

Chair's Statement 2023

DC governance for the year ended 30 September 2022 (the "Trust year")

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Retirement Solutions



Contents

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

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



Background

TPT is a leading workplace pension provider with 75 years' experience of providing pensions and £10 billion of assets (as at 30 September 2022) under management.

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

The Trustee Board (the Trustee) and TPT also receive help and advice from experienced professionals and suppliers. Of most relevance to the governance standards in this Chair's Statement is the work of the DC scheme's Investment Managers, AllianceBernstein.

Highlights



Responsible investment & climate change

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

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

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

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



Member communications & engagement

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

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

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

New retirement proposition

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

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

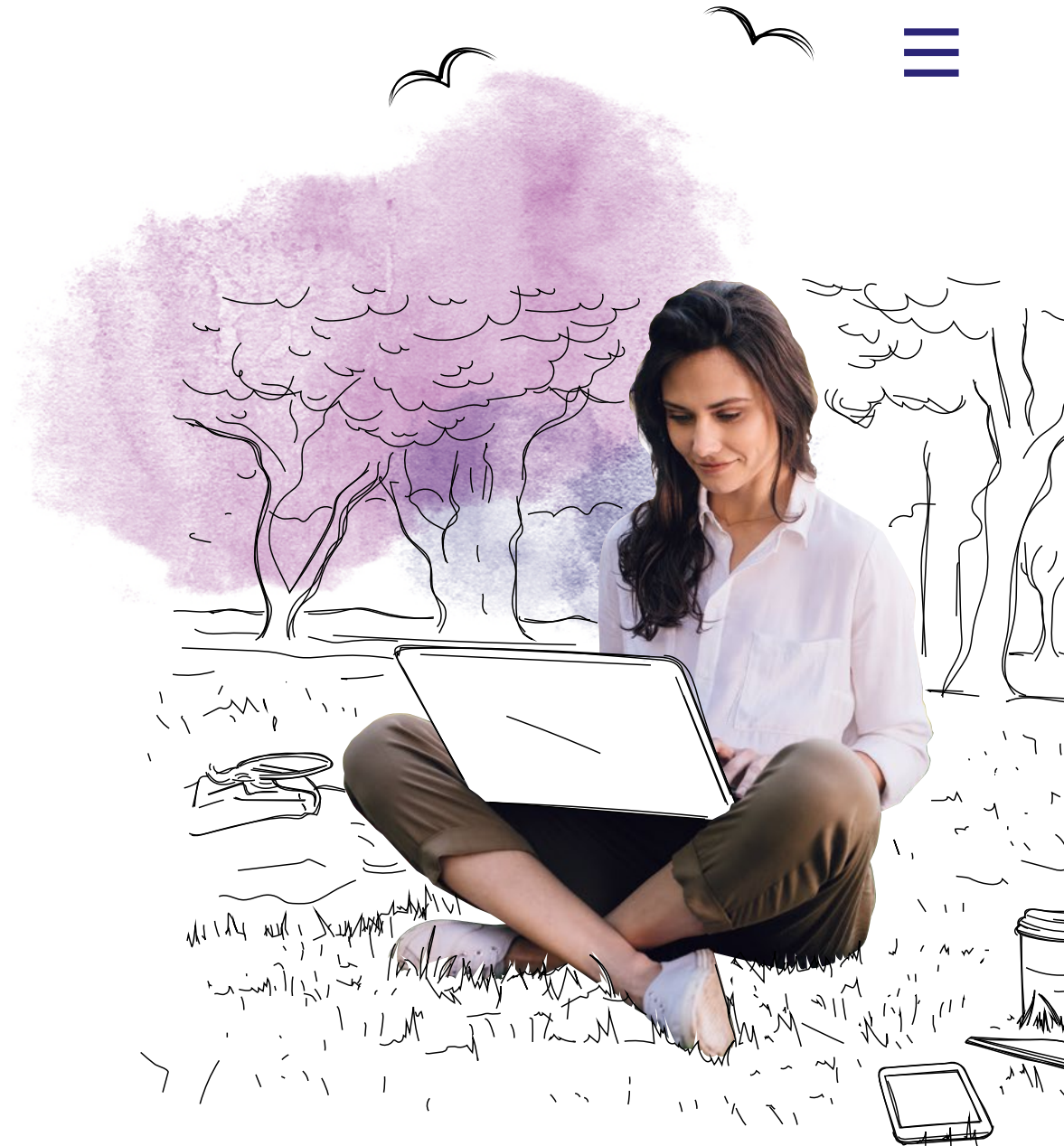
Approval

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

Joanna Matthews

Independent Chair, Verity Trustees Limited

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



Default investment

Investment

The Trustee invests contributions to provide pensions / retirement benefits, having taken advice from appropriately qualified investment advisers. The day-to-day selection of investments is delegated to specialist investment managers AllianceBernstein.

Default investment

Most members (over 90%) are invested in a default investment offered and governed by the Trustee, generally in the absence of an active choice. Some members actively self-select their investments from a range offered by the Trustee. The default investment uses so-called Target Date Funds (“TDFs”). Ethical Target Date Funds (“ETDFs”) are also available as the default option for members of The Ethical Fund (“TEF”).

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

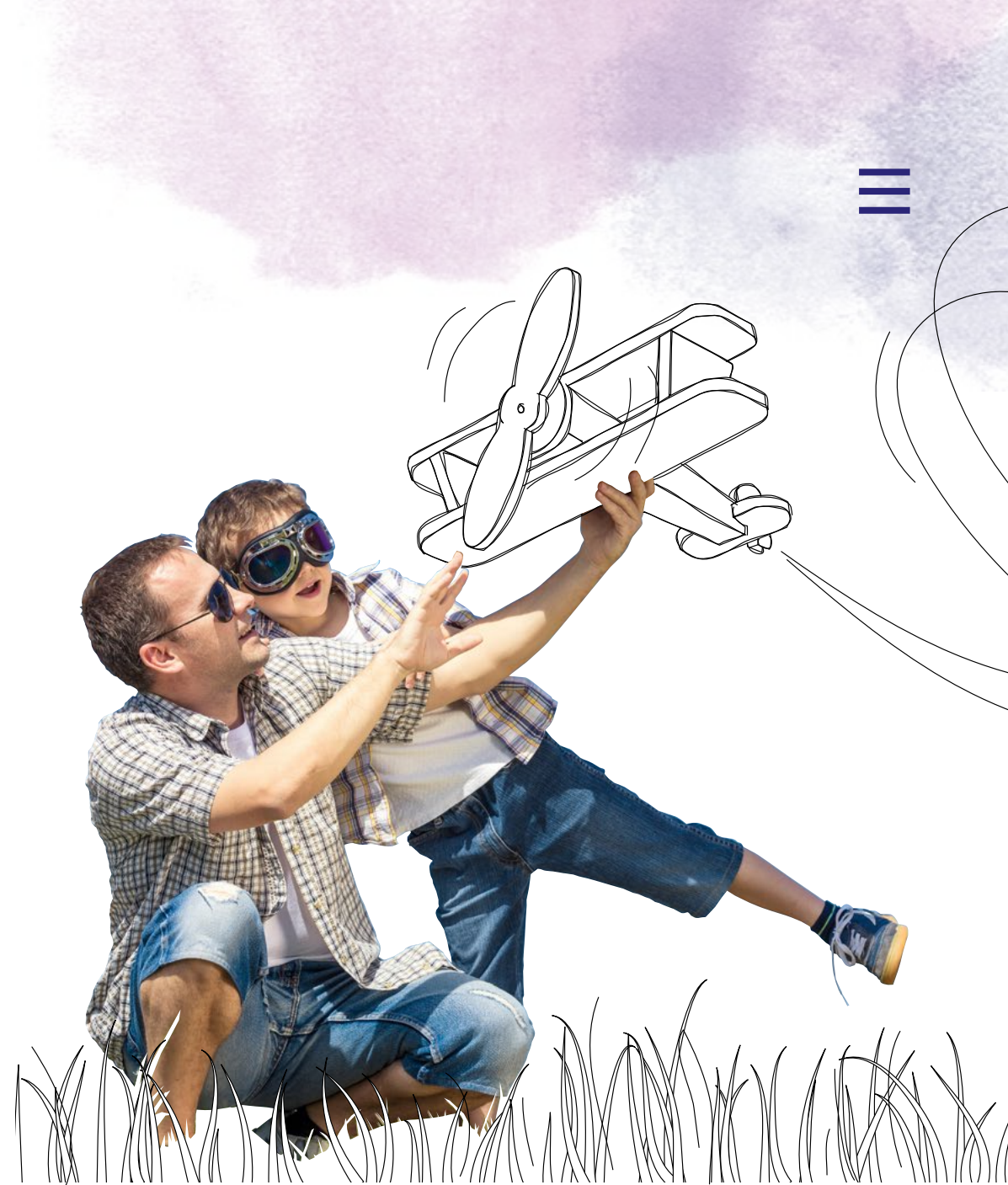
The Self-Select Cash Fund is technically a default investment as it may be used when the market is not open for dealing in other TPT investment funds.

Statement of Investment Principles (SIP)

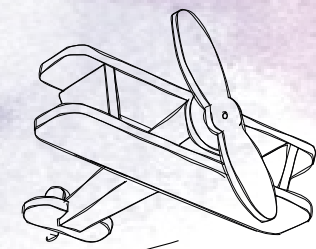
The Trustee’s investment aims, policies and objectives regarding the default investment can be found in the latest SIP, with copy attached as Appendix 1.

SIP policies cover items including risk, return and issues associated with Responsible Investment and Climate Change. The SIP also covers how the Scheme’s default investment options are intended to ensure that assets are invested in the best financial interests of members and beneficiaries.

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



Default investment



Default investment review

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

A review is also undertaken annually (and whenever there has been a significant change in investment policy) which exceeds the minimum legal requirement. A formal triennial review considers both the performance and the strategy of the default arrangement. The last formal triennial review was completed in May 2021. This included a review of the fiduciary manager AllianceBernstein, and more detailed investment modelling undertaken by Redington.

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

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

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

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

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

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

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

Administration



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

Core financial transactions

Key elements of administration are known as “core financial transactions” and very broadly relate to the movement of money and member payments.

They include (but are not limited to):

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

In the DC scheme, the administration which delivers these core financial transactions is undertaken by the administrator, (“Mercer”), a specialist third-party provider of pensions administration services. All monthly contributions and member data were collected by a dedicated employer support team within TPT.

Assessment

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

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

We are pleased to report that the standard monitoring process was undertaken in the Trust year and no issues were identified that required reporting to the Pensions Regulator.

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

Service Level Agreement

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

The Trustee target for the Service Level Agreement (“SLA”) is 95%.

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

Administration

Month	Trustee Target	SLA Performance
Jul-21	95%	99.09%
Aug-21	95%	99.10%
Sep-21	95%	98.85%
Oct-21	95%	98.88%
Nov-21	95%	98.71%
Dec-21	95%	98.27%
Jan-22	95%	97.92%
Feb-22	95%	96.97%
Mar-22	95%	96.83%
Apr-22	95%	96.72%
May-22	95%	96.93%
Jun-22	95%	96.29%
Jul-22	95%	96.07%
Aug-22	95%	95.38%
Sep-22	95%	96.02%

Standard monitoring process

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

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

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

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

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

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

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

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

Member-borne costs and charges

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

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

What information have we shown?

In the following appendices we have shown:

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

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

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

Administration charges

These are the charges made for running the pension scheme and investing a member's money.

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

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



Member-borne costs and charges

Transaction costs

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

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

In the Trust year all relevant transaction cost information was obtained through the standard process of engagement with the Investment Manager. Comments are included where details of transaction costs are limited in any way.

Cumulative illustrations

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

Net investment returns

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



Value for members



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

Report

The Trustee carried out a value for member assessment, covering the year ending 30 September 2022 and a formal report was approved by the Trustee on 22 March 2023.

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

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

The report can be accessed via the [TPT website](#).

Assessment

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

1) Scheme Governance & Management

Assessment:

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

Conclusion:

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

2) Scheme Administration

Assessment:

- Day-to-day administration is carried out by a dedicated service team of more than 50 full-time staff employed by a specialist third party administrator.
- Performance against SLAs is regularly monitored and, regularly exceeds contractual requirements and industry expectations.
- Data quality is reviewed annually and is rated at 96%, with plans in place to improve this further.
- In line with market best practice, “straight-through processing” is used for a number of tasks, reducing human intervention and the risk of manual error.
- TPT was awarded the 2022 Pension Age Pensions Administration Award.

Conclusion:

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

3) Investment

Assessment:

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

Conclusion:

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

4) Costs & Charges

Assessment:

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

Conclusion:

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





5) Environmental, Social & Governance (ESG) Factors

Assessment:

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

Conclusion:

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

6) Member Engagement

Assessment:

- TPT has the ability to provide member communications which are segmented by age and, in particular, TPT has bespoke communication strategies for the key phases of accumulation and pre-retirement.
- Communications are provided to members in a range of different formats to accommodate members' different preferences for accessing information.
- Communications can also be made which are personalised for the member and which are tailored on a bespoke basis to their employer.
- Topics of communication include all key stages of the savings and retirement journey and are triggered by different life events and changes in the legal and economic environment.
- Communications are tracked through metrics including website visits, secure portal log-in rates, and open and click-through rates of email communications.

Conclusion:

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

7) Retirement Journey

Assessment:

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

Conclusion:

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

Looking Forward

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

Trustee knowledge and understanding (“TKU”)



The Trustee Directors have considerable relevant experience and expertise with skills and knowledge which complement each other and provide a diversity of experience on the Trustee Board. Trustee Directors must complete the Pensions Regulator’s Trustee Toolkit and satisfy “Fit and Proper” regulatory requirements. Further, Trustee Directors are required by law to satisfy knowledge and understanding requirements in relation to the DC scheme.

Assessment

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

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

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

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

Standard TKU arrangements

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

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

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

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



Trustee knowledge and understanding



Board effectiveness

The Trustee Board is expected to challenge and question advisors, committees and other delegates effectively, make decisions in accordance with the Rules and in line with trust law duties and manage any conflicts of interest. The Trustee undertakes regular board effectiveness reviews to ensure this is the case and covers wider TKU requirements.

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

- Oversight of TPT is underpinned by the personal commitment of the Trustee Directors and those co-opted.
- There is a supportive approach from management which recognises the importance of governance and transparency.

- There is evidence of deep expertise across the organisation.
- There is a commitment to overcome challenges via co-operation and communication.
- Board and Committee Chairs are widely respected.

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

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



Trustee knowledge and understanding



Individual assessment

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

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

In the Trust year this process was undertaken, and conclusions have been fed into the training requirements as appropriate.

New Trustee Directors

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

As a minimum a new Trustee will be expected to:

- read and understand the policies in the Governance Document
- familiarise themselves with the Trust documentation, including the Rules, the SIP, the risk register and Chair's Statement

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

Training

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

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

- Cyber security training
- Resolution of complaints and exercising discretionary powers
- Trustee Board Objectives – roles and responsibilities

- DC Regulatory update
- DC Code of Practice 13:
 - Investments
 - Trustee Board / Scheme Management Skills
- Climate change reporting
- DC Master Trust Investment developments
- Member satisfaction and engagement
- Conflicts of interest
- GMP Equalisation

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

- Equality, Diversity and Inclusion
- Risk Management
- TPR's Single Code of Practice
- Climate Change Reporting Obligations

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

Trustee independence

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

Majority Independent

For the year ended 30 September 2022, there were eight Trustee Directors of Verity Trustees Limited. Three were nominated by the members, three were nominated by the employers and two, including the Chair, were co-opted onto the Trustee Board by the member and employer-nominated Trustee Directors.

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

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

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

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



Trustee independence

Appointment process

The recruitment of non-affiliated trustees must be undertaken in an open and transparent manner.

An open and transparent process can include advertising the vacancy in national publications or using a recruitment agency to assist in the selection of candidates. These methods are adopted for the recruitment of what we call co-opted directors, including the Chair.

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

The Trustee Board’s Remuneration and Appointments Committee (“RAC”) will agree the candidates to be interviewed following an assessment of the application

forms against the job specification and required competencies agreed by the Trustee. There is a two-stage interview process. The first stage is conducted by a panel comprising representatives of the Executive Board, the Management Oversight Board and one current MND/END as appropriate. The output from the first stage interviews will be reviewed by the RAC and cross-referenced against any identified skills gaps. The RAC will then shortlist candidates for second interview.

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

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

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



Member feedback

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

Our communications

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

Manner of feedback

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

Feedback arrangements

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

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

In addition, members can raise concerns or queries about the operational processes of the Trust, with contact details being provided in an annual newsletter and annual benefit statement.

Members can also use the feedback facility on the DC members’ website or the “Ask the Trustees” function to submit a question to the Trustee and receive an individual response.

This approach was undertaken in the Trust year.



Trustee Statement of Investment Principles



Defined Contribution Elements

Reviewed by the Investment Committee: 9 September 2021. Approved by the Trustee Board: 14 October 2021

1. Introduction

- 1.1. TPT Retirement Solutions consists of two occupational pension schemes, The Pensions Trust (TPT) and The Pensions Trust 2016 (TPT 2016). TPT is an occupational pension scheme providing Defined Contribution (DC) pension benefits. This Statement of Investment Principles (SIP) governs decisions about investments in respect of the defined contribution elements of TPT, including the “default arrangement” (DC SIP). The default arrangement is, broadly, the fund into which members’ accounts are invested if they do not exercise a choice of investments.
- 1.2. In considering the appropriate investments and preparing this DC SIP, the Corporate Trustee, Verity Trustees Limited (the Trustee), has obtained and considered the written advice of their Investment Consultant, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee has consulted the participating employers about this DC SIP.
- 1.3. For the purposes of this DC SIP, references to ‘default arrangement’ include the TPT Cash Fund (for as long as it is a default arrangement), unless otherwise stated.

2. Appointments and Delegation

- 2.1. The Trustee has delegated investment decisions and compliance stewardship to a formal Investment Committee (IC) and a Chief Investment Officer (CIO) that report back to the Trustee.
- 2.2. The IC has delegated day-to-day investment management to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Trustee’s investments.

The managers are not appointed for a fixed period of time but these appointments are regularly reviewed as part of the monitoring and review processes already in place. The continued appointment of an investment manager who fails to comply with the Trustee’s policies and fails to give a satisfactory explanation will be reviewed. The details of individual managers are published each year in the investment report within the Trustee’s Annual Report.

3. Investment Beliefs

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

4. Investment Strategies

- 4.1. The Trustee recognises that individual members have differing investment needs, that these may change during the course of members’ working lives and that members have differing attitudes to risk. The Trustee has established a suite of funds based on the ‘target date fund’ concept, i.e. funds that do not require members to make their own investment decisions and are designed to be suitable for members’ own individual expected retirement.
- 4.2. The Trustee invests TPT’s DC assets via a unit-linked insurance policy with Phoenix Life (the “provider”), who provides the DC investment platform and manages the default arrangement and self-select funds. By investing in this way, the Trustee has no direct ownership of the underlying funds, which has

implications for stewardship and aspects of other policies referred to in this SIP. The Trustee has appointed a third-party manager, Alliance Bernstein (the “investment manager”), to appoint underlying investment managers, monitor investment performance and vary the asset allocation of the underlying funds with a view to enhance investment returns.

- 4.3. For those members who do wish to make their own investment decisions, self-select investment funds are available. The Trustee offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership. A suite of ethical target date funds is available within the default option for members who wish to invest in accordance with ethical considerations and the Trustee’s Ethical Investment Framework. The Framework is reviewed annually and published each year and is available on TPT Retirement Solutions’ website.
- 4.4. All funds are made available after the provision to the Trustee of appropriate written advice. In doing this the Trustee has taken into account the risk that the investments might not, over a member’s working life, produce adequate returns and that during the period preceding retirement a change in investment market conditions might lead to a reduction in anticipated benefits.
- 4.5. The performance of the default arrangement and the self-select funds is monitored on a quarterly basis by the IC and reviewed annually in conjunction with the managers of the funds.
- 4.6. The on-going suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the IC in conjunction with its Investment Consultant, taking into account member feedback and benchmarking material provided by the Investment Consultant.

Trustee Statement of Investment Principles



- 4.7. The aims and objectives of the default arrangement and default investment strategy are to provide an investment return in excess of inflation (measured by Consumer Price Index (“CPI”). The investment manager seeks to dampen the impact of short-term market moves by adjusting the asset allocation tactically. Over the life of the funds, the strategic asset allocation shifts so that as a member approaches retirement the exposure to growth assets (such as equities) is reduced in favour of more defensive, less volatile assets (such as bonds). This default strategy and the aims and objectives of the default arrangement are intended to ensure that assets are invested in the best interests of members and their beneficiaries. The self-select funds are chosen by members who bear the risks associated with their chosen fund(s).
- 4.8. The range of default funds consists of unitised products which are dealt on a daily basis and so are readily realisable. The relevant number of units are purchased with the underlying funds on a bulk basis and allocated to each individual member. Reconciliations of investments take place through the daily investment cycle, with money sent for investment reconciled against unit information returned to the scheme’s administrator at a member level.
- 4.9. The aims and objectives of the TPT Cash Fund as a default arrangement for relevant members are different from the aims and objectives of the overall default arrangement and default investment strategy. The TPT Cash Fund currently has a benchmark of 7-day London Interbank Bid Rate (“LIBID”), to be replaced with Sterling Overnight Index Average (“SONIA”) on 30 September 2021. The Trustee takes the view that diverting members’ contributions to the TPT Cash Fund during a suspension of trading in a self-select fund is in the best interests of the relevant members because the TPT Cash Fund is a low risk, liquid option with diversified exposure to a range of high quality financial institutions and a total expense ratio well below the statutory charge cap.

5. Investment Return

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

6. Management and Risk

- 6.1. The default funds and the self-select options invest in a range of (mainly) index tracking funds which are provided by leading investment houses. Regular meetings are held with the provider and the investment manager to assess protection for members and contingency plans. All funds are accessible on a daily basis.
- 6.2. The following risks, which are not exhaustive, are assessed and monitored regularly.
- 6.3. The Trustee acknowledges and accepts that portfolio turnover (which means the frequency with which scheme assets are expected to be bought or sold) and associated transaction costs are a necessary part of investment management. The Trustee also accepts that the impact of portfolio turnover costs (which means the costs of buying, selling, lending or borrowing investments), which are incurred by the investment managers, is reflected in performance figures provided by the investment managers.

Risk	Description	Mitigation
Counterparty	Exposure to credit risk of insurance provider	Maintain regular reporting from provider and regular meetings to assess credit worthiness
Costs and Charges	The charging structure of the self-select funds (and transaction costs) are disproportionately high compared to the type of investment	Regular review of the charging structure; benchmarking process against charging structures of similar funds and providers in the market; and annual value for money assessment
Diversification	A high proportion of the assets are invested in securities of the same, or related, issuer or in the same or similar industry sector	Regularly review and monitor the composition of the default arrangement and self-select funds to ensure diversity of asset class and risk profile
ESG & Climate Change	Downside risks that result from environmental, social and governance (ESG) related factors including climate change	RI Framework sets out ESG risk management strategy as an integral part of the investment decision making process, with specific reference to climate change and the Trustee’s approach to engaging with and monitoring its investment managers in relation to ESG
Illiquidity	Inability of assets to be sold quickly or sold at fair market value	Set a prudent limit for the proportion of illiquid assets to be held in the portfolio and monitor the exposure on a regular basis
Managers / Product Provider	Investment managers / product provider persistently underperform their performance objectives	Maintain a robust manager selection and monitoring process, manager diversification, tracking error limits and performance targets. This is delegated to the investment manager for the default arrangement
Operational	Loss arising from insufficient internal processes, people or systems and external events. This includes risk arising from the custody or transfer of assets, either internally or from new schemes entering TPT	Ensure processes and procedures are robust, documented and operated by trained personnel. Appropriately test systems and put in place appropriate business continuity plans
Strategic Investment	The selected long-term investment strategy fails to deliver the level of expected return or risk characteristics necessary to meet members’ objectives	Set risk measures and limits, to be monitored regularly. Consider valuation metrics for investments, review strategic allocations on a regular basis

Trustee Statement of Investment Principles



7. Decumulation phase

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

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

8.1. Introduction

- 8.1.1. The Investment Regulations require that trustees disclose their policies in relation to:
- financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments;
 - the exercise of the rights (including voting rights) attaching to the investments;
 - undertaking engagement activities in respect of investments (including methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters); and
 - the extent (if at all) to which non-financial matters (the views of members and beneficiaries including their ethical views) are taken into account in the selection, retention and realisation of investments.
- 8.1.2. The Investment Regulations also require trustees to be transparent about their scheme's arrangements with their asset managers including how (if at all) the arrangement incentivises the asset manager to act in accordance with trustee policies and the duration of the arrangement.

8.2. Financially material considerations

- 8.2.1. Financially material considerations are defined in the Investment Regulations as ESG considerations, including but not limited to climate change.
- 8.2.2. The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible Investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices.
- 8.2.3. The Trustee believes that certain ESG factors can have an impact on financial performance and that it is part of its fiduciary and its legal duties to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns over the appropriate time horizon for an individual scheme in a way which reflects the demographics of members and beneficiaries. This view is expressed formally as a statement (number 10) in the Trustee's Investment Beliefs.
- 8.2.4. In order to formalise the activities that the Trustee undertakes to demonstrate its commitment to being a responsible investor, it has put in place a Responsible Investment ("RI") Framework. The RI Framework covers the key activities undertaken by the Trustee in managing the assets of the scheme and ultimately allows it to communicate its approach to both key suppliers and members.
- 8.2.5. RI forms an integral part of the governance and risk management framework used to protect the long-term value of the assets we manage on behalf of our members and beneficiaries.
- 8.2.6. The Trustee Board delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.

Fund Manager Selection and Monitoring

- 8.2.7. The Trustee's RI Framework applies to all of its investments although it tailors its expectations according to the different asset classes and the investment styles of its managers (e.g. active or passive strategies).
- 8.2.8. The third-party manager selects a number of underlying investment managers who share key attributes, including: a long-term mind-set; appropriate remuneration structures; robust risk management; and integration of ESG factors into their decision-making process. Our monitoring process for asset managers is robust and we monitor performance and the manager's remuneration on an ongoing basis which allows us to make decisions about a manager's value throughout that manager's appointment.
- 8.2.9. The Trustee incorporates its expectations on ESG and climate change in the manager selection process to ensure that it understands the extent to which ESG is integrated into the investment philosophy and process. It also incorporates specific requirements for ESG capabilities and reporting into its operational due diligence and into the Investment Management Agreements put in place which are tailored according to the particular mandate.
- 8.2.10. The Investment Management Team (IMT) discusses the approach of the Trustee's incumbent managers to stewardship, climate change and ESG risks as part of the manager monitoring process and requires the managers to report back on their Responsible Investment activities on a regular basis.
- 8.2.11. Each manager's approach is assessed using the Trustee's rating system, with four key areas considered: Values, Stewardship, ESG Integration and Transparency. Each investment manager is then assigned a Responsible Investment rating.
- 8.2.12. The Trustee reports Responsible Investment manager ratings on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.

Trustee Statement of Investment Principles



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

Environmental, Social and Governance Factors

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

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

8.2.16. The Trustee has developed an approach to ensure that climate change risk, including physical, regulatory and transition risks, are more explicitly considered through the investment process, from portfolio construction through to asset allocation. It is a strategic part of our approach of being a responsible investor and has three pillars:

- a) **Understanding the exposure of our investments to climate change.** The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon footprinting, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has

committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and will use the guidance it sets out for asset owners as the framework for reporting on climate change.

- b) **Making sure that new and existing investments are managed in a way that takes account of climate change risks and opportunities.** The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.
- c) **Actively engage with the wider investment community and policy makers on climate change.** The Trustee is an active member of the Institutional Investors Group on Climate Change (IIGCC) and is leading efforts in the Investor Practices programme that aim to share best practice on climate change risk analysis amongst asset managers and asset owners.

8.2.17. The IMT provides regular updates to the IC on its activities related to climate change considerations and it is committed to reporting on its progress as part of its annual update on Responsible Investment.

Social Factors

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

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

8.2.20. The Trustee recognises that the Defence sector poses particular risks to

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

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

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

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

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

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

Governance Factors

8.2.26. The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.

Trustee Statement of Investment Principles



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

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

8.3. Voting

- 8.3.1. The Trustee aims to vote its shares in all markets where practicable. In the normal course of events, it delegates this activity to its investment managers. That said, the Trustee retains the right (where possible) to direct its investment managers to vote in a particular way which it believes is in the best interest of its members. The Trustee expects its managers to use their best endeavours to facilitate the implementation of client voting decisions. This right is most noteworthy in situations where the voting decision taken on a resolution would enable the Trustee to better implement the commitments set out in its RI Framework. The Trustee Board delegates judgement on these matters to the IMT. Where the Trustee exercises its right in this way, it will inform the IC of its decision, together with the reasons for it.
- 8.3.2. The Trustee expects its investment managers to exercise their voting rights, on behalf of the Trustee, in line with this DC SIP and / or consistent with the Corporate Governance Policy and Voting Guidelines issued by the Pension and Lifetime Savings Association (PLSA). Although the PLSA guidelines focus solely on voting at UK companies, they reference support for the G20/OECD Corporate Governance Principles and the

ICGN Global Governance Principles. The Trustee expects its investment managers to use these guidelines when voting in markets outside the UK. In some cases where the Trustee deems the investment manager to have voting policies that better reflect the Trustee's approach to Responsible Investment than those set out by the PLSA, the IMT may choose to instruct the investment manager to vote in line with the investment manager's own policies.

- 8.3.3. Where an investment manager intends to vote at variance with this policy, the manager is asked to inform the Trustee as far in advance as possible to afford the best possible chance for the IMT to review the appropriateness of that manager's voting intentions on behalf of the Trustee.
- 8.3.4. The Trustee has an active securities lending programme which can sometimes prevent it from voting all of its shares. Where there is a contentious vote or a vote relating to the Trustee's engagement activities, the Trustee may choose to recall or restrict the amount of stock lent. This decision will be considered on a case by case basis with counsel from the relevant investment manager(s).

8.4. Engagement

- 8.4.1. The Trustee's approach to engagement applies to equity and corporate bond holdings and consists of four elements:
 - a) **Engagement by investment managers:** The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that investment managers are best placed to engage with invested companies on ESG matters, given their knowledge of the company and the level of access they have to company management. This is a pragmatic approach because of the number of stocks owned by the Trustee, and the amount of time corporate entities have available for single investors. Engagement, with the aim of improving the medium to long-term performance of investor companies, is one of the factors taken into account by the Trustee in the selection, monitoring and review of managers. The Trustee expects its managers to engage in

ESG matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests the Trustee might have.

- b) **Joint engagements with investment managers:** There may be occasions when engagement topics identified by the Trustee overlap with engagement efforts of its investment managers. In these situations, the Trustee will seek to undertake joint engagement activities with investment managers.
- c) **Collaborative engagements:** The Trustee recognises that as a responsible asset owner, it should, wherever practicable given time and resources, support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this, the Trustee will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its RI Framework. As part of its efforts in this area, the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, the PLSA and the IIGCC. This list is not considered to be exhaustive.
- d) **Direct engagements:** On occasions, an issue may arise where the Trustee believes it is necessary to directly engage with companies on particular ESG related issues.

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

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

Trustee Statement of Investment Principles



Codes and industry initiatives

- 8.4.3. The Trustee supports industry-wide initiatives to promote Responsible Investment and Stewardship and is a signatory to the Principles for Responsible Investment (PRI) and the Montreal Pledge.
- 8.4.4. The Trustee does not insist that current and potential future investment managers are themselves PRI signatories, but it will discuss with its investment managers how they are implementing the spirit of these principles whether or not they are signatories. The Trustee does not insist the investment managers publicly support the UK Stewardship Code but it will seek detail from its investment managers on how they demonstrate their support for the code (for asset classes where it is appropriate).
- 8.4.5. The Trustee also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support the Trustee's work in this regard, it is a member of the IIGCC and the UK Sustainable Investment and Finance Association (UKSIF).

Communicating and reporting

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

8.5. Non-financial matters

- 8.5.1. Non-financial matters are taken into account in the selection, retention and realisation of investments. Non-financial matters for the purposes of the Occupational Pension Schemes (Investment) Regulations 2005 means the views of the members and beneficiaries including (but not limited to) their ethical views, their views in relation to social and environmental impact and the present and future quality of life of the members and beneficiaries of TPT and TPT2016.
- 8.5.2. The Trustee recognises that by delegating selection, retention and realisation of its DC investments to its investment managers, there are limitations to the extent to which it can take into account non-financial matters in its DC investments. However, the Trustee has adopted a practical and holistic approach to non-financial matters in relation to DC investment as set out in its Ethical Investment Framework. Further, the IC requires its relevant investment managers to report regularly on the application of the Ethical Investment Framework in the selection, retention and realisation of ethical investments across all asset classes and how they seek to exclude companies with business interests and activities that conflict with members' moral and ethical preferences (e.g. tobacco).
- 8.5.3. The Trustee will review its policy on non-financial matters on an annual basis.

9. Compliance

- 9.1. The IC requires all investment managers to confirm, through their reporting, that the investments are diversified and suitable, and that they have complied with the principles set out in this DC SIP. The Trustee will review this DC SIP annually and without delay after any significant change in investment policy and in addition, the default strategy and funds after any significant change in the demographic profile of members invested in these funds.
- 9.2. Consultation with participating employers will be undertaken if these investment principles change.
- 9.3. A common investment policy is offered to all employers, with the target date funds being offered as the default and members able to choose from a range of self-select options. Fact sheets on all the funds are available to members on TPT's website.

Member-borne costs & charges



Administration charges

Investment	AMC (pa)	Additional Charge (pa)*	Default
TDF	0.5%	0.03%	Yes
ETDF	0.63%**	0.05%	Yes
ETDF (pre-99)	0.5%	0.08%	Yes
Bond Fund	0.45%	N/A	No
Cash Fund	0.44%	0.01%	Yes, for technical reasons
Global Equity Fund	0.45%	N/A	No
Index-Linked Gilts Fund	0.45%	N/A	No
Socially Responsible Investment Fund	0.45%	N/A	No
Diversified Growth Fund***	0.52%	N/A	No
Property Fund ***	1.00%	0.02%	No

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

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

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



Member-borne costs & charges



Transaction Costs

Target date funds (default investment)

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

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

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

Default arrangement charges and transaction costs

TDF Vintage	Admin Costs	Transaction Costs	Total Costs
AB Retirement Fund 2011-2013	0.5060%	0.1152%	0.6212%
AB Retirement Fund 2014-2016	0.5060%	0.1152%	0.6212%
AB Retirement Fund 2017-2019	0.5060%	0.1152%	0.6212%
AB Retirement Fund 2020-2022	0.5064%	0.1138%	0.6202%
AB Retirement Fund 2023-2025	0.5082%	0.1102%	0.6184%
AB Retirement Fund 2026-2028	0.5132%	0.1009%	0.6141%
AB Retirement Fund 2029-2031	0.5178%	0.0918%	0.6096%
AB Retirement Fund 2032-2034	0.5209%	0.0826%	0.6035%
AB Retirement Fund 2035-2037	0.5242%	0.0711%	0.5953%
AB Retirement Fund 2038-2040	0.5253%	0.0669%	0.5922%
AB Retirement Fund 2041-2043	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2044-2046	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2047-2049	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2050-2052	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2053-2055	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2056-2058	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2059-2061	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2062-2064	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2065-2067	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2068-2070	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2071-2073	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2074-2076	0.5251%	0.0667%	0.5918%
AB Retirement Fund 2077-2079	0.5251%	0.0667%	0.5918%

Member-borne costs & charges



Default arrangement charges and transaction costs

Ethical TDF Vintage	Admin Costs	Transaction Costs	Total Costs
AB Ethical Retirement Fund Pre 1999 (2011-2013)	0.5243%	0.0895%	0.6138%
AB Ethical Retirement Fund Post 1999 (2011-2013)	0.6543%	0.0895%	0.7438%
AB Ethical Retirement Fund Pre 1999 (2014-2016)	0.5285%	0.0870%	0.6155%
AB Ethical Retirement Fund Post 1999 (2014-2016)	0.6585%	0.0870%	0.7455%
AB Ethical Retirement Fund Pre 1999 (2017-2019)	0.5322%	0.0849%	0.6171%
AB Ethical Retirement Fund Post 1999 (2017-2019)	0.6622%	0.0849%	0.7471%
AB Ethical Retirement Fund Pre 1999 (2020-2022)	0.5336%	0.0848%	0.6184%
AB Ethical Retirement Fund Post 1999 (2020-2022)	0.6636%	0.0848%	0.7484%
AB Ethical Retirement Fund Pre 1999 (2023-2025)	0.5182%	0.0834%	0.6016%
AB Ethical Retirement Fund Post 1999 (2023-2025)	0.6682%	0.0834%	0.7516%
AB Ethical Retirement Fund Pre 1999 (2026-2028)	0.5249%	0.0850%	0.6099%
AB Ethical Retirement Fund Post 1999 (2026-2028)	0.6749%	0.0850%	0.7599%
AB Ethical Retirement Fund Pre 1999 (2029-2031)	0.5286%	0.0886%	0.6172%
AB Ethical Retirement Fund Post 1999 (2029-2031)	0.6786%	0.0886%	0.7672%
AB Ethical Retirement Fund Pre 1999 (2032-2034)	0.5319%	0.0899%	0.6218%
AB Ethical Retirement Fund Post 1999 (2032-2034)	0.6819%	0.0899%	0.7718%
AB Ethical Retirement Fund Pre 1999 (2035-2037)	0.5352%	0.0827%	0.6179%

AB Ethical Retirement Fund Post 1999 (2035-2037)	0.6852%	0.0827%	0.7679%
AB Ethical Retirement Fund Pre 1999 (2038-2040)	0.5283%	0.0697%	0.5980%
AB Ethical Retirement Fund Post 1999 (2038-2040)	0.6883%	0.0697%	0.7580%
AB Ethical Retirement Fund Pre 1999 (2041-2043)	0.5297%	0.0583%	0.5880%
AB Ethical Retirement Fund Post 1999 (2041-2043)	0.6897%	0.0583%	0.7480%
AB Ethical Retirement Fund Post 1999 (2044-2046)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2047-2049)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2050-2052)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2053-2055)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2056-2058)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2059-2061)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2062-2064)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2065-2067)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2068-2070)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Pre 1999 (2071-2073)	0.5297%	0.0517%	0.5814%
AB Ethical Retirement Fund Post 1999 (2071-2073)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2074-2076)	0.6897%	0.0517%	0.7414%
AB Ethical Retirement Fund Post 1999 (2077-2079)	0.6897%	0.0517%	0.7414%

Member-borne costs & charges

Self-select investment arrangements

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

Fund	Admin Costs	Transaction Costs	Total Costs
Global Equity	0.450%	0.0676%	0.5176%
Cash	0.450%	-0.0123%	0.4377%
Bond	0.450%	0.0098%	0.4598%
Index Linked Gilts	0.450%	0.0209%	0.4709%
Property	1.010%	0.8689%	1.8789%
SRI	0.450%	0.0128%	0.4628%
Diversified Growth	0.5342%	-0.0029%	0.5313%
Islamic Global Equity	0.450%	-0.0065%	0.4435%

Cumulative illustrations



Default arrangement illustrations

Notes to the default arrangement cumulative illustrations

1. This section relates to the Target Date Fund (“TDF”) and Ethical TDF default arrangements. The TPT Cash Fund, although a technical default fund, is included as part of the self-select fund range.
2. Projected pension pot values are shown in today’s terms and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £2,156 at age 22 for a member retiring at age 68.
4. Inflation is assumed to be 2.5% each year.
5. Contributions are assumed to be paid at the end of each month from age 22 to 68 and increase in line with assumed earnings inflation of CPI plus 1.0% each year on the anniversary of the first contribution.
6. Initial contribution level is assumed to be £217 per month (inclusive of employer contributions, member contributions and tax relief).
7. Values shown are estimates and not guaranteed.
8. Charges are based on a prudent historical average of charges (as a percentage of the fund invested) including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies have been included in this analysis, which is noted as optional for trustees and investment managers within the guidance provided by the DWP.

9. The projected future growth rate is 1.66% above inflation for the TDF and 1.64% above inflation for the ETFD.
10. The provision of these outcomes on behalf of members assumes the provision of administration and investment services. As such the numbers shown for the accumulated fund allowing for investment returns, but before the deduction of costs and charges, are purely hypothetical and do not represent an achievable member outcome.
11. In addition, the trustee is required to provide value for money to members, and as such it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost.

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

TDF

Projected Pension Pot in Today’s Money (as at 30 September 2022)

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

Cumulative illustrations



Ethical TDF

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

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

Self-select arrangement illustrations

Notes to the default and self-select cumulative illustrations

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
- The starting pot size is assumed to be £2,156 at age 22 for a member retiring at age 68.
- Inflation is assumed to be 2.5% each year.
- Contributions are assumed to be paid at the end of each month from age 22 to 68 and increase in line with assumed earnings inflation plus 1.0% each year on the anniversary of the first contribution.
- Initial contribution level is assumed to be £217 per month (inclusive of employer contributions, member contributions and tax relief).
- Values shown are estimates and not guaranteed.
- Charges are based on a prudent historical average of charges (as a percentage of the fund invested) including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies have been included in this analysis, which is noted as optional for trustees and investment managers within the guidance provided by the DWP.
- The projected future growth rates for the self-select options are as set out below:
 - Global Equity Fund: 2.44% above inflation
 - Bond Fund: 0.49% below inflation
 - Cash Fund: 1.46% below inflation
 - Diversified Growth Fund (DGF): 1.46% above inflation
 - Index-Linked Gilts Fund: 1.46% below inflation
 - Property Fund: 1.22% above inflation
 - Socially Responsible Investment Fund: 2.44% above inflation.
- The provision of these outcomes on behalf of members assumes the provision of administration and investment services. As such the numbers shown for the accumulated fund allowing for investment returns, but before the deduction of costs and charges are purely hypothetical and do not represent an achievable member outcome.
- In addition, the trustee is required to provide value for money to members, and as such it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost.

Cumulative illustrations



Global Equity fund

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

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

Bond fund

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

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

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

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

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

Cumulative illustrations



DGF

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

Index-linked gilts fund

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

Property fund

Projected Pension Pot in Today's Money (as at 30 September 2022)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,000	4,962
3	10,413	10,222
5	16,063	15,607
10	31,274	29,630
15	48,143	44,489
20	66,808	60,225
25	87,417	76,884
30	110,132	94,513
35	135,124	113,163
40	162,578	132,885
46	199,055	158,044

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

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

Cumulative illustrations



Socially Responsible Investment Fund

Projected Pension Pot in Today's Money (as at 30 September 2022)

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

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

Investment returns



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

Default investment arrangements

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

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

Please note, we do not have available data beyond 5 years because we have not been required to record this data previously – so performance data is included for 5, 3 and 1 year periods. We have included an illustrative age of member against each Target Date Fund but, for a given member, the actual relevant Target Date Fund will be determined by the member's Target Retirement Age.

Self-select investment arrangements

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

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

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

Note: All investment returns are annualised.