

Stewardship Report

1 October 2023 – 30 September 2024

t|p|t
Investment Management



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Stewardship Report

Introduction



Introduction

TPT Investment Management (TPTIM) is committed to responsible investment and effective stewardship, aligning our investment approach with long-term value creation. As a fiduciary manager that is ultimately owned by a pension fund, our primary goal is to serve the best interests of our clients and their beneficiaries. Our stewardship activities are integral to our mission, ensuring that our investments contribute positively to financial stability, sustainable growth and societal wellbeing. We recognise that good stewardship involves active engagement, strong governance and responsible investment principles, all of which are embedded within our investment strategy.

Our support and adherence to the UK Stewardship Code reflects our dedication to active ownership and responsible investment. We view stewardship as a fundamental responsibility in managing assets on behalf of our clients. Our investment approach seeks to generate long-term, sustainable value while promoting the integrity and resilience of financial markets.

This report details how TPTIM applies the UK Stewardship Code 2020, structured around its twelve principles. It outlines our purpose, governance, investment approach, stewardship efforts, and policies on proxy voting, engagement and escalation. We have structured the report to provide clear evidence of our stewardship activities, including case studies that illustrate engagement outcomes, collaboration action and stewardship impact.

Next steps

We remain committed to evolving our stewardship practices and will continue to review and adapt our approach in response to evolving market dynamics, regulatory expectations and emerging sustainability challenges.

Looking ahead, we aim to continue to enhance our approach by:

- **deepening engagement action:** Expanding our stewardship efforts by strengthening dialogue with external investment managers and investee companies, focusing on key environmental, social, and governance (ESG) priorities.
- **advancing transparency and reporting:** Refining our disclosure practices to provide clearer, more outcome-focused reporting on stewardship activities, engagement progress and voting rationale.
- **measuring impact:** Developing more robust impact measurement frameworks to assess and enhance the effectiveness of our stewardship activities.

For more details, please visit our [Responsible Investment webpage](#).

Stewardship Report

Purpose and governance



Purpose, strategy and culture

Principle 1

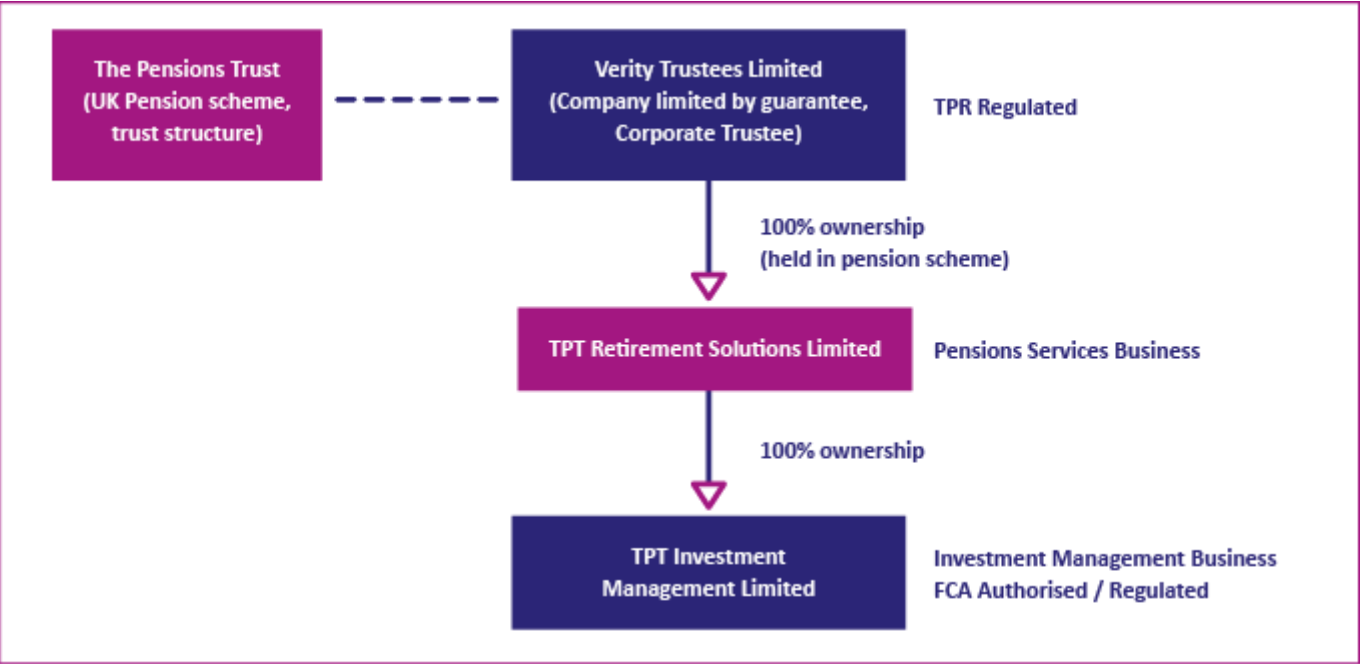
Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Who we are

TPTIM is an established fiduciary manager, offering professional and tailored investment management solutions. Originally established as the in-house investment function of TPT¹, we have evolved into a Financial Conduct Authority (FCA)-authorised investment management firm, maintaining the same scale, expertise and commitment to excellence, while enhancing our flexibility and adaptability to meet the evolving needs of UK pension schemes.

As a fiduciary manager that is ultimately owned by a pension scheme, TPTIM operates without external shareholders, ensuring that our interests are fully aligned with those of our clients and their beneficiaries. Our singular focus is on delivering efficient and effective investment solutions that support long-term sustainability and consolidation within the pensions industry.

Figure 1. Corporate structure



¹ TPT Retirement Solutions Limited (TPT) is wholly owned by Verity Trustees Limited in its capacity as trustee of The Pensions Trust and the Pensions Trust 2016. TPT Investment Management Limited (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.

Organisational purpose, culture and values

We aim to be a leading responsible investment manager for pension savings, contributing to a better future for our clients. Our mission is to ensure better outcomes for clients and their members by providing efficient and sophisticated investment solutions. As a fiduciary manager ultimately owned by a pension fund, we are uniquely positioned to align our stewardship activities with the long-term financial security of our clients, while also considering broader ESG factors.

Our culture is underpinned by a strong sense of responsibility, collaboration and integrity. We integrate responsible investment principles across our investment approach, embedding ESG considerations into decision-making to enhance risk-adjusted returns and support sustainable outcomes.

Purpose

To be a leading responsible investment manager for pension savings, contributing to a better future for our clients.

Culture

Key themes:

- 1) **Collaboration:** We foster a culture of teamwork and knowledge sharing to enhance collective success. We promote transparency, cooperation and a sense of shared purpose. Every voice is valued, and we create an inclusive environment where everyone feels respected and empowered to contribute.
- 2) **Ambition:** We embrace challenges with curiosity, drive and a commitment to excellence. We encourage critical thinking and proactive problem-solving, recognising the importance of managing risk and time effectively to achieve our goals.
- 3) **Ownership:** We empower our people to take initiative and be accountable for their actions. By upholding the highest standards of integrity and compliance, we ensure we align with our values and strategic objectives. A strong sense of responsibility drives both individual growth and collective success.

Investment beliefs

TPTIM's core investment beliefs shape our approach to investment decision-making and stewardship.

- **Long-term, dynamic mindset:** We believe that a long-term outlook supports sustainable value creation and aligns closely with the interests of our clients. By focusing on strategic asset allocation, we aim to achieve long-term outperformance while remaining vigilant to market dislocations and capitalising on opportunities as they arise.

- **Focus on diversification:** We recognise the value of genuine diversification across risk premia and employ a range of strategies to enhance portfolio resilience and improve risk-adjusted returns. It is important to gain an appropriate level of exposure to both public and private markets in order to capture long-term return opportunities, while meeting the varied objectives of our clients.
- **Risk management:** We seek to understand the underlying drivers of risk for pension schemes, ensuring we take on compensated risks that support our clients' desired outcomes. Aware of the limitations of risk models, we focus on understanding extreme risks and construct portfolios which are robust across a range of scenarios.
- **Responsible stewardship:** We believe that the integration of ESG factors contributes to better long-term risk-adjusted returns. As stewards of our clients' capital, we embed ESG considerations into both our investment decisions and our active ownership practices to support sustainable financial outcomes.
- **Balancing active and passive management:** We employ a blend of active and passive management to deliver performance, optimise costs, and make use of investment skill where it can add value. Active management is used where there is a strong conviction in our ability to generate excess returns, while passive strategies provide efficient market exposure.
- **Benefits of scale:** We believe that strong governance combined with scale creates opportunities to access a wider range of investments that can enhance performance. Since high fees can erode returns over the long-term we use the benefits of scale to negotiate competitive fees.

We align our strategy with these beliefs by embedding stewardship throughout our investment process. We actively engage with investment managers and investee companies to influence behaviours, improve standards and promote sustainability. We also collaborate with other investors, industry groups and policymakers to influence positive change. Our purpose and investment beliefs directly shaped our engagement priorities and manager oversight in the reporting year. For instance, our long-term mindset and ESG integration beliefs informed our increased emphasis on climate and nature risk engagement. Similarly, our belief in manager diversification and transparency underpinned enhancements to our monitoring framework. These actions demonstrate the way that our stewardship decisions are consistently guided by our foundational beliefs.

Investment strategy

As of 30 September 2024, TPTIM's sole client is Verity Trustees Limited (VTL), the corporate trustee of The Pensions Trust and The Pensions Trust 2016. The Pensions Trust provides Defined Benefit (DB) and Defined Contribution (DC) pension benefits, while The Pensions Trust 2016 provides DB benefits only. TPTIM manages VTL's DB portfolio across both Trusts.

To be noted, VTL is already a signatory to the UK Stewardship Code. Given the close relationship between the two organisations and the alignment of stewardship approaches, there are natural areas of overlap between TPTIM's and VTL's stewardship reporting – particularly with respect to shared stewardship activities.

Day-to-day investment decision-making is outsourced to third-party investment managers. In selecting and monitoring these managers, we prioritise partnerships with those whose policies and practices align with our responsible investment commitments. Our selection process assesses each manager's approach to ESG integration within their investment philosophy and decision-making, as well as the extent to which their strategy supports TPTIM's objectives for sustainable financial growth and long-term ESG risk mitigation.

TPTIM's investment strategy is built on a structured and disciplined approach, allocating 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.

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.

Commitment to responsible investment

Responsible investment is embedded in our investment process. We recognise that our scale and influence present a valuable opportunity to drive meaningful change while delivering strong financial outcomes for our clients and their beneficiaries.

At TPTIM, responsible investment is not an isolated activity but a fundamental part of the way we manage assets. We believe that ESG factors can impact both risks and returns, shaping the long-term performance of investments. We proactively assess ESG risks and opportunities and seek to influence positive behaviour. Through this approach, we aim to generate sustainable value for our clients while contributing to a more resilient and responsible financial system.

We believe that delivering long-term value requires a holistic approach – one that balances risk and opportunity, generates competitive financial returns, and fosters positive real-world impact. Our investment philosophy is guided by this principle, ensuring that we act as responsible stewards of capital in a way that benefits both our clients and wider society.

Our commitment to responsible investment is underpinned by three core pillars:

ESG integration

We take a comprehensive approach to investment management, integrating ESG factors across different asset classes and strategies. The depth of integration varies based on the strategy, but all investments are assessed through an ESG lens. This helps to position our clients' portfolios to achieve resilient, long-term returns, but also contributes to a fairer, more sustainable future.

Active ownership

As responsible stewards, we focus on transparency, active engagement, and driving positive change. Through active ownership, we aim to steer improvements in areas such as climate action, nature recovery, human rights, and good governance.

Collaboration

We work closely with our clients to align their investment portfolios with their responsible investment goals. We also collaborate with other investors, market participants and industry bodies to amplify our voice and influence. Education and training are central to our efforts, allowing us to continuously evolve and contribute to advancing practices.

Actions taken to embed stewardship

To ensure our investment beliefs, strategy and culture enable effective stewardship, we have taken the following actions:

- **Governance and oversight:** Stewardship activities are integrated within our governance framework, with oversight from the Investment Committee and Board.
- **Manager selection and monitoring:** We assess and monitor external investment managers on their stewardship practices, requiring them to demonstrate ESG integration and engagement effectiveness.
- **Engagement and voting:** We maintain engagement and proxy voting policies to support our stewardship action.
- **Policy development:** We have established a Responsible Investment Framework to guide our approach and ensure alignment with our purpose.
- **Industry collaboration:** We work with other investors and initiatives to promote best practices in responsible investment.

Assessing our effectiveness in delivering for clients and beneficiaries

TPTIM regularly assesses how well its investment and stewardship strategies are delivering on client needs. Performance outcomes are regularly reviewed against the DB portfolio's strategic objectives, including risk-adjusted return targets, and the impact of stewardship activity on ESG outcomes is also assessed. During the reporting period, TPTIM's Responsible Investment Framework was benchmarked against peers during a policy review, which was presented to VTL, confirming our alignment with industry best practices. We also reviewed climate progress made against VTL's decarbonisation goals, which showed that we more than halved carbon intensity since 2019, surpassing VTL's climate targets. These targets were defined with TPTIM's support as part of a broader strategy review, through which we helped shape VTL's climate commitment. Finally, we invested in new data and a stewardship management platform to better monitor progress and outcomes.

Governance, resources and incentives

Principle 2

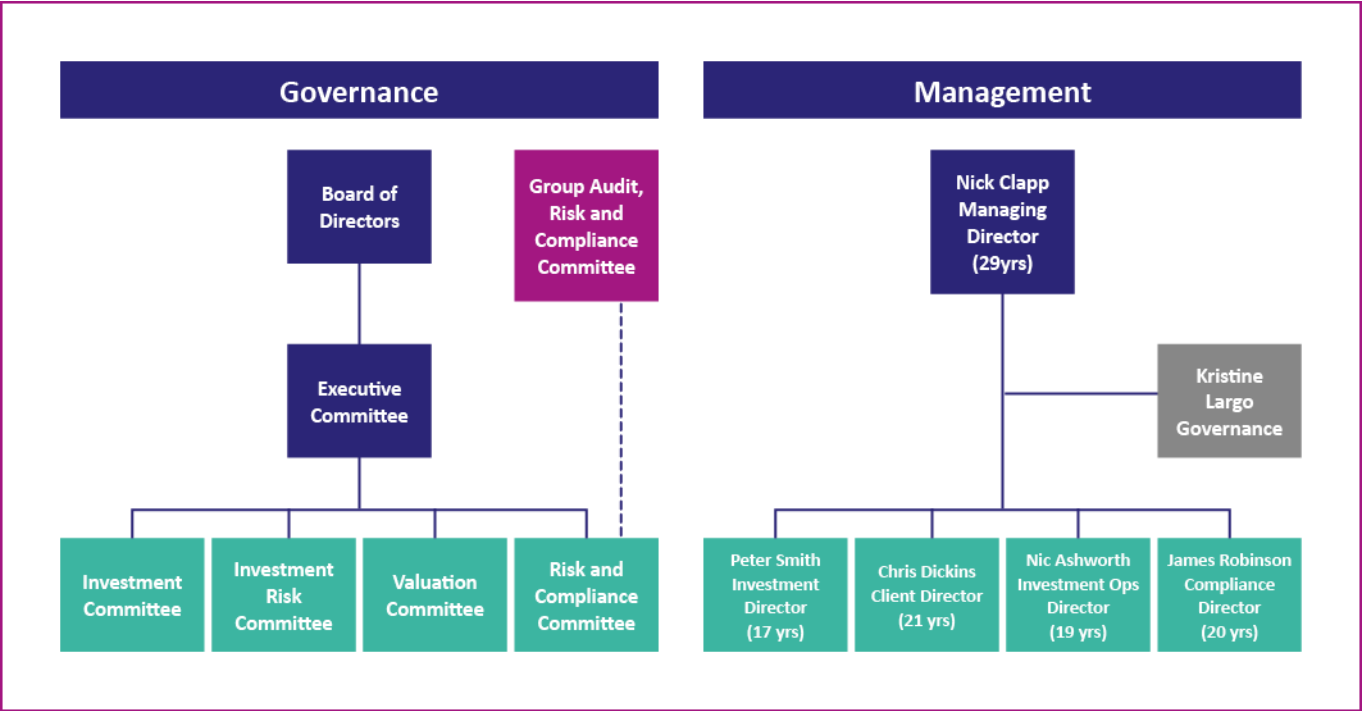
Signatories’ governance, resources and incentives support stewardship.

Governance structures and oversight

TPTIM has a dedicated governance framework to oversee and ensure accountability for investment activities. Our governance structure includes the Board of Directors, the Executive Committee, and several key investment-focused committees, such as the Investment Committee, Investment Risk Committee and Valuation Committee. These committees provide strategic oversight, ensuring that investment and stewardship activities align with our fiduciary responsibilities and investment beliefs.

Our governance approach is designed to balance independent oversight with efficient decision-making. The Board of Directors, Executive Committee and Investment Committee oversee our stewardship strategy, ensuring that responsible investment considerations, including ESG integration, engagement and voting activities, are embedded within investment processes.

Figure 2. Business governance



Each committee has clear terms of reference that are approved by the Board, and the current structure has proven effective in embedding stewardship across the investment lifecycle, enabling accountability at both strategic and operational levels. The Investment Committee regularly reviews stewardship themes and receives quarterly updates on active ownership activities and outcomes, ensuring stewardship progress is regularly evaluated. The Executive Committee integrates stewardship into strategic planning, while the Board reviews and approves the annual Stewardship Plan. More information on the governance process related to stewardship can be found in *Principle 5*.

Resourcing stewardship activities

TPTIM is committed to appropriately resourcing stewardship activities. Our stewardship efforts are supported by a well-resourced team, ongoing professional development, and access to high-quality data and research tools. These resourcing decisions ensure TPTIM's stewardship activities are led by skilled professionals with access to senior decision-makers, technical knowledge and lived experience of ESG practice.

- **Workforce and structure:** Our investment team consists of 12 professionals, including a dedicated responsible investment team that plays a central role in delivering our stewardship objectives. This 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. They are responsible for developing and implementing our stewardship strategy, leading engagements with external investment managers and investee companies, integrating ESG considerations into investment processes, participating in collaborative initiatives, and ensuring alignment with regulatory requirements and industry best practice. The responsible investment team works closely with the wider investment team and is supported by senior investment professionals who provide extensive expertise and oversight (Managing Director with 29 years, Investment Director with 17 years, Client Director with 21 years, Investment Operations Directors with 19 years, and Compliance Director with 20 years of industry experience). By embedding stewardship expertise across multiple functions, TPTIM ensures a holistic and well-integrated approach to responsible investment.
- **Training and development:** To maintain a high standard of stewardship, we invest in continuous professional development for our team. This includes internal and external training on ESG topics, such as climate risk, biodiversity, corporate governance and human rights. The team actively participates in industry forums and collaborative engagements, exchanging insights to enhance best practice. Regular updates on regulatory developments and market initiatives ensure that stewardship activities remain aligned with evolving standards. TPTIM also provides access to certified ESG qualifications and courses, supporting technical expertise across the investment team.
- **Investment in systems and research:** Recognising the importance of robust data and analytical tools in effective stewardship, TPTIM partners with specialised service providers to complement its in-house capabilities. These partnerships enhance the ability to assess ESG risks, measure progress and drive meaningful engagement. Key resources include: MercerInsight, which provides in-depth research on investment strategies; MSCI, which offers ESG and climate data; and ISS, which supplies nature and biodiversity data to help assess the impact of investments on natural capital. The firm also uses Esgaia as its dedicated stewardship management platform, enabling systematic tracking of engagement activities, voting records and progress on ESG objectives.

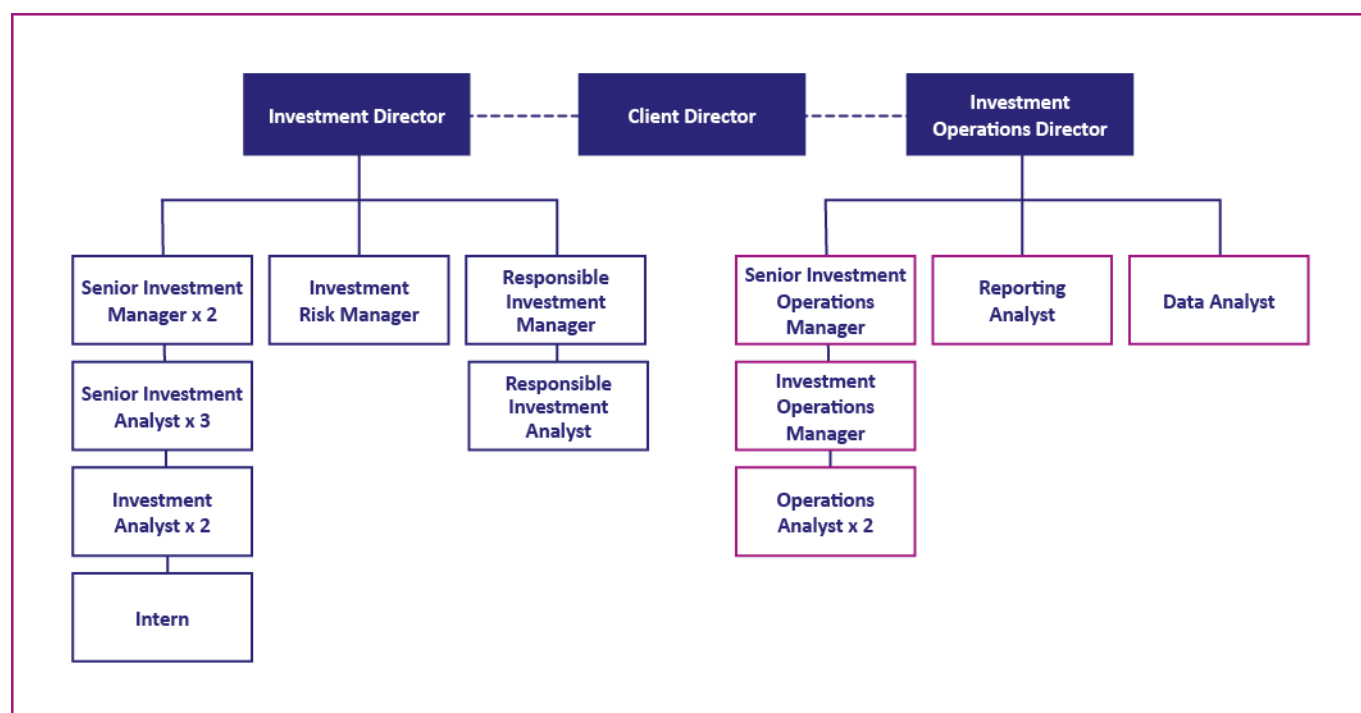
Incentivising effective stewardship

TPTIM embeds stewardship within its performance management and incentive structures to ensure that responsible investment principles are fully integrated into investment decision-making. Stewardship considerations are incorporated throughout the investment process, influencing portfolio construction, risk management and engagement priorities. Performance reviews assess relevant team members on their contribution to responsible investment objectives, ensuring that stewardship is not treated as a separate function but as a core component of investment responsibilities.

ESG objectives form part of annual performance reviews for relevant staff, including those in portfolio management, manager oversight and responsible investment roles. For example, the responsible investment team's objectives include delivery of engagement targets, contribution to policy development, and reporting milestones. By linking incentives to responsible investment outcomes, TPTIM ensures accountability for progress on ESG commitments, including stewardship.

To drive meaningful change, TPTIM also actively collaborates with industry initiatives, investors and policymakers. By engaging with industry peers and regulatory bodies, the firm contributes to the development of best practice, helping to shape a more sustainable and responsible investment landscape.

Figure 3. Team structure



Promoting diversity and inclusion

TPTIM is committed to fostering Diversity, Equity and Inclusion (DEI) within our investment processes. Our commitment to DEI in investment reflects the broader organisational values articulated in the TPT Group Equality and Diversity Policy. As a group, we strive to operate inclusively, ensuring equitable opportunities in recruitment, development and workplace culture. By embedding these principles into our investment approach, we aim to reinforce their importance both internally and externally, and to enhance decision-making, governance and long-term outcomes for our clients. Our DEI principles are reflected in our external manager due diligence and engagement, where we assess and promote inclusive practices across our investment chain.

Conflicts of interest

Principle 3

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

Our conflicts of interest policy

At TPTIM, we are committed to upholding the highest standards of integrity, transparency and accountability in all our activities. As a fiduciary manager, our governance framework is designed to ensure that we act in the best interests of our clients and their beneficiaries, with robust policies in place to manage potential conflicts of interest.

Our **Conflicts of Interest Policy** outlines the overarching framework for identifying and managing actual and potential conflicts of interest. This policy is further supported by a **dedicated stewardship conflicts policy**, which specifically governs potential conflicts related to engagement, voting and other stewardship responsibilities. This stewardship-specific policy forms part of TPTIM's Responsible Investment Framework and applies to all TPTIM employees, contractors, board members and any third-party service providers engaged in responsible investment and stewardship activities on behalf of TPTIM. Through rigorous oversight, continuous monitoring, and a strong culture of accountability, we remain committed to managing conflicts effectively, reinforcing our fiduciary duty, and upholding our responsibility as a steward of our clients' assets.

Our **Conflicts of Interest Policy** is available [here](#).

Our **Stewardship Conflicts Policy** is available [here](#).

Identifying conflicts of interest

Conflicts of interest may arise in various forms, including:

- **Corporate relationships:** TPTIM's relationships with external investment managers, service providers or investee companies may lead to conflicts, particularly where TPTIM has existing or potential commercial interests.
- **Personal interests:** Employees or board members of TPTIM may have personal investments or relationships with companies that are part of TPTIM's portfolio or that TPTIM engages with on responsible investment issues.
- **Policy and advocacy:** TPTIM's public policy engagement activities may present conflicts if our advocacy positions could affect the commercial interests of TPTIM or its investee companies.
- **Conflicts between investment mandates:** Where different investment strategies (e.g. bond and equity mandates) have diverging objectives.

Managing and mitigating conflicts of interest

TPTIM is committed to managing conflicts in a fair and transparent manner. The following measures are implemented to identify, manage and mitigate conflicts.

- **Governance and oversight:** Our governance framework includes the Investment Committee, Risk and Compliance Committee, and the group Audit, Risk and Compliance Committee, which review potential conflicts and ensure robust management.
- **Consistent guidelines:** Decisions related to voting, engagement and stewardship activities are made in line with an agreed stewardship plan. TPTIM has established voting guidelines to guide decisions in a way that aligns with our responsible investment principles. TPTIM's approach to engagement with investee companies is rooted in our commitment to responsible investment, focusing on sustainability and stewardship goals. Engagement is conducted based on a consistent set of principles.
- **Disclosure and transparency:** TPTIM publicly discloses its voting and engagement activities and any relevant affiliations or memberships that could lead to conflicts of interest. When participating in collaborative engagement initiatives, TPTIM evaluates any potential conflicts that could arise from partnerships or affiliations and makes adjustments to its level of participation or communication as necessary.
- **Third-party oversight:** TPTIM requires all third-party investment managers to disclose any conflicts that could impact their responsible investment or stewardship activities.
- **Alignment of policies:** We ensure that the stewardship policies of our appointed investment managers align with TPTIM's Responsible Investment Framework and broader fiduciary responsibilities. Where differences arise, we engage with managers to reconcile these.
- **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.

Alignment with clients' stewardship expectations

Our ownership structure is fully aligned with the pension schemes we serve, ensuring that our focus remains solely on consolidation without external shareholder influence. However, if a client's stewardship preferences differ from TPTIM's approach, we engage with the client to understand their position, seek alignment and accommodate preferences where feasible within our Responsible Investment Framework.

Reporting and accountability

TPTIM is committed to transparency and accountability in the management of conflicts of interest. We disclose relevant conflicts where appropriate and take steps to prevent them from affecting the quality of our stewardship activities. We assess emerging risks, adapt to regulatory developments, and refine our governance structures to uphold the highest standards of fiduciary responsibility. We review our Conflicts of Interest Policy at least annually, and review our stewardship practices to enhance transparency and effectiveness.

Case study 1. Divergent voting decisions on a climate-related shareholder resolution

Context: TPTIM monitors the proxy voting activity of external investment managers to ensure alignment with our stewardship priorities and Responsible Investment Framework. While TPTIM delegates voting decisions to appointed managers, we expect their voting practices to reflect credible stewardship on key issues, particularly climate risk and the just transition.

- **Issue identified:** In Q2 2024, three of our appointed managers – each responsible for global equity mandates- voted differently on the same shareholder resolution at a major multinational consumer discretionary company. The resolution called for the company to report on the impact of its climate strategy consistent with just transition guidelines.
- Managers A and B voted in favour of the resolution, citing alignment with their climate stewardship policy and support for enhanced transparency around climate action.
- Manager C voted against the resolution, stating that while they supported the intent, they believed the company was already making progress and that the proposal risked micromanaging board strategy.

TPTIM assessment and escalation: This divergence in voting prompted a stewardship review by TPTIM's responsible investment team. Although managers may reasonably differ in their views, TPTIM assessed Manager C's voting rationale against our expectations for net zero stewardship and found it misaligned with our climate policy and voting guidelines. We raised the issue during the manager's Annual Review Meeting, seeking clarification on its internal voting policy for climate-related resolutions and evidence of engagement with the company on transition planning. This also led to improvements in our internal monitoring processes. We enhanced our use of the Esgaia stewardship platform to flag voting divergences on key ESG issues, with a focus on shareholder proposals. In parallel, we initiated broader discussions with equity managers on pass-through voting services as a potential means of improving alignment with our stewardship goals.

Reflection: This case demonstrates TPTIM's active role in monitoring delegated voting and engaging with managers when votes diverge from our stewardship expectations. It reinforces our commitment to ensuring consistency across mandates and alignment with our policy and ability to manage potential conflicts of interest. It also contributed to tangible process enhancements- improving the way we track voting patterns and prompting forward-looking dialogue on stewardship innovation through pass-through voting.

Promoting well-functioning markets

Principle 4

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

Market-wide and systemic risks

TPTIM recognises that market-wide and systemic risks can materially impact investment performance and long-term financial stability. We integrate risk identification and response mechanisms within our investment approach to safeguard our clients' interests and promote a resilient financial system. Our asset allocation spans multiple asset classes and geographies, ensuring diversification and resilience to market risks. By proactively identifying and responding to market-wide and systemic risks, TPTIM ensures that its investment strategies remain resilient, supporting financial stability and sustainable economic growth.

We identify and assess **market-wide risks**, such as changes in interest rates, geopolitical instability and currency fluctuations, through:

- analysis and stress testing to evaluate the impact of economic changes on our portfolios;
- risk monitoring as part of our investment strategy;
- engagement with investment managers and policy stakeholders to ensure proactive risk management.

For **systemic risks**, such as climate change and financial market failures, we:

- embed climate risk considerations into our investment framework, aligning our strategy with a net zero pathway;
- participate in collaborative investor initiatives to drive systemic change, such as Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC);
- engage with policymakers and regulators to support financial market stability and sustainable investment practices.

Risk management framework

TPTIM benefits from a comprehensive Risk Management Framework, underpinned by policies, processes and controls, to identify, manage, monitor and report risks effectively. Climate-related risks are embedded within this Framework.

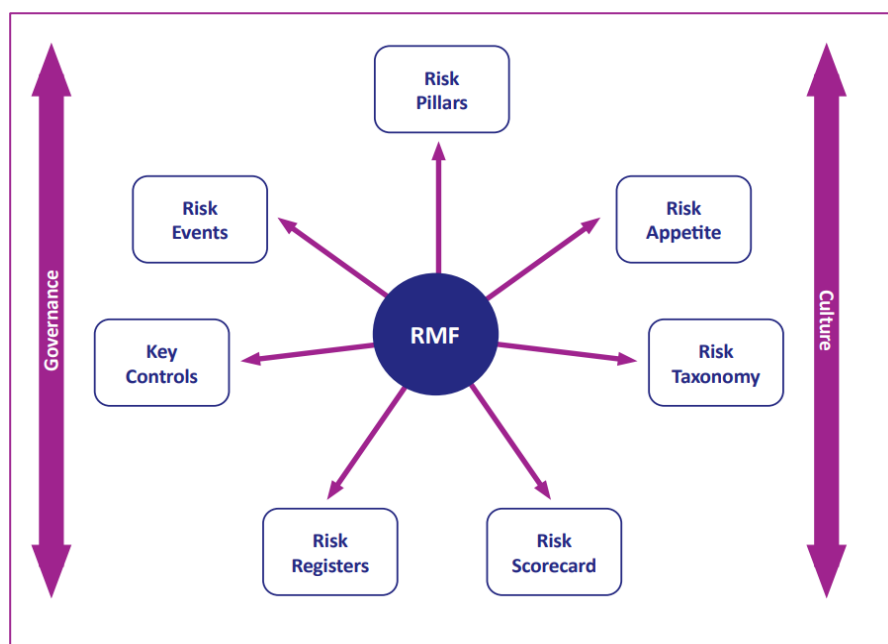
The Framework provides a systematic approach to identifying, assessing and mitigating risks. It is supported by key enablers, including:

- **Risk horizon scanning:** Proactively monitoring potential risks across short, medium, and long-term horizons.
- **Change management risk assessments:** Capturing new risks arising from projects, processes or structural changes.
- **Risk Management Information (RMI) and reporting:** Delivering insights to stakeholders using thematic, trend and root cause analyses.
- **Training and education:** Ensuring comprehensive understanding of risk principles through tailored training programmes.

Several mechanisms are in place to ensure a proactive approach.

- **Risk appetite metrics and key risk indicators:** Used to monitor exposure and ensure risks remain within defined tolerance levels.
- **Remedial action plans:** Developed and implemented when risks exceed appetite, ensuring swift resolution and ongoing alignment with strategic objectives.
- **Risk hierarchy:** A structured approach that identifies and manages risks from principal strategic risks to process-level risks, ensuring comprehensive coverage across the organisation.

Figure 4. Risk management framework



For the DB portfolio managed by TPTIM, 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 if they fail to fulfil their obligations under the contracts.
Credit	Default or impairment by issuers of financial assets and the risk that the value of these assets depreciates due to 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.	Responsible Investment 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.
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.

Case study 2. Enhancing asset and liability risk modelling

In line with our objective to strengthen our 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 and client expectations for fiduciary managers operating in increasingly sophisticated investment environments. It demonstrates TPTIM's commitment to continuous improvement and long-term value creation. It reflects our proactive approach to risk stewardship, our investment in internal capabilities, and our drive to equip stakeholders with the tools and insights needed to manage systemic financial risks effectively.

Effectiveness of risk management

TPTIM continually assesses the effectiveness of its approach to identifying and responding to market-wide and systemic risks. We do this through a combination of horizon scanning, internal oversight, and structured engagement with investment managers and stakeholders.

In 2024, we initiated a major project to develop an in-house risk modelling framework using the MSCI BarraOne platform. While still in progress, this work has already enhanced our ability to represent liability hedging strategies and in-house funds with greater accuracy, and it will ultimately enable robust, forward-looking monitoring of key financial risks. We continue to track the effectiveness of our risk processes through improved reconciliation of risk metrics across platforms and closer integration of risk analytics into investment reporting. Although we believe this measure has increased the effectiveness of our risk management processes, we are continuously looking for new ways to improve and develop our high standards of risk monitoring.

Involvement in industry initiatives

TPTIM also contributes to broader market functioning through participation in industry initiatives, including working groups and policy consultations. We use these opportunities to help shape better disclosures and influence system-level improvements. In 2024, TPTIM co-chaired IIGCC's Climate Solutions (Renewable Energy) working group. Through this role, TPTIM contributed insights and investor perspectives on objective-setting, attribution, and disclosure, helping to develop a framework for investors to quantify and disclose their contribution to scaling renewable energy infrastructure — a central pillar of the global transition to net zero. TPTIM's participation in this work reflects our commitment to not only aligning capital with net zero objectives, but also shaping industry frameworks that support systemic change.

As our risk infrastructure evolves, we expect further improvements in the precision, consistency, and accessibility of financial risk insights across portfolios.

Climate risks and opportunities

As part of its approach to responsible investment, TPTIM 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.

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 assets, 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 2 outlines how climate change may influence key asset classes, highlighting the associated risks and opportunities.

Table 2. 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 pension schemes

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.

Case study 3. Climate and nature strategy

TPTIM held an Investment Away Day on 17 September 2024, featuring a dedicated session on progress towards net zero 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, we reflected on our progress towards 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. We reviewed the latest research on nature-related risks and opportunities, reinforcing our commitment to integrating these considerations into our investment processes and stewardship activities.

To enrich the discussion, we welcomed a guest speaker from the IIGCC, who shared insights on industry best practices, regulatory developments, and investor-led initiatives driving systemic change. Their perspective provided valuable context, strengthening our 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 our commitment to action. Key takeaways will inform our engagement strategy and reporting, ensuring our stewardship activities remain effective and aligned with best practices. Moving forward, we will continue to integrate insights from both internal expertise and external collaborations to enhance our approach to climate and natural capital integration.

Review and assurance

Principle 5

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

Review process

TPTIM adopts an iterative approach to stewardship, ensuring that our policies and processes evolve to drive long-term value for clients and their beneficiaries while supporting sustainable financial markets. We are committed to regularly reviewing and enhancing our stewardship policies to maintain their effectiveness and alignment with best practice. Our review process includes:

- **Annual reviews** of the Responsible Investment Framework and stewardship plan to reflect regulatory changes, market developments and evolving client expectations;
- **Formal oversight** by the Investment Committee and Board of Directors, ensuring effective stewardship integration within investment decision-making;
- **Ongoing engagement** with investment managers to ensure their stewardship activities align with our principles and objectives;
- **Stakeholder feedback mechanisms** to ensure policies remain relevant to clients' and beneficiaries' needs.

Internal and external assurance of stewardship activities

To uphold the integrity and effectiveness of our stewardship approach, TPTIM employs a multi-layered assurance process.

Internal assurance

- The Investment Committee provides oversight of stewardship activities and policy implementation.
- The Executive Committee and Board of Directors review stewardship progress.
- Quarterly reporting assesses adherence to stewardship policies and engagement effectiveness.

External assurance

- We participate in external assessments to validate the robustness of our stewardship approach.
- External stakeholders provide insights that help refine our stewardship policies and reporting frameworks.
- Where appropriate, we engage external reviewers and responsible investment specialists to evaluate our stewardship reporting and policy effectiveness.

Rationale for assurance approach

Our approach to assurance balances independence with operational relevance. External reviews are used to validate reporting against industry benchmarks and provide objective feedback on disclosures. Internal governance forums are best placed to assess implementation, given their proximity to investment decision-making. We believe this dual-track model ensures our stewardship practices are both credible and effective.

Ensuring fair, balanced and understandable reporting

TPTIM is committed to clear, balanced, and transparent stewardship reporting. To achieve this, we align our reporting with regulatory and industry standards, such as the UK Stewardship Code. We ensure that disclosures are objective and evidence-based, demonstrating the outcomes of our stewardship activities. Clear narratives and case studies are provided to illustrate engagement impacts and stewardship effectiveness. Reports are reviewed through multiple governance layers, including investment and compliance teams, to uphold accuracy and consistency. We also solicit feedback from stakeholders, including clients and independent reviewers, to enhance clarity and accessibility. Feedback from stakeholders informs enhancements to our stewardship strategy.

Case study 4. ESG horizon meetings – keeping pace with the evolving ESG landscape

Staying at the forefront of ESG developments is integral to our commitment to responsible investment. To support this, we hold ESG Horizon Meetings every six weeks, providing a structured forum for the investment team to stay informed on regulatory updates, industry consultations, and emerging ESG trends.

Ahead of each meeting, members of the investment team conduct research on key ESG developments. This includes monitoring regulatory changes and consultations to assess their potential impact on investment strategies; reviewing new ESG-related research, frameworks, and industry initiatives to identify emerging best practices; and exploring "nice to know" ESG topics that, while not immediately material, contribute to broader knowledge and awareness.

These insights are then discussed at the meeting, where the team collaborates to assess their relevance to TPTIM's investment approach and stewardship activities. The meetings provide an opportunity to share expertise, challenge perspectives and consider potential actions. By embedding ESG Horizon Meetings into our governance framework, we ensure a forward-looking approach to ESG integration, reinforcing our commitment to continuous learning and responsible investment.

Assurance process for TPTIM's Stewardship Code submission

TPTIM follows a structured assurance process to ensure the robustness, accuracy and alignment of its Stewardship Code submission with regulatory expectations and best practices. This multi-stage review process incorporates internal governance, compliance oversight and external validation before final approval. Iterative refinements are made based on feedback from key stakeholders, including Compliance, Investment and Marketing teams. An external review is also conducted by independent specialists to provide an objective assessment of the submission's quality, completeness and alignment with industry best practices. Any recommendations from this review are carefully considered and integrated where appropriate. The Executive Committee reviews the submission, providing oversight and approval before it is presented to the Board, which assesses the final submission.

TPTIM's 2024 Stewardship Report was reviewed externally by an independent legal adviser, which assessed alignment with the UK Stewardship Code. Internally, different teams provided iterative feedback on draft disclosures. External assurance was sought for its independence and domain expertise, while internal review ensured alignment with TPTIM's governance processes.

Stewardship Report

Investment approach



Client and beneficiary needs

Principle 6

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

Understanding client and beneficiary needs

TPTIM is committed to aligning its investment and stewardship approach with the needs of its clients and their beneficiaries. As a fiduciary manager, TPTIM designs investment solutions that reflect the objectives of pension fund clients, incorporating their ESG priorities where feasible. By taking a client-centric approach, we ensure that investment strategies are tailored to the specific needs, funding objectives, and risk appetites of pension schemes and their members. Regular communication is maintained through formal reporting and dedicated meetings.

As of 30 September 2024, TPTIM's sole client is VTL, which oversees £11.1 billion in assets on behalf of 470,000 pension scheme members across 2,400 employers. VTL is a non-affiliated multi-employer pension scheme, comprising 66 individual Sections (which are considered individual schemes from a management perspective), with each Section adopting its own investment strategy dependent on its appetite to investment risk, required return and covenant strength. TPTIM manages VTL's DB portfolio, ensuring an appropriately structured portfolio with sufficient liquidity to generate investment returns that, alongside future contributions, meet benefit payments as they fall due. To achieve this, TPTIM constructs pools of assets, which form the foundation for scheme-specific investment strategies tailored to each scheme's unique liabilities. When constructing these pools, the Investment Committee considers factors such as expected risk and return, diversification benefits, liquidity requirements, and fees.

Investment strategy for each scheme is reviewed by VTL's Funding Committee at least every three years, in line with the scheme's valuation cycle. Strategies are also reviewed following any significant changes to the scheme's circumstances, such as material shifts in the employer covenant, funding position, or membership profile. The review process considers the strength of the employer covenant, the nature of the long-term liabilities, investment risk appetite, and the funding strategy agreed with employers, ensuring that each strategy remains appropriate over time.

TPTIM employs third-party fund managers to implement investment strategies, selecting a combination of passive and active investments in both public and private markets based on their ability to generate value and the availability of suitable strategies. Investment managers are monitored on an ongoing basis and formally engaged at least annually. Each investment manager executes stock selection decisions within agreed asset allocation ranges, operating under discretionary mandates subject to agreed objectives that are periodically reviewed. Investments are realised as needed to ensure liquidity for benefit payments, with regular meetings held between TPTIM, investment managers and the custodian to oversee portfolio management. The use of multiple investment managers helps mitigate the risk of underperformance from any single manager.

TPTIM seeks to balance return and risk by combining index tracking and active management, while also considering the different investment styles of active managers. Over the long term, this diversified approach is expected to

generate returns in excess of relevant benchmarks. Both the Growth Asset and Matching-Plus portfolios are designed to be well-diversified across asset classes and return drivers.

Figure 5. Our funds²



Asset class and geographic breakdown

TPTIM maintains a diversified asset allocation strategy, designed to support the long-term objectives of our clients and to manage risk appropriately across market cycles.

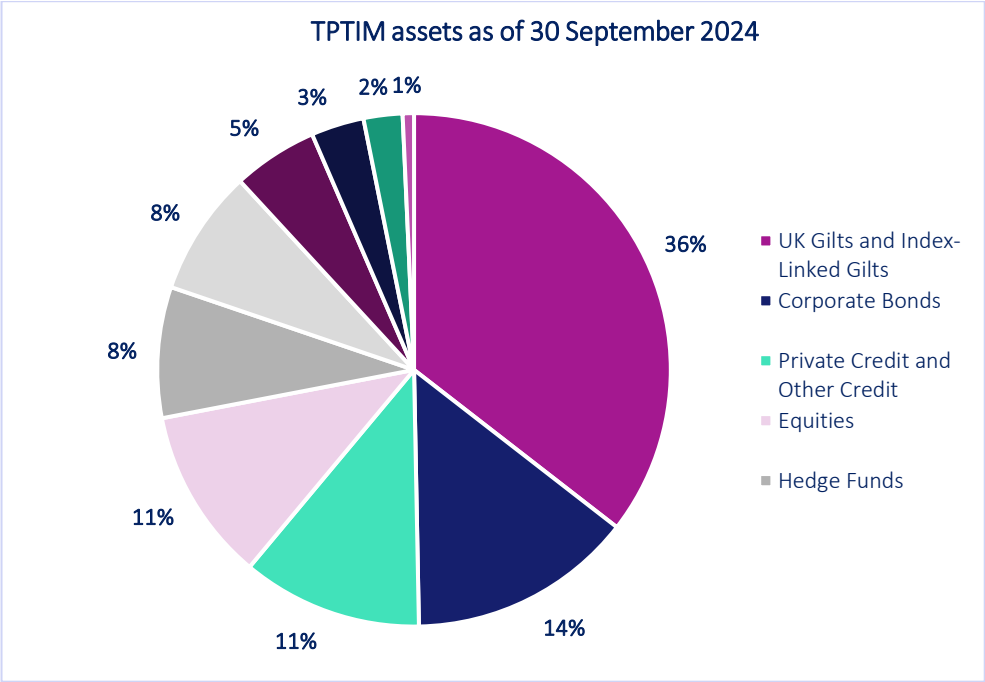
As of 30 September 2024, the majority of TPTIM-managed assets were allocated to UK Gilts and Index-Linked Gilts (36%), reflecting the liability-driven nature of the DB portfolio. Corporate Bonds (14%) and Private Credit (11%) also formed a significant part of the portfolio, contributing to the overall fixed income allocation. Equities represented 11% of the portfolio, providing growth potential over the long term. Other investments such as Hedge Funds (8%), Infrastructure (8%) and Property (5%) offered further diversification.

Across equity and fixed income holdings, the UK represented the largest geographic exposure (42.5%). North America accounted for 31.8%, with Europe (15.8%) and Asia (7.5%) further contributing to the diversification of return sources, while allocations to Latin America, Africa, Oceania and other regions remained modest.

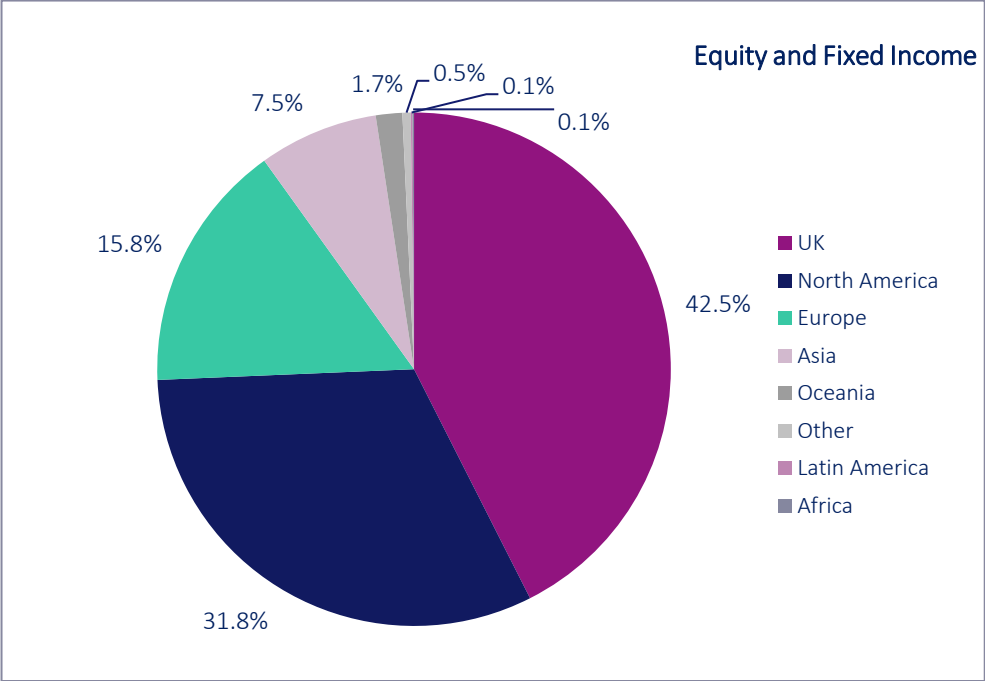
Infrastructure investments showed a similar geographic pattern, with a focus on developed markets: the UK (38.1%), Europe (31.5%), and North America (15.9%) comprised the majority of exposure. TPTIM's real estate allocation was fully concentrated in the UK (100%).

³ Fund proposition as at April 2025.

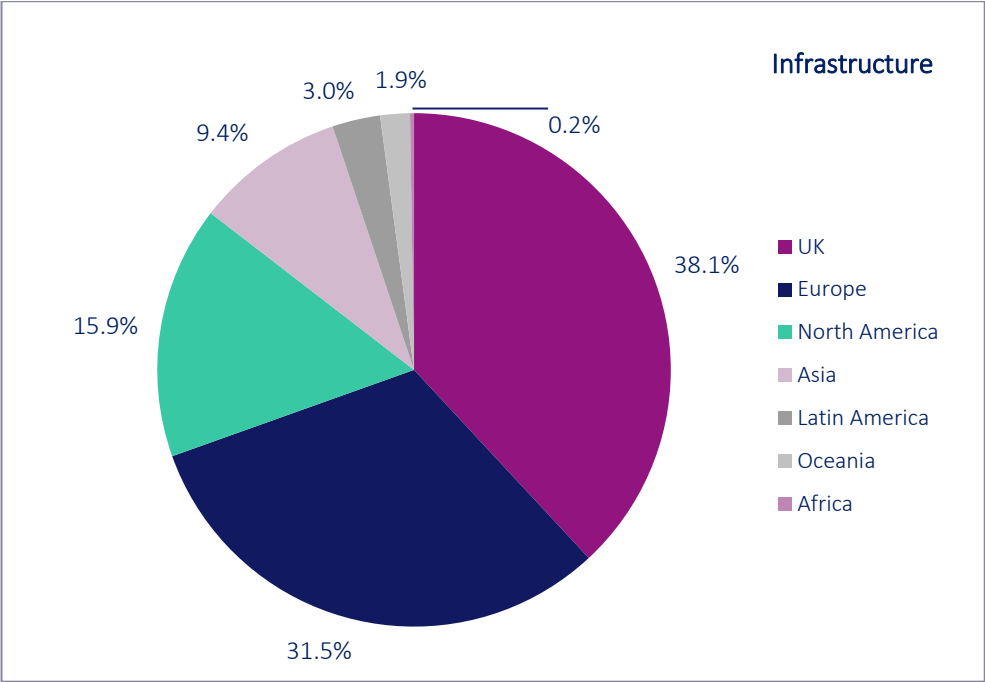
Graph 1. Asset class breakdown



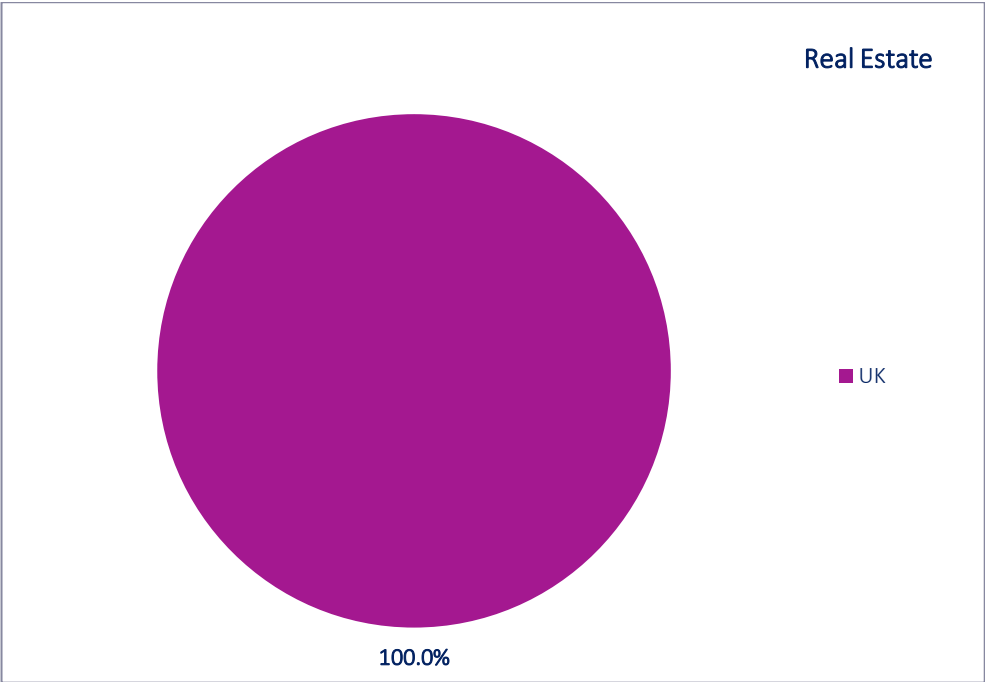
Graph 2. Geographical exposure – equity and fixed income



Graph 3. Geographical exposure – infrastructure



Graph 4. Geographical exposure – real estate



Communicating stewardship activities and outcomes

TPTIM maintains transparent and proactive communication with clients through:

- **Quarterly and annual reporting**, detailing stewardship activities and ESG integration.
- **Dedicated meetings** to discuss portfolio performance, stewardship priorities and responsible investment initiatives.
- **Regular training and tailored briefings** to educate trustees and pension scheme sponsors on evolving regulatory requirements and market trends, strengthening knowledge and capacity for effective stewardship.
- **Public disclosures of voting and engagement activities**, ensuring transparency in our stewardship efforts.

In addition to this annual stewardship report, our stewardship reporting and client engagement activity includes quarterly Active Ownership Reviews, which provide comprehensive updates on stewardship activities, ESG integration, engagement progress and voting records. To further enhance transparency, we are developing an ESG factsheet that will offer a snapshot of key ESG-related performance indicators across the investment portfolio, including metrics such as carbon intensity, climate risk exposure, and biodiversity footprint. By providing clear and accessible ESG data, this report supports ongoing monitoring and ensures transparent communication with stakeholders. Full voting records are also publicly available on our website.

We regularly seek feedback from VTL on our reporting approach, engagement priorities, and overall stewardship effectiveness. In 2024, this dialogue informed the development of our Active Ownership Review format – enhancing its clarity, structure and usability – as well as the design and adoption of our first dedicated Deforestation Policy.

Case study 5. Embedding client preferences into stewardship and portfolio management

TPTIM is committed to ensuring that our investment and stewardship approach aligns with the responsible investment principles of our clients. As the fiduciary manager for VTL, we have embedded VTL's Responsible Investment Beliefs into our stewardship framework, ensuring that our approach to ESG integration and active ownership reflects their expectations. Our investment strategy also actively supports VTL's net-zero ambitions by integrating climate risk considerations and promoting decarbonisation efforts across the portfolio. Climate risk management is a key focus, with TPTIM actively monitoring the carbon intensity of the portfolio and reporting progress through the Task Force on Climate-related Financial Disclosures (TCFD) report produced for VTL. This report details how climate risks and opportunities shape investment decisions, and tracks performance against decarbonisation targets. As of 30 September 2024, we have more than halved the portfolio's carbon intensity compared to the 2019 baseline, exceeding VTL's 2025 climate target ahead of schedule.

Monitoring managers' application of stewardship and investment policies

See Case Study 1 (*Principle 3*) and disclosures under *Principle 8*.

Stewardship, investment and ESG integration

Principle 7

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

Investment and stewardship process

Responsible investment is a core part of our investment decision-making and ownership practices. Through our Responsible Investment Framework, we integrate ESG factors into asset management, recognising their potential to influence financial performance. We believe that incorporating these considerations is a fundamental part of our fiduciary duty, helping to mitigate investment risks and, in some cases, enhance long-term portfolio returns.

TPTIM applies ESG integration across all investment activities, ensuring that material risks and opportunities are considered in investment selection, monitoring, and engagement strategies. Our Responsible Investment Framework applies to all asset classes, with expectations tailored to the specific characteristics of different investments and manager styles, including active and passive strategies.

Further detail on how we incorporate stewardship considerations across asset classes can be found in our response to *Principle 12*.

TPTIM's Responsible Investment Framework

TPTIM's Responsible Investment Framework reflects our commitment to integrating ESG considerations across investment activities and our focus on a strong active ownership approach. As stewards of our clients' assets, we recognise that responsible investment is essential for long-term value creation, effective risk management and meaningful contributions to a sustainable global economy.

Our framework establishes clear guidelines and policies on key responsible investment areas, including climate change, deforestation, human rights and stewardship.

We recognise that best practices in responsible investment evolve and are dedicated to maintaining and enhancing our framework to reflect industry advancements, regulatory changes, and feedback from our clients and stakeholders. The framework is reviewed annually to ensure it continues to support our strategic objectives and provides a robust foundation for responsible investment and stewardship.

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

TPTIM annually reviews and agrees to a number of stewardship priorities. These priorities are communicated to our investment managers, and we seek to understand the degree of alignment between our objectives and those of our managers. While we do not require managers to adopt all of our priorities, we expect a degree of convergence in the themes addressed and stewardship goals pursued over the year. Our priorities also shape our annual engagement plan, guiding interactions with portfolio companies and investment managers.

2024 stewardship priorities

In 2024, our stewardship priorities focused on two key areas: **climate** and **nature**.

We published our Climate Change and Deforestation policies within our Responsible Investment Framework and launched two engagement campaigns based on these topics (please see *Principle 9* for more information on these engagements). We clarified our stance on fossil fuel investments and formalised our expectations for investment managers, including 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 portfolio on natural ecosystems. This research marks a significant step in broadening our sustainability lens and aligning our investments with nature-positive outcomes.

Our stewardship priorities were discussed with VTL's Trustee Board and confirmed as aligned with the Trustee's objectives. Please see Case Study 5 under *Principle 6* for an example of how we integrate client priorities into stewardship and portfolio management. Insights gathered through engagement also feed into manager oversight and monitoring processes. Please refer to *Principle 8* for further information on how these insights inform our review of manager performance and alignment.

Our approach to climate change

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.

Integrating climate change into investment decision-making

We integrate climate considerations across our investment strategy by adapting asset allocation, refining portfolio construction and implementing a robust stewardship approach. Investment managers are selected and monitored based on their ability to manage climate-related risks and opportunities. They are required to demonstrate robust climate risk integration, with clear policies on climate-related engagement and regular reporting on their activities. Climate risk assessments, including scenario analysis, help us evaluate the potential financial impact of different climate pathways.

As stewards of client capital, we prioritise engagement over divestment, working with investment managers and investee companies to drive climate action. Our engagements focus on encouraging companies to set science-based emissions reduction targets, strengthen climate governance frameworks and provide transparent disclosures aligned with the TCFD.

Investing in climate solutions

TPTIM actively supports the transition to a low-carbon economy by investing in climate solutions, particularly within renewable energy and green infrastructure. Since 2016, we have made dedicated allocations to renewable energy generation and supporting technologies, reinforcing our long-term commitment to sustainability.

Active ownership

We believe that real-world decarbonisation should drive emissions reductions, rather than simply adjusting portfolio holdings. Active ownership is therefore a key pillar of our net zero strategy, leveraging engagement and voting to influence corporate behaviour. We expect investment managers to engage with high-emitting companies, advocate for net zero-aligned transition plans, and escalate stewardship efforts when progress is insufficient.

Our approach to nature and biodiversity

TPTIM recognises that nature loss and biodiversity decline pose significant financial and systemic risks, with direct implications for long-term asset performance and economic resilience. As a responsible investor, we are committed to integrating nature-related considerations into our investment strategy, stewardship activities and risk management processes. Our approach is designed to mitigate nature-related risks, support the transition to a more sustainable economy, and contribute to global efforts to protect and restore natural ecosystems.

Addressing deforestation and nature-related risks

Deforestation is a key driver of climate change and biodiversity loss, threatening essential ecosystem services and the resilience of global supply chains. TPTIM engages with companies operating in high-risk sectors, particularly those involved in the production and supply of commodities such as palm oil, soy, beef, and timber, as well as infrastructure projects with potential deforestation impacts. Our engagement strategy focuses on driving meaningful change by encouraging companies to adopt deforestation-free policies and improve supply chain transparency.

Integration of nature-related risks in investment decisions

Nature and biodiversity considerations are increasingly integrated into our investment process. We work closely with investment managers to ensure that deforestation and broader nature-related risks are factored into investment selection, monitoring, and engagement. Managers are expected to engage with investee companies on these risks and report on the effectiveness of their engagement efforts.

To strengthen our risk management and reporting, we have partnered with an external ESG provider (ISS STOXX) to enhance our ability to assess biodiversity and deforestation risks within our portfolio. This enables us to monitor nature-related exposures more effectively and track progress towards reducing harmful impacts.

Case study 6. Addressing nature-related risks and opportunities

At TPTIM, we recognise nature as a key sustainability theme and are committed to ensuring that investment managers actively consider nature-related risks and opportunities in their investment strategies. With biodiversity loss and ecosystem degradation posing material financial and systemic risks, we engaged with our investment managers in 2024 to assess their approaches to integrating nature-related risks, measurement methodologies, and reporting frameworks.

As part of this engagement, we posed key questions to managers regarding how they identify and assess nature-related risks within their portfolios. Discussions explored the metrics used to measure the biodiversity impact of investments and the extent to which nature-related risks and opportunities are reported to stakeholders. We also sought to understand managers' plans to align with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, including expected timelines for implementation. Additionally, we examined how managers collaborate with other investors, industry groups, or non-profit organisations to enhance sustainability practices related to nature and biodiversity.

Findings from our engagement revealed significant variation in the maturity of managers' approaches to nature-related risks. While some have already integrated biodiversity metrics into their investment processes, others are still in the early stages of development. Several managers expressed their intention to align with TNFD, although timelines for adoption varied. The engagement also underscored the need for greater standardisation in nature-related reporting, as methodologies and disclosure practices remain inconsistent across the industry.

TPTIM remains committed to advancing best practice in this area and will continue to engage with investment managers to track progress and encourage stronger integration of nature-related risks and opportunities. As part of our ongoing monitoring, we will request periodic updates from managers, including case studies and disclosures against relevant frameworks, to ensure continued alignment with our sustainability priorities. By fostering greater transparency and accountability, we aim to support the transition towards a financial system that recognises the value of nature and integrates it into long-term investment decision-making.

Monitoring managers and service providers

Principle 8

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

Selecting and monitoring investment managers

TPTIM's Responsible Investment Framework is applied across all investments, with expectations adapted to suit the distinct characteristics of various asset classes and investment styles. By tailoring our approach, we ensure that our responsible investment objectives are embedded at every level, regardless of investment type.

In selecting and monitoring investment managers, we prioritise partnerships with those whose policies and practices align with our responsible investment commitments. Our selection process rigorously evaluates each manager's approach to ESG integration within their investment philosophy and decision-making. This evaluation also considers the extent to which each manager's strategy supports TPTIM's goals for sustainable financial growth and long-term ESG risk mitigation.

While we do not require investment managers to be signatories to the Principles for Responsible Investment (PRI) or the UK Stewardship Code, we engage with managers to understand how they embody the principles' spirit. We also review their memberships in industry bodies and their interactions with regulators and stakeholders to assess alignment with our expectations.

To formalise these expectations, we incorporate specific ESG and climate-related requirements into our due diligence process and, where possible, into the legal documents governing how the assets are managed. These agreements are tailored to mandate-specific objectives and define the level of ESG capability and transparency we expect from each manager. Mandates include provisions on how rights attached to segregated investments are exercised, such as active voting participation and a requirement to consider ESG factors in investment decisions. While we have less direct influence over investments within multi-client pooled vehicles, we still review managers' policies and compliance statements to ensure they meet our expectations and seek to codify these expectations where possible.

Ongoing engagement

Manager appointments are not for fixed terms and are subject to regular review through structured monitoring processes. Each manager's approach to stewardship, climate action and ESG risk management is assessed and discussed in review meetings. Managers are also expected to report regularly on their responsible investment and stewardship activities.

To assess performance, we employ a proprietary Responsible Investment Rating System, which evaluates managers across four key areas: values, stewardship, ESG integration, and transparency. Each manager is assigned a Responsible Investment Rating and quarterly reports of these ratings are agreed by TPTIM's Investment Committee as part of its ongoing oversight responsibilities.

Responsible Investment Ratings

Managers receive a rating from A to D, with A representing the highest level of responsible investment integration and D the lowest. Managers are reviewed at least annually and TPTIM engages continuously to ensure alignment with our responsible investment expectations, employing escalation strategies if necessary.

The rating guide is as follows:

- A. Leading approach to integration of responsible investment at investment level, with the manager being able to clearly articulate the relevance and value of responsible investment as part of the investment philosophy. Responsible investment considerations should influence portfolio positioning. There are dedicated responsible investment professionals or ESG champions as well as frequent and suitable reporting. The manager can evidence that responsible investment systems and processes are in place and the manager is a good 'steward' of the assets.
- B. The firm has a satisfactory approach and is reasonably well aligned with TPTIM's expectations on responsible investment. There is sufficient evidence of ESG integration, stewardship and reporting to demonstrate that the manager is committed to embedding its own policies.
- C. The manager employs a 'light-touch', compliance-based approach and is not willing/intending to move beyond this. Managers in this category may also be 'new' to ESG and in the process of implementing policies and processes.
- D. The manager has not given consideration to responsible investment at the organisational or strategy level and/or does not see ESG as being relevant. TPTIM should seek improvements from the manager over an agreed time period.

Escalation

We have a clear escalation approach when external managers and / or investee companies fall short of our responsible investment and stewardship expectations. Further details of our escalation policies are described in *Principle 11*.

Case study 7. Advancing diversity and inclusion

At TPTIM, we recognise that fostering diversity within investment management enhances decision-making, strengthens governance, and drives better long-term outcomes for our clients. As part of our commitment to responsible investment, we engaged with all our external managers in 2024 to assess their diversity practices and encourage best practice across the industry.

Our engagement focused on understanding the policies, frameworks, and accountability measures that managers have in place to promote diversity and inclusion. We asked a series of targeted questions covering the existence of formal diversity policies, how progress is measured, and whether diversity-related key performance indicators (KPIs) are linked to senior management remuneration. We also explored internal promotion processes, pay gap analysis, and the extent to which managers track gender and ethnicity pay disparities.

Findings from our engagement revealed significant variation in the way managers approach diversity. Several managers demonstrated meaningful progress by setting formal diversity strategies, establishing measurable targets, and linking diversity performance to senior management incentives. These firms actively track promotion rates across different demographic groups and conduct regular pay gap analyses. However, we also identified areas for improvement, with some managers lacking clear policies, providing limited disclosure on their progress, or yet to embed diversity-related incentives within their leadership structures.

We remain committed to holding investment managers accountable for progress on diversity and inclusion. As part of our ongoing monitoring, we will continue to assess managers' practices, track improvements, and encourage greater transparency. Through continued engagement, we aim to drive meaningful change across the investment industry and reinforce the role of diversity in delivering long-term value for our clients.

Selecting and monitoring service providers

To ensure our responsible investment commitments are upheld, we apply a structured process to the selection and ongoing monitoring of service providers, ensuring their capabilities and values align with our expectations.

Our selection process for service providers, including data providers and research consultants, is designed to identify partners that enhance our ability to deliver on our responsible investment objectives. We assess potential providers based on:

- their expertise in responsible investment, stewardship, and ESG-related services;
- the quality, reliability and transparency of their methodologies and data;
- their alignment with industry best practices and regulatory developments;
- their memberships in relevant industry groups and adherence to stewardship codes where applicable.

Once appointed, service providers are subject to ongoing review to ensure they continue to meet our requirements and contribute effectively to our responsible investment objectives. Where service providers fall short of our expectations, we engage with them to address any identified issues and, where necessary, seek alternative solutions to uphold the integrity of our responsible investment approach.

Case study 8. Strengthening stewardship and biodiversity data capabilities

In 2024, TPTIM enhanced its stewardship and biodiversity data capabilities by appointing two new service providers. As part of our commitment to effective stewardship and nature-related risk management, we engaged **Esgaia** to support engagement tracking and **ISS STOXX** to provide biodiversity data insights. These appointments reflect our focus on strengthening our responsible investment approach through improved data, transparency, and accountability.

Esgaia was selected as our stewardship management platform to streamline engagement tracking, reporting, and collaboration. The platform enables us to record and monitor engagement activities more systematically, ensuring we can assess progress, escalate concerns when necessary, and report on outcomes with greater clarity. By improving engagement oversight, Esgaia supports our ability to drive meaningful change in investee companies and align with best stewardship practices.

In parallel, we appointed ISS STOXX to enhance our biodiversity data capabilities, recognising the increasing importance of nature-related risks and opportunities in investment decision-making. ISS's data provides valuable insights into biodiversity impacts, deforestation risks, and companies' exposure to nature-related dependencies. This enables us to integrate biodiversity considerations more effectively into our investment analysis, stewardship activities, and reporting.

Use of proxy voting providers

TPTIM delegates proxy voting responsibilities to its appointed investment managers. As a result, we do not directly appoint or use proxy voting providers ourselves. However, we recognise the critical role that proxy advisors can play in shaping stewardship outcomes, particularly where managers rely on their analysis or recommendations to inform voting decisions.

To ensure transparency and accountability, we monitor our managers' proxy voting activities and their use of voting service providers. This includes reviewing:

- which proxy voting providers are used by each manager;
- the nature of each manager's voting policy, including whether it is custom or default to the provider;
- how the manager exercises oversight of the provider's recommendations;
- the alignment of voting activity with our stewardship priorities.

We request this information using the Pensions and Lifetime Savings Association (PLSA) Voting and Implementation Statement Template, which helps standardise disclosures across managers and supports effective comparison. The data collected is reviewed alongside engagement records and voting outcomes.

Where voting activity appears inconsistent with our expectations or the best interests of beneficiaries, we raise these issues with managers through our ongoing monitoring process. This ensures that, even in a delegated model, we maintain strong oversight of how stewardship responsibilities are exercised on our behalf.

Stewardship Report

Engagement



Engagement

Principle 9

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

Engagement as a stewardship tool

TPTIM is committed to active ownership, leveraging our influence as an investment manager to drive long-term value, enhance risk management and support positive real-world outcomes. We act as responsible stewards of the assets we manage on behalf of clients, engaging directly with external investment managers, investee companies, policymakers, and industry bodies to improve governance, sustainability and corporate accountability. Engagement is a fundamental part of our responsible investment strategy, complementing our proxy voting activities and broader stewardship approach.

Engagement by investment managers

We delegate the primary responsibility for corporate engagement to our selected investment managers. We believe these managers are well-positioned to engage effectively with portfolio companies on ESG issues, given their expertise and close access to corporate management. With the diversity and volume of holdings in our portfolio, this approach ensures practical and impactful engagement.

We expect our managers to focus on material ESG factors that influence the investment case and to address specific ESG concerns that we raise. We monitor our managers' engagement responsiveness, ensuring alignment with our principles and values. When TPTIM's engagement themes align with those of our investment managers, we may collaborate in joint engagement activities, presenting a unified stance to amplify our impact.

Collaborative engagement

TPTIM participates in collaborative engagement initiatives with other investors and stakeholders, reinforcing our Responsible Investment Framework and stewardship priorities. We actively assess and pursue collaborative opportunities that expand our stewardship reach and impact. We also promote a well-functioning financial system by participating in industry initiatives. This includes engaging with industry bodies, responding to consultations, joining working groups and participating in collaborative initiatives that support market development and strengthen financial markets.

Direct engagement

Each year, we define stewardship priorities that guide our direct engagement activities. These priorities are shared with our investment managers, fostering an alignment of goals and ensuring focus on key themes. Our annual engagement plan, implemented by the Investment Management Team, centres on targeted engagement with select priority companies, aiming for measurable outcomes that enhance ESG performance and contribute to sustainable value creation.

Priority companies are identified based on a combination of portfolio exposure and ESG risk analysis – with a particular focus on holdings where financial exposure is significant and the level of ESG-related risk, underperformance, or controversy is high. This ensures that our efforts are concentrated where stewardship can have the greatest impact.

Engagement with investment managers

Engaging with our investment managers is our primary engagement focus. As all our assets are externally managed, our work with appointed investment managers is essential to achieving our stewardship objectives. For more details on our approach, please refer to *Principle 8*.

Engagement reporting

We request regular reporting from our investment managers on their engagement activities, providing insight into how they use their influence. Where possible, we share engagement highlights through website updates, quarterly Active Ownership Reviews and this Annual Stewardship Report. Our reporting outlines engagement activities, key themes, progress and outcomes aligned with our stewardship priorities. We include case studies to illustrate the impact of our engagement with external investment managers and investee companies, and our external managers' engagement action on our behalf.

Engagement activity undertaken on our behalf by investment managers

As mentioned, we outsource day-to-day investment decision-making to third-party investment managers and, as such, delegate primary responsibility for corporate engagement to them. We prioritise partnerships with those whose policies and practices align with our approach and have regular discussions regarding their engagement efforts.

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 for the next five months and intends to include initial disclosures in existing reports.

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.

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.

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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.

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.

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.

Engagement activity undertaken by TPTIM

As mentioned, our primary focus for engagement is with our investment managers. Manager appointments are subject to regular review through structured monitoring processes. Each manager's approach to stewardship, climate action and ESG risk management is assessed and discussed in review meetings. Managers are also expected to provide regular reports on their responsible investment and stewardship activities. This process enables us to identify areas of concern or opportunities for improvement and communicate our expectations to managers through regular discussions. For more details and case studies, please refer to *Principle 8*.

In addition to engaging with our managers, we complement our active ownership strategy by conducting direct engagement with selected priority companies. These engagements are guided by agreed stewardship themes and targeted action plans.

Our key engagement themes in 2024: Climate and Nature

13 CLIMATE
ACTION



15 LIFE
ON LAND



The **United Nations Sustainable Development Goals (SDGs)** are a set of 17 global objectives designed to address the world's most pressing social, economic, and environmental challenges. Adopted in 2015 as part of the UN's 2030 Agenda for Sustainable Development, the SDGs provide a universal framework for promoting sustainable economic growth, reducing inequalities, tackling climate change, and fostering peace and prosperity. Many investors use the SDGs as a reference point to assess how investments contribute to positive real-world outcomes.

Engagement theme: Net zero

Background: In Q3 2024, TPTIM launched an engagement campaign focused on net zero alignment, recognising the financial and systemic risks posed by climate change. Our goal was to encourage investee companies to establish credible transition plans, align with the Paris Agreement, and adopt science-based targets.

Action: We identified companies with insufficient net zero commitments or transition strategies and directly reached out to 25 firms across various sectors. Our letters outlined our expectations, including the need for science-based targets, enhanced climate risk governance, and improved transparency in climate-related reporting.

Outcomes and next steps: We plan to meet with the target companies to discuss these issues in more detail. We will continue to monitor progress and advocate for the deeper integration of climate considerations into business strategy and governance structures.

Engagement theme: Deforestation

Background: Deforestation poses significant environmental, financial, and regulatory risks to companies with complex supply chains. In Q3 2024, TPTIM launched a targeted engagement campaign on deforestation, aiming to ensure that investee companies establish robust policies to mitigate biodiversity loss and land degradation.

Action: We reached out to eight companies identified in our Deforestation Target Group due to controversies related to deforestation, land degradation, or weak supply chain policies. Our engagement sought to clarify their commitments, assess transparency in reporting, and encourage stronger governance of nature-related risks.

Outcomes and next steps: We will continue engaging with these companies, monitoring progress and advocating for tangible improvements in deforestation risk mitigation.

Issuer: ArcelorMittal

Topic Climate change

Background: TPTIM recognises climate change as a material financial risk to long-term portfolio value. ArcelorMittal was identified within our Net Zero Target Group due to its lack of specific interim targets and the need for greater transparency on its climate strategy. Given its position as one of the world's largest steel producers, its decarbonisation efforts are critical to the sector's transition and alignment with the goals of the Paris Agreement.

Action: TPTIM initiated engagement with ArcelorMittal through an investor letter outlining key climate-related concerns and requesting further clarification on target setting, transparency, and governance. A follow-up meeting was held on 6 September 2024 to discuss the company's net-zero strategy. During the discussion, ArcelorMittal acknowledged that while it has committed to net zero by 2050, it currently lacks specific interim targets beyond Europe, citing infrastructure challenges as a key barrier. The company is exploring multiple low-carbon steelmaking technologies, including Direct Reduced Iron (DRI) with hydrogen, Smart Carbon technologies, and direct electrolysis, though scalability and cost competitiveness remain challenges. ArcelorMittal also highlighted its engagement with policymakers through industry initiatives such as the Responsible Steel Initiative and the Science-Based Targets initiative, contributing to the development of sector-wide decarbonisation frameworks. On transparency and reporting, ArcelorMittal's last Climate Action Report was published in 2021, with an updated version expected by early 2025. The company also confirmed that ESG factors, including climate action with a 10% weighting, are incorporated into its executive remuneration structures.

Outcomes and next steps: TPTIM was encouraged by ArcelorMittal's investments in decarbonization technologies and the integration of ESG considerations into executive compensation. However, we believe greater clarity on interim targets, particularly outside Europe, would strengthen the company's approach. We plan to monitor the publication of ArcelorMittal's updated Climate Action Report in early 2025 and will continue engagement to advocate for enhanced interim targets and increased transparency in climate reporting.

Collaboration

Principle 10

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

Collaborative engagement

At TPTIM, we recognise that many of the most pressing ESG challenges – such as climate change, biodiversity loss and human rights – require systemic solutions that go beyond the influence of any single investor. We believe that collaborative engagement is a powerful tool for driving meaningful change at both corporate and policy level, amplifying our impact and reinforcing our commitment to responsible investment.

By working alongside other institutional investors, industry groups and advocacy organisations, we strengthen our ability to influence companies, advocate for regulatory improvements and contribute to the evolution of sustainable financial markets. Collaborative engagement enables us to align our stewardship activities with best practices, share insights and leverage collective expertise to tackle complex sustainability issues more effectively.

As part of this commitment, we actively participate in a range of investor-led initiatives designed to promote responsible corporate behaviour and market-wide improvements. These include:

- **Climate Action 100+** – As a signatory to this leading global engagement initiative, we work with other institutional investors to encourage the world's highest-emitting companies to align their business strategies with the goals of the Paris Agreement. This includes engaging with companies to enhance climate governance, accelerate decarbonisation and improve disclosures in line with the TCFD.
- **Institutional Investors Group on Climate Change (IIGCC)** – As a member of the IIGCC, we collaborate with other investors to drive the transition to a net-zero economy. Through this initiative, we participate in engagement with policymakers, contribute to climate-related investor frameworks, and advocate for more ambitious corporate climate strategies. Our involvement allows us to integrate the latest climate science and investor expectations into our stewardship activities.
- **Investor Policy Dialogue on Deforestation (IPDD)** – Recognising the financial and environmental risks associated with deforestation, we support the IPDD's efforts to promote sustainable land use policies and encourage stronger regulatory frameworks in key jurisdictions.
- **UK Sustainable Investment and Finance Association (UKSIF)** – As a member of UKSIF, we contribute to the development of a more sustainable financial system in the UK. This includes participating in policy discussions, responding to regulatory consultations and advocating for measures that enhance the integration of ESG factors within investment decision-making.

We continue to assess the effectiveness of our collaborative efforts and seek opportunities to expand our involvement in initiatives that align with our investment beliefs and stewardship priorities. By leveraging collective action, we aim to drive long-term value creation and contribute to a more resilient and sustainable financial system.

Advocacy and policy engagement

We recognise the importance of engaging with policymakers, regulators and industry bodies to support the development of policies that enhance corporate transparency, sustainability reporting and climate-related financial disclosures. While policy engagement is not a primary focus of our stewardship activities (which are primarily directed towards engagement with investment managers), we consider it a valuable tool in fostering well-functioning capital markets and improving investor access to decision-useful information.

Our approach to advocacy aligns with our broader commitment to responsible investment. We support efforts to strengthen corporate transparency and accountability by promoting sustainability-related disclosure frameworks that align with global standards, such as those developed by the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI). Ensuring high-quality, consistent ESG disclosures is essential to enabling investors to assess risks and opportunities effectively. Similarly, we recognise the importance of climate-related financial disclosures and the role they play in addressing the material risks and opportunities associated with climate change.

Collaboration remains central to our approach. We work alongside like-minded investors through industry working groups, consultation responses, and public policy discussions to contribute to the development of regulations that advance sustainability objectives while maintaining market integrity and financial stability.

Case study 9. Shaping investor guidance on climate solutions in infrastructure

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.

Collaborative engagement by investment managers

In addition to our own collaborative stewardship activities, TPTIM monitors how our appointed investment managers participate in collaborative engagements with other investors and stakeholders. As part of our ongoing monitoring process, we request and review information on the collaborative initiatives managers participate in, the companies or sectors targeted through joint engagement efforts, and the outcomes or progress achieved through these initiatives. This oversight enables us to assess the depth and quality of each manager's stewardship approach and ensure alignment with TPTIM's engagement priorities and values. It also informs our Responsible Investment Ratings and stewardship reporting.

Case study 10: Collaborative engagement on circular economy and plastics use

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.

Escalation

Principle 11

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

Our escalation policy

TPTIM is dedicated to advancing responsible investment through active engagement and stewardship. We collaborate closely with external managers and investee companies to promote strong ESG practices and have an escalation policy that outlines our approach when either external managers or investee companies fall short of our responsible investment and stewardship expectations.

Escalation strategy for engagement with external managers

We rely on external managers to implement investment strategies in alignment with our objectives and responsible investment strategy. Where an external manager does not meet our ESG expectations, the below escalation strategy guides our response to encourage compliance and support alignment with our standards.

Triggers for escalation with external managers

Escalation may be initiated if an external manager:

- fails to integrate ESG considerations in a manner consistent with TPTIM's Responsible Investment Framework;
- does not meet agreed-upon standards or milestones for responsible investment or ESG reporting;
- lacks transparency in stewardship practices, such as voting and engagement activities;
- engages in practices that contradict TPTIM's core ESG priorities, including those related to climate change, human rights and governance.

Escalation process and stages

The escalation process with external managers follows a structured approach, with increasing intensity based on the manager's responsiveness and commitment to improvement.

Stage 1: Initial discussion and feedback

- **Objective:** Raise initial concerns and encourage adjustments.
- **Actions:** The Investment Management Team communicates specific concerns to the external manager, requesting clarity on ESG policies, recent actions, or plans for improvement.

Stage 2: Formal request for remediation

- **Objective:** Address unresolved issues through a formalised response.
- **Actions:** TPTIM issues a formal letter to the manager's senior leadership, setting out detailed concerns, expected standards and timelines for remediation. Additional reporting or monitoring may also be requested.

Stage 3: Enhanced monitoring and conditional relationship

- **Objective:** Monitor progress closely and implement conditions to ensure alignment with TPTIM's standards.
- **Actions:** TPTIM may impose conditions on the manager relationship, such as additional reporting or regular progress updates.

Stage 4: Termination of relationship

- **Objective:** End the relationship if the manager consistently fails to meet TPTIM's responsible investment expectations.
- **Actions:** As a last resort, TPTIM may terminate the mandate with the external manager if previous escalation steps fail to drive necessary changes and if continuing the relationship presents a material risk to TPTIM's responsible investment goals.

Escalation strategy for engagement with investee companies

As an investment manager without direct stock-picking discretion, TPTIM's array of escalation tactics relies heavily on collaboration with external managers. We seek to understand our managers' policies on engagement escalation and what actions they consider when there is a persistent lack of response to engagement, adverse behaviour, or violation of policies and best practice. We also request examples of escalation in quarterly reporting.

Triggers for escalation with investee companies

Escalation with investee companies may be triggered when:

- a company fails to meet expectations related to material ESG issues;
- the company shows limited responsiveness or progress on engagement topics
- significant ESG controversies or incidents arise, posing reputational, operational, or financial risks that may impact TPTIM's investments.

Escalation process and stages

TPTIM escalates with investee companies primarily through coordinated efforts with external managers and collaborative engagements.

Stage 1: Direct engagement

- **Objective:** Inform the company of our concerns and actions we would like to see implemented.
- **Actions:** TPTIM contacts the company, outlines the issue and requests a response.

Stage 2: Collaborative engagement and industry initiatives

- **Objective:** Raise concerns with external managers to encourage coordinated engagement with the investee company. Leverage collective influence to address ESG issues through collaborative efforts.
- **Actions:** TPTIM communicates concerns to the relevant external managers, requesting that they engage with the company on specific issues. TPTIM provides guidance on engagement objectives and timelines, where appropriate. Alternatively, TPTIM joins collaborative initiatives and industry alliances that seek to improve company practices on key ESG topics.

Stage 3: Public statements and voting coordination

- **Objective:** Apply additional pressure on the company by coordinating shareholder voting and making public statements.
- **Actions:** Where feasible, TPTIM works with external managers to direct voting practices on resolutions related to ESG concerns at the company's AGM. In select cases, TPTIM may also issue public statements to communicate its position on significant issues or support shareholder proposals that promote responsible practices.

Stage 4: Disinvestment

- **Objective:** Signal TPTIM's final course of action when engagement efforts have not led to a satisfactory outcome
- **Actions:** In the case of segregated mandates, and as a last resort when meaningful progress has not been achieved, TPTIM may force disinvestment by amending the mandate's guidelines.

Understanding our managers' escalation policies

We also seek to understand our managers' policies on engagement escalation and what actions they consider when there is a persistent lack of response to engagement, adverse behaviour, or violation of policies and best practice. We also request examples of escalation in quarterly reporting.

Our managers have similar approaches and typically list the following escalation tools.

- **Voting against Board of Directors;**
- **Writing an open letter to the Chair or Independent Director;**
- **Initiating / joining collaborative engagement;**
- **Speaking at the AGM;**
- **Filing shareholder resolution;**
- **Supporting litigation;**
- **Disinvestment.**

Case study 11: Escalation in stewardship

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

We 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. We 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.

Case study 12: Escalating engagement on antimicrobial resistance

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.

Stewardship Report

Exercising rights and responsibilities



Exercising rights and responsibilities

Principle 12

Signatories actively exercise their rights and responsibilities.

TPTIM believes that proxy voting is a crucial tool for shareholder advocacy and stewardship. We work closely with external managers to ensure that votes cast are aligned with our ESG principles.

As a substantial investor in both UK and non-UK listed companies, we are committed to being a responsible steward of assets within our portfolios. We recognise our fiduciary duty to act in the best long-term interests of our clients, ensuring that investee companies are governed responsibly and that executive management operates with sustainable, shareholder-oriented oversight. Our **Voting Policy** outlines our approach to exercising voting rights, setting expectations for investment managers and providing oversight to ensure alignment with our Responsible Investment Framework.

Voting principles

- **Voting in all markets:** We aim to exercise our voting rights across all markets where practicable. Voting activity is typically delegated to our appointed investment managers. However, we maintain oversight of proxy voting activity, working with external managers to align their voting practices with TPTIM's Voting Guidelines.
- **Collaboration on key votes:** For critical issues or high-stakes resolutions, we may issue guidance to external managers on preferred voting outcomes or, where applicable, support shareholder resolutions that promote ESG improvements.
- **Voting guidelines:** TPTIM expects its investment managers to exercise voting rights in alignment with the Corporate Governance Policy and Voting Guidelines issued by the PLSA. For non-UK markets, TPTIM encourages managers to refer to local governance codes while following PLSA-aligned practices as a baseline.

Securities lending and voting

TPTIM maintains an active securities lending programme, which may occasionally limit voting capabilities. Where a contentious vote or a resolution relating to TPTIM's engagement activities arises, we may selectively ask to recall or restrict lending on specific securities to ensure voting rights can be exercised. This decision will be evaluated on a case-by-case basis, with input from the relevant investment manager(s) to align with TPTIM's responsible stewardship commitments.

Exercising rights and responsibilities across asset classes

Effective stewardship extends across all asset classes and geographies, recognising that responsible investment is not limited to listed equities. While voting rights are exclusive to listed equities, voting represents just one aspect of a broader stewardship approach. We expect our investment managers to integrate stewardship principles into their investment processes across all asset classes and strategies, ensuring that material ESG factors are actively considered in investment decision-making.

The form and intensity of stewardship vary not only by asset class but also by geography. Regional and regulatory contexts influence both the availability of rights and the way influence can be exerted. For example, expectations for climate-related disclosure and governance are more advanced in developed markets such as the UK, EU and North America, while in some emerging markets, stewardship may focus more on transparency, foundational ESG practices, and building long-term relationships.

Engagement with investee companies remains a core expectation, with investment managers required to provide quarterly reporting on their engagement activities, as outlined earlier. In private credit and fixed income investments, managers may exert influence through direct dialogue with issuers, negotiating enhanced governance structures or setting ESG-related terms in contracts. In infrastructure and real estate, active ownership may involve improving sustainability performance, strengthening supply chain oversight, ensuring robust tenant and community engagement practices, or supporting the delivery of board-level objectives related to ESG and long-term value creation.

Other stewardship mechanisms include securing board representation to enhance governance, engaging on supply chain resilience, contributing to public policy consultations or collaborative initiatives, and, where necessary, participating in litigation to protect long-term investor interests.

Table 2. Stewardship expectations by asset class

Asset class	Key stewardship mechanisms	Manager expectations
Listed equities	Proxy voting, company engagement, participation in collaborative initiatives	Voting aligned with ESG policies; engagement on material ESG risks; transparency on voting and outcomes
Fixed income	Direct issuer engagement, ESG integration in credit analysis, escalation through bondholder groups	Integration of ESG risks in issuer assessments; engagement with high-impact issuers; thematic reporting
Infrastructure	Board representation, engagement with operators, community consultation, sustainability performance improvement	Active asset management aligned with net-zero targets; supply chain oversight
Real estate	Operational sustainability, tenant engagement, resource efficiency, health and safety standards	ESG improvement plans; social impact considerations; climate resilience measures; tenant and stakeholder engagement
Hedge funds / Multi-strategy	Engagement via underlying positions, alignment of fund-level ESG approach with TPTIM values	Transparency on ESG strategy and restrictions; demonstration of responsible use of derivatives or leverage

Private credit / Loans	Term negotiation, covenant setting, ESG due diligence	Assessment of ESG in borrower practices; manager engagement reporting; integration of sustainability risks
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Reporting and monitoring

Regular voting data submission

Investment managers are required to submit data on their voting activities quarterly. This reporting allows us to monitor voting alignment, review key voting decisions and assess adherence to our Responsible Investment Framework.

Commitment to transparency

As part of TPTIM's commitment to transparency, we publish detailed, meeting-level voting records on our Responsible Investment page, alongside quarterly Active Ownership Reviews, which include voting statistics and significant votes. Additionally, we produce this Annual Stewardship Report to provide further insight into our stewardship activities.

Voting disclosure

Full voting records can be consulted on our [Responsible Investment webpage](#).

Summary voting statistics for the reporting period are also provided in the Appendix of this report.

Significant votes

We define significant votes based on the materiality of the issue, alignment with our stewardship priorities, and the level of shareholder dissent.

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).
TPTIM comments	TPTIM supports Ruffer's decision and the request for better disclosure around scope 3 emissions.

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.
TPTIM comments	TPTIM supports L&G's decision and encourages companies to establish a policy on living wage.

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.
TPTIM comments	TPTIM supports Ownership's decision as additional clarity on lobbying and political contributions would increase transparency.

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?	N/A
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.
TPTIM comments	TPTIM supports Sands Capital's decision as executive remuneration should be performance-based.

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).
TPTIM comments	TPTIM supports Ruffer's decision, as executive remuneration should be aligned with shareholder value creation and long-term performance.

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.
TPTIM comments	TPTIM supports Man Group's decision, as stronger commitments to circular economy practices are crucial for reducing environmental impact.

Investment manager: Sands Capital

Company name	NIKE, Inc.
Date of vote	10 September 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.9%
Summary of the resolution	Shareholder Proposal Regarding Report on Effectiveness of Supply Chain Management on Equity Goals and Human Rights Commitments
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	While the proposal sought to improve transparency and accountability in Nike's supply chain practices, Sands Capital voted against due to insufficient engagement with the company to understand its position and the feasibility of implementation. They indicated potential support in the future pending further engagement.
Outcome of the vote	Failed
Implications of the outcome	Future engagement with the company.
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.
TPTIM comments	TPTIM disagrees with Sands Capital's vote. Given ongoing concerns regarding Nike's supply chain practices, greater transparency and accountability are needed. Supporting the proposal would have reinforced these expectations. This will be a topic for discussion with the manager.

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.
TPTIM comments	TPTIM supports L&G's decision and encourages continued scrutiny to ensure alignment with a credible net-zero trajectory.

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.
TPTIM comments	TPTIM supports L&G's stance, recognising the importance of board diversity for strong governance and long-term value creation.

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.
TPTIM comments	TPTIM supports L&G's decision, as robust deforestation policies are critical to responsible environmental stewardship.

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.

Annex – Voting statistics

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

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%



Get in touch

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