest in a matter under consideration;
- A Trustee Director holds roles with participating employers or other relevant organisations;
- Confidential information obtained in one capacity may influence decision making in another; or
- The Trustee is required to balance the interests of different groups of members or employers.

The Trustee also recognises that conflicts may arise across the investment chain, including where appointed investment managers or service providers have competing commercial interests, or where stewardship decisions (such as voting or engagement) may be influenced by broader client relationships.

Processes for managing conflicts

Trustee Directors are required to declare any actual or potential conflicts of interest in advance of Board or Committee discussions. All declared interests are recorded in a Register of Conflicts of Interest, which is maintained and reviewed regularly to ensure transparency and effective oversight.

On appointment, and periodically thereafter, Trustee Directors are required to complete formal declarations of interests and to update these as circumstances change. Disclosures include, among other matters, scheme membership, employment or financial interests in participating employers, external appointments, and any personal or family connections that could give rise to a conflict.

Where a conflict is identified, the Trustee determines the appropriate course of action, which may include restricting participation in discussions or decisions, seeking independent advice, or implementing other mitigation measures. All conflicts and associated actions are documented in meeting records.

[3] The Chair of the Investment Oversight Committee and the Chair of the Funding Committee are subject to the same conflicts of interest procedures.

Oversight of advisers, managers and service providers

The Trustee expects its professional advisers, investment managers and other service providers to maintain effective arrangements for identifying and managing conflicts of interest. These expectations are formalised through contractual arrangements and reinforced through ongoing due diligence and monitoring.

Investment managers are required to act in accordance with the Trustee's responsible investment and stewardship policies, including in relation to voting and engagement activities. Managers must demonstrate how they identify, manage and mitigate conflicts within their organisations, including through:

- Policies on personal account dealing and gifts;
- Governance arrangements for stewardship decision making;
- The use of information barriers where appropriate; and
- Oversight processes to ensure decisions are made in members' best interests.

The Trustee's supplier review process includes an assessment of how advisers and managers manage conflicts in practice. This informs ongoing appointments and may lead to enhanced monitoring, engagement or, where necessary, changes to provider arrangements.

Managing conflicts in stewardship activities

The Trustee recognises that stewardship activities can give rise to specific conflicts of interest, particularly where investment managers act on behalf of multiple clients or have commercial relationships with investee companies.

Examples of stewardship-related conflicts include:

- A Trustee Director or staff member having a 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; or
- Voting or engagement decisions that are not aligned with the Trustee's policies.

To manage these risks, the Trustee:

- Sets clear expectations on voting and engagement, which are communicated to appointed managers;
- Requires regular reporting on stewardship activity, including how conflicts are identified and managed;
- Monitors alignment between manager activity and its stewardship policies; and
- Expects managers to escalate any conflicts that may affect their ability to act in the best interests of the Trusts.

Case study: Managing potential conflicts in a delegated model

As an asset owner operating through a delegated investment model, the Trustee relies on appointed investment managers to undertake voting and engagement activities on its behalf. This structure can give rise to potential conflicts where managers' voting decisions or engagement approaches may not fully align with the Trustee's stewardship expectations.

The Trustee manages this risk through clearly-defined stewardship expectations and a structured oversight framework. Expectations on ESG integration, voting and engagement are set out within mandates and communicated to appointed managers, and are reinforced through regular monitoring of stewardship activity. This enables the Trustee to assess alignment and provide challenge where appropriate.

The development of new investment arrangements, including the launch of the Global Equity Fund by TPTIM, provided an opportunity to further strengthen this framework. Investment Management Agreements were updated to include more explicit provisions on ESG integration, voting and engagement, alongside mechanisms to enhance transparency and, where appropriate, enable greater alignment with the Trustee's stewardship priorities. The use of segregated mandates supports this approach by providing increased visibility and the ability to engage more directly with managers on stewardship practices.

Through these enhancements, the Trustee, supported by TPTIM, has strengthened its oversight of delegated stewardship activities and its ability to identify and manage potential conflicts, supporting alignment with its fiduciary duties and long-term stewardship objectives.

E: Communication with Stakeholders

E: Communication with Stakeholders

Approach to dialogue

VTL seeks to maintain an open, proportionate and ongoing dialogue with employers, members and beneficiary representatives, recognising that effective stewardship is strengthened where it reflects the information needs, priorities and perspectives of those on whose behalf we invest.

Given the size and diversity of the Trusts' DB and DC memberships, our engagement approach combines direct communication, structured feedback mechanisms and indirect insight gained through service interactions, supported by clear public disclosures.

Methods of engagement and communication

The Trustee uses a range of channels to communicate stewardship activity and gather feedback from stakeholders.

Public disclosures form a core component of this approach. The Trustee publishes key governance and responsible investment documents, including the Responsible Investment Framework, SIPs, Investment Beliefs and Responsible Investment Principles. In addition, stewardship reporting, voting disclosures and other publications – such as the TCFD Report and Implementation Statements – are made publicly available. Together, these provide transparency on stewardship priorities, engagement activity, voting outcomes and progress against long-term commitments.

Regular communications with members and employers are delivered through newsletters, website updates, webinars and targeted communications. These include updates on investment performance, responsible investment developments and stewardship activity, as well as changes to investment options where relevant.

Digital platforms and service channels also play an important role. The Trustee gathers ongoing feedback through member interactions, including calls, emails and online enquiries, as well as satisfaction surveys and engagement with the member portal and other digital tools. These channels provide insight into stakeholder understanding of, and interest in, topics such as responsible investment, sustainability and retirement outcomes.

Dialogue with participating employers is maintained through regular meetings, governance forums and consultations on scheme developments. These interactions provide qualitative insight into employer priorities, including expectations regarding stewardship.

Educational initiatives, including webinars and events, support two-way engagement by providing stakeholders with opportunities to ask questions and provide feedback on investment and stewardship-related topics.

Use of feedback to inform stewardship approach

Feedback gathered through these channels is considered as part of the Trustee's governance and decision-making processes, including through relevant committees and periodic strategy reviews.

Stakeholder feedback is considered alongside fiduciary duties, regulatory requirements and investment considerations. It is primarily used to inform the Trustee's approach to communication, transparency and the prioritisation of stewardship themes, rather than directing individual engagement decisions.

Insights from member and employer engagement have been used to enhance the accessibility and clarity of communications, including the expansion of digital tools, improvements to reporting formats and increased availability of educational content. Feedback has also informed the development and refinement of investment options, including the Ethical Investment Framework and associated fund range.

In addition, stakeholder input has reinforced the importance of transparency and accountability in stewardship. This has contributed to enhancements in reporting, including clearer explanations of stewardship activity, greater use of case studies and strengthened expectations for reporting from investment managers.

Feedback has also supported the Trustee's focus on key systemic risks, including climate change, nature and social factors, where there is increasing stakeholder interest. While stewardship priorities are set at a Trustee level, these insights inform the emphasis placed on such themes and the expectations communicated to investment managers.

How feedback has informed our approach

The Trustee can demonstrate that stakeholder feedback has led to a number of enhancements to its approach. These include improvements to digital engagement tools and communication channels, supporting greater accessibility of information and increased member interaction. Feedback has also contributed to the development of ethical investment options, reflecting member preferences, and to the expansion of educational content aimed at improving understanding of investment and stewardship topics. In addition, the Trustee has continued to refine its stewardship reporting, providing more transparent and accessible disclosures aligned with stakeholder expectations and regulatory developments.

Governing body approval

This Policy and Context Disclosure has been reviewed and approved by the Verity Trustees Limited Trustee Board.

Signed on behalf of the governing body:

Joanna Matthews
Chair of the Trustee Board
Verity Trustees Limited

Get in touch

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