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**The Pensions Trust 2016**  
Annual Report  
and Financial  
Statements **2021**

**t|p|t**  
Retirement Solutions

Pension Scheme Registration Number 12013479

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## Trustee and Advisors

<b>Trustee</b>	Verity Trustees Limited
<b>Chair of the Trustee Board</b>	Joanna Matthews
<b>Co-opted Directors</b>	Joanna Matthews – Independent Chair Michael Ramsey David Robertson
<b>Employer-Nominated Directors</b>	Jonathan Wheeler Paul Oldroyd Jonathan Cawthra
<b>Member-Nominated Directors</b>	Thomas Hague Andrew Newberry Linda Henry
<b>Trust Administrator and Chief Executive</b>	Michael Ramsey, TPT Retirement Solutions
<b>Scheme Actuary</b>	Steven Robinson FIA (resigned 30/11/2020) Michael Kelly FIA (appointed 01/12/2020) Mercer Limited
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP
<b>Legal Advisors</b>	Linklaters LLP CMS Cameron McKenna Nabarro LLP
<b>Investment Managers</b>	abrdn (previously Aberdeen Standard Investments) abrdn Investment Management Limited (previously Standard Life Investments Limited) Alcentra Limited Apollo Group Ares Management Corporation Ashmore Investment Management Limited BlackRock Investment Management (UK) Limited Chorus Capital Management Limited Christofferson, Robb & Company LLC (appointed 01/10/2020) Foresight Energy Infrastructure (appointed 28/05/2021) Hayfin Capital Management LLP IFM Investors Pty, Limited King Street Capital Management L.P. KKR & Co. Inc. Legal & General Investment Management Limited Man Group Marathon Asset Management (resigned 30/04/2021) Nephila Capital Limited Ownership Capital B.V Pacific Investment Management Company

	Partners Group RBC Global Asset Management (UK) Limited Royal London Asset Management Limited Ruffer LLP Sands Capital Management LLC Siguler Guff & Company, LP Stonepeak Global Renewables (appointed 30/04/2021) TwentyFour Asset Management Wellington Management International Limited
<b>External AVC Policy Providers</b>	Aviva Life & Pensions UK Limited Coventry Building Society Clerical Medical (resigned 21/10/2020) Legal & General Assurance (Pensions Management) Limited Phoenix Life Limited (appointed 19/08/2021) Scottish Widows Limited Utmost Life and Pensions Limited
<b>Insurance Policy Providers</b>	See listing in Note 14
<b>Investment Consultants</b>	Mercer Investment Consulting Redington Investments Limited
<b>Custodian</b>	The Northern Trust Company
<b>Custody Consultants</b>	Thomas Murray Data Services
<b>Address for enquiries</b>	TPT Retirement Solutions Verity House 6 Canal Wharf Leeds West Yorkshire LS11 5BQ Email: <a href="mailto:enquiries@tpt.org.uk">enquiries@tpt.org.uk</a> Website: <a href="http://www.tpt.org.uk">www.tpt.org.uk</a>

## Trustee's Report

For the year ended 30 September 2021

Verity Trustees Limited (the "Trustee") presents its Annual Report on The Pensions Trust 2016 (the "Trust"), together with the Financial Statements of the Trust for the year ended 30 September 2021.

### Trust Constitution and Management

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. As at 30 September 2021 the Trustee Board consisted of nine Directors, three of whom are nominated by the members, three by the employers and three co-opted onto the Trustee Board by the member and employer-nominated Directors. Verity Trustees Limited is also the corporate Trustee of The Pensions Trust. The Pensions Trust 2016 and The Pensions Trust operate under the name TPT Retirement Solutions ("TPT"). Directors of Verity Trustees Limited, other than those who are co-opted, can be nominated by members and employers of either Trust.

The Articles of Association of the corporate Trustee and the Rules of the Trust contain provisions for the appointment and removal of Trustee Directors.

Joanna Matthews was the Independent Chair of the Trustee Board for the year ended 30 September 2021.

TPT operates a two-tier governance structure. The supervisory Trustee Board appoints and holds to account the Management Oversight Board which holds delegated authority to make decisions about the operation of TPT and to oversee the day-to-day running of TPT. There are five members of the Management Oversight Board: four independent non-executives and the Chief Executive. For the Trust year commencing 1 October 2020, David Robertson was the Chair of the Management Oversight Board. David is also a co-opted Director of Verity Trustees Limited. The other non-executive members of the Management Oversight Board at 30 September 2021 were Mike Balfour, Richard Coates and Colin Richardson who are also the respective chairs of the Investment, Audit, Risk & Compliance and Funding Committees. On 19 March 2020 Wendy Mayall resigned as both a member of the Management Oversight Board and Chair of the Funding Committee. Colin Richardson was appointed as Chair of the Funding Committee and a member of the Management Oversight Board from 1 December 2020. In the interim the Chair of the Trustee Board, Joanna Matthews, temporarily assumed the role of Chair of the Funding Committee. There was a vacancy on the Management Oversight Board between the date of Wendy Mayall's resignation and Colin Richardson's appointment.

The Trustee has appointed professional advisors and other organisations to support it in delivering the Trust's objectives. These individuals and organisations are listed on pages 1 and 2. The Trustee has written agreements in place with each of them.

On 30 November 2020, Steven Robinson (Mercer Limited) resigned his position as Scheme Actuary. In his statement on leaving the position, he noted no circumstances connected with his resignation which, in his opinion, significantly affected the interests of the members or the prospective members

of, or beneficiaries under, the Trust. His colleague Michael Kelly, also of Mercer Limited, was appointed as Scheme Actuary with effect from 1 December 2020.

The Trust is a centralised occupational pension fund for non-associated employers (“employers”). There are 9 (2020: 8) segregated schemes (“schemes”) within the Trust.

## COVID-19

Since the outbreak of COVID-19 and the accompanying global uncertainty, the Trustee and its appointed advisors have carried out a significant amount of work to understand the risks posed to the Trust as a result of COVID-19 in order to ensure that steps were taken to mitigate the exposure where appropriate and to protect the security of the Trust and members’ benefits.

The Trustee identified and prioritised the risks to delivering services to members as well as to the Trustee’s objectives. The impact of COVID-19 on these risks was discussed and various mitigation actions were agreed and incorporated into the existing risk management framework. The following key areas were discussed in particular:

- Operational — the Trustee has sought information from its advisors and key suppliers regarding their ability to continue to operate despite the restrictions resulting from COVID-19. This is monitored on at least a monthly basis and all advisors continue to provide services as normal following the implementation of their resilience plans to facilitate remote working.
- Trustee effectiveness — the Trustee, in conjunction with its advisors and TPT staff, has also sought to review its own effectiveness as a decision-making body in light of the risks posed by COVID-19. As a result of these discussions, the Trustee is comfortable that there is sufficient flexibility within the Rules to enable decision-making processes to operate largely unaffected. The Trustee and its advisors have, when required, successfully been able to conduct virtual meetings in order to facilitate the effective running of the Trust. Since October 2021, a number of in-person meetings have taken place where guidance has allowed.
- Investment (DB) — advice was sought from the Trust’s DB Investment Advisor on the impact of COVID-19 on the Trust’s investment portfolio. The Trust’s investment strategy is designed to weather market volatility and it does so by holding a well-diversified portfolio of assets.
- Funding — advice was sought from the Scheme Actuary who confirmed that the funding position has not seen a material change as a result of the impact of COVID-19, though the Trustee continues to monitor the position.
- Communication — since the beginning of the pandemic TPT’s website has included regular updates to provide reassurance to members that the Trustee is monitoring the situation closely.

- Liquidity — close monitoring of the cash position was in place pre-pandemic and remains in place to ensure that sufficient cash is available in the event it is needed.

The Trustee continues to monitor all its investment managers to ensure they remain able to fulfil their obligations to the Trust, including providing valuations of the Trust's investments as at 30 September 2021.

Investment managers have also confirmed that, to the best of their knowledge, there have been no other substantial changes to their systems and processes which would adversely affect the control environment. No material weaknesses or significant deficiencies have been identified, or corrective actions taken, that have not already been disclosed to the Trustee.

The Trustee continues to monitor the position given the constantly evolving nature of the global pandemic. Nonetheless, the Trustee does not believe that the impact of COVID-19 has had a material effect on the security of the Trust and members' benefits.

## Financial Developments and Financial Statements

The Financial Statements included in this annual report are the accounts required by the Pensions Act 1995. The Financial Statements set out on pages 18 to 42 have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The summary financial performance of the Trust is as follows:

	Year ended 30 Sept 2021	Year ended 30 Sept 2020
	£'000	£'000
Contributions Receivable	3,740.3	4,453.9
Transfers In and Other Income	16,179.0	38,623.3
Benefits Paid or Payable	(11,193.1)	(9,725.2)
Transfers Out to Other Schemes	(778.6)	(4,033.8)
Administrative Expenses (incl. PPF levy)	(1,172.6)	(922.8)
<b>Net Additions from dealings with Members</b>	<b>6,775.0</b>	<b>28,395.4</b>
Investment Income	8,071.8	4,390.0
Change in Market Value of Investments	(509.0)	3,551.8
Investment management expenses	(1,878.9)	(1,897.3)
<b>Net Returns on Investments</b>	<b>5,683.9</b>	<b>6,044.5</b>
<b>Net Increase in the Trust during year</b>	<b>12,458.9</b>	<b>34,439.9</b>
<b>Net Assets at beginning of year</b>	<b>437,114.0</b>	<b>402,674.1</b>
<b>Net Assets at end of year</b>	<b>449,572.9</b>	<b>437,114.0</b>

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

- Contributions receivable have decreased by 16.0% when compared to the prior year, from £4,453.9k to £3,740.3k, because in the current year deficit contributions are not due for

National Counties Building Society Pension Scheme as per the Schedule of Contributions. This is compared to £822.0k that was paid in the prior year.

- Transfers In and Other Income include the group transfer in of £16,031.5k relating to the Together Working for Wellbeing Pension Scheme.
- Within Benefits Paid or Payable, the pensions payable have increased by 10.2% from £8,334.2k to £9,182.5k. This reflects benefit payments made for the Together Working for Wellbeing Pension Scheme which transferred to the Trust within the year and also full year pension payments being made for the two new schemes transferred to the Trust in the prior year: National Counties Building Society Pension Scheme and Seabourne Pension Scheme.
- Transfers Out to Other Schemes shows a significant decrease in the current year, which is expected, as there were an exceptional number of transfers in the prior year in the Coventry Building Society Staff Superannuation Scheme, Frank Roberts & Sons Pension Scheme and Medicash Pension Fund.
- The overall net return on investments was 1.7% in 2021 (2020: 1.5%).

## Membership and Benefits

As at the year end, there were 9 (2020: 8) participating employers.

The change in membership during the year is as follows:

	<b>Active Members</b>	<b>Deferred Members</b>	<b>Pensioners</b>	<b>Beneficiaries</b>	<b>Total</b>
<b>At the start of the year</b>	118	1,665	1,142	108	3,033
New members <sup>1</sup>	7	140	92	-	239
Members retiring	(6)	(62)	68	-	-
Members leaving prior to pension age	(29)	29	-	-	-
Members leaving with refunds	-	(1)	-	-	(1)
Transfers out	(1)	(13)	-	-	(14)
Full commutations	-	(12)	(6)	-	(18)
Deaths	-	(3)	(17)	(6)	(26)
New beneficiaries <sup>1</sup>	-	-	-	13	13
Reclassifications	-	-	10	-	10
<b>At the end of the year</b>	<b>89</b>	<b>1,743</b>	<b>1,289</b>	<b>115</b>	<b>3,236</b>

<sup>1</sup>New members and new beneficiaries include transfers in or new schemes to the Trust.

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



Included in the table are 94 (2020: 89) pensioners and beneficiaries whose benefits are secured by annuities. Included within the number of active members are 41 (2020: 43) paid-up members. Paid-up members are members who are still in employment but are not contributing to the Trust, though they still maintain a salary link.

### Pension Increases

The Rules make provision for increases to pensions in payment and deferred pensions. The increases applied depend on when the benefits were accrued and under which pension scheme. Decisions on increases are made in accordance with the provisions of each scheme, taking into account the financial position of the scheme, other relevant factors and the interests of all the categories of beneficiaries. Where pensions in payment are increased annually this is normally by at least Limited Price Indexation (LPI), which means that the increase is capped at a maximum of either 2.5% or 5.0% depending upon when the benefits were accrued.

The table below summarises the most recent increases applied:

	Minimum	Maximum	Average
<b>Effective date</b>			
<b>Pensions in payment</b>			
6 April 2021	0.0%	3.0%	<b>1.3%</b>
6 April 2020	0.0%	3.3%	<b>1.7%</b>

There have been no discretionary increases awarded during the reporting period (2020: none).

### Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Act 1993 and do not include discretionary benefits.

### Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme within the Trust is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to scheme members on request from the contact for enquiries on page 2.

All the Trust's schemes have completed triennial valuations, with the exception of any new schemes transferred in within the last 12 months. Details of the individual schemes' actuarial valuation certifications are contained in the Summary of Actuarial Certificates section of the annual report on

pages 47 and 48. In the years in between full actuarial valuations, an actuarial update is prepared by the Scheme Actuary. The actuarial update is a roll-forward of the full actuarial valuation.

The aggregate valuation of all the Trust's schemes at 30 September 2020 (the latest aggregate valuation available) is the sum total of either the full actuarial valuations at that date or the latest actuarial update.

<b>Valuation date 30 September</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Value of Technical Provisions	471,652.0	426,661.0
Value of Assets Available to meet Technical Provisions <sup>1</sup>	433,472.0	402,001.0
as a percentage of Technical Provisions	91.9%	94.2%

<sup>1</sup>Note: In accordance with SORP 2018, the value of assets available to meet technical provisions is as at the date of the related actuarial valuation, both in 2020 and 2019. The asset value quoted above excludes assets in respect of schemes which have not yet undergone an actuarial valuation, and therefore have no technical provisions.

The value of technical provisions is based on the Pensionable Service accrued to the valuation date and assumptions about various factors that will influence each scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the 2020 valuations are as follows:

#### Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method, with a control period of one year for open schemes and of duration to Normal Pension Age for schemes closed to new entrants.

#### Significant Actuarial Assumptions

**Discount Interest Rate:** Scheme-specific set by reference to a fixed interest gilt curve at the valuation date, with an adjustment for expected outperformance from scheme assets.

**Future Retail Price Inflation:** Set by reference to a market-implied inflation curve as derived from gilt prices at the valuation date.

**Future Consumer Price Inflation:** Retail Price Inflation less 1.0% per annum until 2030 and then less 0.3% per annum thereafter.

**Pension Increases:** Derived from the term-dependent rates for future retail or consumer price inflation, allowing for the caps and floors on pension increases according to the provisions of the schemes' rules.

**Pay Increases:** General pay increases of 2.0% per annum above the rates for the future consumer price inflation, with some scheme-specific variations.

**Mortality:** Mortality and morbidity tables produced by the CMI (Continuous Mortality Investigation) with the support of the Institute and Faculty of Actuaries are used. No allowance is made for the period

pre-retirement. For the period post-retirement, a scheme-specific loading to the S2PxA tables is used, with future improvements based on CMI tables with a long-term scaling factor of 1.5% for males and 1.25% for females.

### **Recovery Plan**

The arrangements for each scheme are formalised in Schedules of Contributions that are certified by the Scheme Actuary. Details of the date of certification of each schedule can be found on page 48. A copy of the example certificate can be found on page 47.

Together Working for Wellbeing Pension Scheme has an interim Schedule of Contributions until the Scheme Actuary certifies a full Schedule of Contributions.

### **GMP Equalisation**

The Trustee is currently reviewing, with its advisors, the impact of a High Court ruling made in October 2018, as well as a follow-on judgement in November 2020, concerning Guaranteed Minimum Pension (GMP) Equalisation. Further details of this can be found in note 22.

### **Regulation and Governance**

The Pensions Trust 2016 is regulated by The Pensions Regulator. The Trustee has in place policies and processes to enable it to monitor compliance with applicable laws and regulations.

### **Investment Management**

#### **Investment Strategy and Principles**

The Trustee is responsible for determining the Trust's investment strategy.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles ("SIP"). The version in place at 30 September 2021 was approved in September 2020; however, this was superseded by a revised version approved in October 2021. A copy of the SIP may be obtained from the contact for enquiries on page 2 or can be found on TPT's website.

Trustees of most schemes with 100 or more members, such as Verity Trustees Limited, must include an Implementation Statement for all Annual Report and Accounts produced on or after 1 October 2020. The Implementation Statement requirements differ between DC/hybrid schemes and pure DB schemes, but the statement must set out information about how the Trustee has put its SIP into practice, particularly in relation to stewardship and engagement. The Trustee is required to set out its opinion on how its policy and the SIP have been followed; to describe voting behaviour; and to explain any change to the SIP and the reason for it. The Trustee must also publish the Implementation Statement online and inform members about its availability. A copy of the Implementation Statement can be found in Appendix 1.

## Management and Custody of Investments

The Trustee has delegated management of its investments to professional investment managers which are listed on pages 1 and 2. These managers, which are regulated by the appropriate regulatory body in their country of operation, such as the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements. These are designed to ensure that the objectives and policies set out in the SIP are followed.

The mandates put in place by the Trustee specify how rights attaching to the Trust's segregated investments are acted upon. These include active voting participation and a requirement to consider environmental, social and governance ("ESG"), and ethical factors when making investment decisions. The Trustee has less influence over the underlying investments within pooled investment vehicles held by the Trust but reviews the managers' policies and statements of compliance in respect of these matters.

The Trustee is committed to being a Responsible Investor, an approach which seeks to integrate ESG considerations into investment management processes and ownership practices.

Of the environmental risks that the Trustee considers, climate change potentially presents the most material long-term risk and, in line with the recommendations set out in the Financial Stability Board Taskforce's Recommendations on Climate-Related Financial Disclosure, we have disclosed the Trust's approach to climate-risk management on our website.

The Trustee has appointed The Northern Trust Company to keep custody of the Trust's investments, other than:

- Pooled investment vehicles, where the manager makes its own arrangements for custody of underlying investments; and
- Additional Voluntary Contributions and other investments which are in the form of insurance policies, where the master policy documents are held by the Trustee.

## Investment Performance

The Trust manages and monitors its DB investments in one main portfolio.

The overall net return on investments was 1.67% in the year to 30 September 2021 (2020: 1.54%).

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

<b>Annualised return over:</b>	<b>Portfolio allocation</b>	<b>1 Year</b>	<b>3 Years</b>
<b>Growth Assets</b>	<b>18%</b>	<b>15.21%</b>	<b>8.13%</b>
Benchmark <sup>1</sup>		4.31%	4.77%
<b>Matching-Plus<sup>2</sup></b>	<b>48%</b>	<b>5.14%</b>	-
Benchmark <sup>3</sup>		(1.77)%	-
<b>Liability Driven Investments<sup>4</sup></b>	<b>34%</b>	<b>(12.65)%</b>	<b>10.70%</b>
Benchmark <sup>5</sup>		(2.81)%	6.84%
<b>Main Portfolio</b>	<b>100%</b>	<b>1.67%</b>	<b>8.48%</b>

<sup>1</sup>The aim of the Growth Assets Portfolio is to outperform cash + 4.25% per annum over rolling 5 year periods (subject to volatility constraint). The benchmark in the table above represents the cash + 4.25% objective.

<sup>2</sup>The Matching-Plus Portfolio was separated out from Growth Assets Portfolio on 31 December 2018, hence it lacks a three year track record.

<sup>3</sup>The aim of the Matching-Plus Portfolio is to outperform the ICE BoA UK gilts 1-15 year benchmark + 1.4%. The benchmark in the table above represents this objective.

<sup>4</sup>These assets employ leverage and are managed to change in line with the liabilities they cover, therefore they may show large movements on an absolute basis.

<sup>5</sup>The LDI benchmark reported is 75% FTSE Index Linked Over 15 Year Gilts and 25% FTSE All Stocks Over 15 Year Gilts.

Further details on investment performance, including against targets rather than benchmarks etc., can be found in the Annual Review which is available on TPT's website.

### Employer Related Investments

Details of Employer Related Investments are included in note 26.

## Statement of Trustee's responsibilities

### Trustee's responsibilities in respect of the Financial Statements

The Financial Statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those Financial Statements:

- show a true and fair view of the financial transactions of the Trust during the Trust year and of the amount and disposition at the end of the Trust year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the Financial Statements are prepared on a going concern basis unless it is inappropriate to presume that the Trust will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Trust in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the TPT pension scheme website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Trust by or on behalf of employers and the active members of the Trust and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Trust and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Trust in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

### **Further Information**

Requests for additional information about the Trust generally, or queries relating to members' own benefits, should be made to the contact listed on page 2.

### **Approval**

The Trustee's Report on pages 3 to 11 was approved and signed for and on behalf of the Trustee on 24<sup>th</sup> March 2022.

**Joanna Matthews**  
Independent Chair  
Verity Trustees Limited

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## Independent auditors' report to the Trustee of The Pensions Trust 2016

### Report on the audit of the Financial Statements

#### Opinion

In our opinion, The Pensions Trust 2016's Financial Statements:

- show a true and fair view of the financial transactions of the Trust during the year ended 30 September 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the Financial Statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 30 September 2021; the Fund Account for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.



However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all the information in the Annual Report and Financial Statements other than the Financial Statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### **Responsibilities for the Financial Statements and the audit**

#### *Responsibilities of the Trustee for the Financial Statements*

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the Financial Statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the Financial Statements, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Trust, or has no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Trust in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered the direct impact of these laws and regulations on the Financial Statements. We evaluated incentives and opportunities for fraudulent manipulation of the Financial Statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the Financial Statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion,

The Pensions Trust 2016  
Year ended 30 September 2021

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accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
24 March 2022

## Financial Statements

### Fund Account

For the year ended 30 September 2021

	Note	Year ended 30 Sept 2021 £'000	Year ended 30 Sept 2020 £'000
Employer Contributions		3,612.5	4,386.6
Employee Contributions		127.8	67.3
<b>Total Contributions</b>	4	<b>3,740.3</b>	<b>4,453.9</b>
Transfers in	5	16,179.0	38,623.3
		<b>19,919.3</b>	<b>43,077.2</b>
Benefits Paid or Payable	6	(11,193.1)	(9,725.2)
Transfers Out to Other Schemes	7	(778.6)	(4,033.8)
Administrative Expenses	8	(1,172.6)	(922.8)
		<b>(13,144.3)</b>	<b>(14,681.8)</b>
<b>Net additions from dealings with Members</b>		<b>6,775.0</b>	<b>28,395.4</b>
<b>Net Returns on Investments</b>			
Investment Income	9	8,071.8	4,390.0
Change in Market Value of Investments	10	(509.0)	3,551.8
Investment Management Expenses	11	(1,878.9)	(1,897.3)
		<b>5,683.9</b>	<b>6,044.5</b>
<b>Net Increase in the Trust</b>		<b>12,458.9</b>	<b>34,439.9</b>
<b>Opening Net Assets</b>		<b>437,114.0</b>	<b>402,674.1</b>
<b>Closing Net Assets (available for benefits)</b>		<b>449,572.9</b>	<b>437,114.0</b>

The notes on pages 20 to 42 form part of these Financial Statements.

## Statement of Net Assets (available for benefits)

As at 30 September 2021

	Note	Total 2021 £'000	Total 2020 £'000
<b>Investment Assets</b>			
Equities	10	7,136.2	12,524.5
Bonds	10	11,324.3	12,821.0
Pooled Investment Vehicles	12	414,496.2	392,017.3
Derivatives	13	129.9	335.7
Insurance Policies	14	9,059.4	9,550.3
AVC Investments	15	367.3	317.2
Cash and Cash Equivalents	16	4,636.6	5,528.8
Other Investment Balances	16	3,473.9	3,103.7
		<b>450,623.8</b>	<b>436,198.5</b>
<b>Investment Liabilities</b>			
Derivatives	13	(725.0)	(214.1)
Cash and Cash Equivalents	16	-	(43.1)
Other Investment Balances	16	(432.5)	(117.0)
		<b>(1,157.5)</b>	<b>(374.2)</b>
<b>Total Net Investments</b>		<b>449,466.3</b>	<b>435,824.3</b>
Current Assets	20	945.4	1,956.6
Current Liabilities	21	(838.8)	(666.9)
<b>Total Net Assets (available for benefits)</b>		<b>449,572.9</b>	<b>437,114.0</b>

The Financial Statements summarise the transactions of the Trust and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Trust's financial period. The actuarial position of the defined benefit schemes, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on pages 7 to 10 of the Annual Report. These Financial Statements should be read in conjunction with that Report.

The notes on pages 20 to 42 form part of these Financial Statements.

The Financial Statements on pages 18 to 42 have been approved and signed for and on behalf of the Trustee on 24<sup>th</sup> March 2022.

**Joanna Matthews**  
Independent Chair  
Verity Trustees Limited

## Notes to the Financial Statements

For the year ended 30 September 2021

### 1. General Information

The Trust is a centralised occupational pension fund for non-associated employers established as a trust under English Law.

The address of the Trust's principal office is 6 Canal Wharf, Leeds, West Yorkshire, LS11 5BQ. The Trust is registered in the United Kingdom.

The Trust is a defined benefit ("DB") scheme, which is closed to new members but some members maintain a salary link to their benefits upon retirement.

The Trust is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the scheme receive preferential tax treatment.

### 2. Basis of Preparation

The individual Financial Statements of The Pensions Trust 2016 have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

### 3. Accounting Policies

The principal accounting policies of the Trust, which have been applied consistently, are as follows:

#### a. Currency

The Trust's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

#### b. Contributions and Other Income

- i. Employees' normal contributions and Additional Voluntary Contributions (AVCs) remitted by the employer are accounted for on an accruals basis when deducted from pay.

Employer normal contributions remitted by the employer that are expressed as a rate of pensionable salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedules of Contributions or Payment Schedules.

Contributions by employers towards administrative expenses of the Trust are included within normal contributions.

All contributions payable under salary-sacrifice arrangements are classified as employer contributions.

- ii. Employer deficit-funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid.
- iii. Special contributions include employer debt on withdrawal contributions (Section 75 debts) which are accounted for on the due dates on which they are payable with provision made where there is uncertainty of receipt.
- iv. Other income is recognised on an accruals basis.

#### **c. Transfers from and to Other Schemes**

- i. Group and individual transfers in are accounted for on an accruals basis, which is normally the earlier of when member liability is accepted by the Trust or the transfer value is paid.
- ii. Individual transfers out are accounted for on an accruals basis, which is normally when the transfer value is paid and member liability is discharged.
- iii. Where members of new schemes hold externally operated AVC policies, the transfer value is accounted for when the policy is transferred into the name of the Trustee. Payments out to members are made when payments are received from the policy operator.

#### **d. Benefits and Payments to and on Account of Leavers**

- i. Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.
- ii. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement or the date the option is exercised.
- iii. Other benefits are accounted for on an accruals basis on the date of leaving or death as appropriate. Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Trust.
- iv. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that

member's benefit received from the Trust, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

#### **e. Administrative and Other Expenses**

- i. The Trustee of The Pensions Trust 2016, Verity Trustees Limited, is also the Trustee of The Pensions Trust. The Pensions Trust incurs all administrative and investment management expenses relating to The Pensions Trust 2016 and recharges these on a monthly basis.
- ii. Expenses which relate specifically to individual schemes are allocated to the appropriate scheme on an accruals basis.
- iii. Investment management expenses and administrative expenses, other than those relating specifically to a particular scheme, are allocated on the basis of asset values and member numbers, as appropriate.

#### **f. Investment Income and Expenditure**

- i. Income from equities and any pooled investment vehicles which distribute income is accounted for on an accruals basis on the date stocks are quoted ex-dividend; or, in the case of unquoted instruments, when the dividend is declared.
- ii. Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.
- iii. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.
- iv. Income arising from insurance policies is included in investment income. Income from annuities is accounted for on an accruals basis.
- v. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time in the year, i.e. profits and losses realised on sales of investments during the year and unrealised changes in market value on amounts held at the end of the year. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.
- vi. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Trust such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within net returns on investments.



## **g. Investments**

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price or most recent transaction price is used.

- i. Readily traded investments (equities, bonds and certain pooled investments) are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted.
- ii. Where quoted or unquoted unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the Financial Statements where used.
- iii. Where the value of a pooled investment vehicle (PIV) is primarily driven by the fair value of its underlying investments, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- iv. Over-the-counter (OTC) derivatives are stated at fair value estimated using pricing models and relevant market data as at the year end date. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date. All gains and losses arising on derivative contracts are reported within 'change in market value'.
- v. Insurance policies purchased for retired members in their own names fully discharge the Trust's liability to those members and are therefore not included in these Financial Statements. The individuals are removed from membership and the cost of purchasing the annuities is reported within payments to and on account of leavers as the former members do not have their pension paid by the Trust.
- vi. Insurance policy assets which provide benefits for members, but which are in the name of the Trustee, as detailed in note 14, are valued by the Scheme's Actuary based on the expected future pensioner benefit payments covered by the contract, discounted back to the financial year end using assumptions agreed by the Trustee on advice from the Scheme Actuary. The assets are assumed to be equal to the actuarial liability at the valuation date.
- vii. AVCs are invested in accordance with the members' instructions.

## **h. Critical Accounting Judgements and Estimation Uncertainty**

- i. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- ii. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. For the Trust, the

Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Trust investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (g) above and within notes 14, 18, and 19. The Trustee does not consider there to be any critical judgements.

#### 4. Contributions

	Year ended 30 Sept 2021 £'000	Year ended 30 Sept 2020 £'000
<b>Employer Contributions</b>		
Normal	403.0	341.0
Administrative expenses	1,098.5	861.3
Deficit funding	2,111.0	2,903.0
Special	-	281.3
	<b>3,612.5</b>	<b>4,386.6</b>
<b>Employee Contributions</b>		
Normal	127.8	67.3
	<b>127.8</b>	<b>67.3</b>
	<b>3,740.3</b>	<b>4,453.9</b>

Deficit funding: An actuarial valuation of each DB scheme will be carried out every three years. Deficit funding represents payments by schemes to eliminate past service deficits in accordance with the Schedules of Contributions certified by the Actuary.

Special Contributions: These are paid by employers in addition to the deficit funding requirements identified in the Schedule of Contributions.

Total future commitments as at 30 September 2021 to pay deficit contributions for the Frank Roberts & Sons Pension Scheme, the National Counties Building Society Pension Scheme and the Waterloo Housing Pension Scheme are shown below:

	<b>£'000</b>
Due in 1 year	3,263.8
Due in 1 - 2 years	3,797.6
Due in 2 - 5 years	12,106.9
Due in > 5 years	11,631.9
<b>TOTAL</b>	<b>30,800.2</b>

Deficit recovery periods differ between schedules of Contributions. The shortest deficit recovery period is 6 years, with the longest being 10 years.

Coventry Building Society Staff Superannuation Scheme, Darlington Building Society Pension Scheme, Hinckley & Rugby Building Society Defined Benefit Pension Scheme, Medicash Pension Fund and

The Pensions Trust 2016  
Year ended 30 September 2021

Seabourne Pension Scheme have not been included as deficit contributions are not required for these schemes per the Schedule of Contributions.

Together Working for Wellbeing Pension Scheme has not been included in the above as a full actuarial valuation has not yet been completed for this scheme.

Frank Roberts & Sons Pension Scheme are currently paying under their Schedule of Contributions certified on 12 December 2018. A new Schedule of Contributions has not been certified since this date.

During the year there were four (2020: nil) instances of late payments relating to two (2020: nil) employers. Further details can be found in the Summary of Contributions on page 45.

## 5. Transfers In

	Year ended 30 Sept 2021 £'000	Year ended 30 Sept 2020 £'000
Group Transfers in:		
AVCs - Coventry Building Society Staff Superannuation Scheme	-	51.0
AVCs – Frank Roberts & Sons Pension Scheme	9.5	-
AVCs - Seabourne Holdings Limited Retirement Benefits Scheme	-	1.8
AVCs - Together Working for Wellbeing Pension Scheme	51.7	-
Cash - Hinckley and Rugby Building Society Defined Benefit Pension Scheme	0.4	117.3
Cash - Medicash Pension Fund	-	176.5
Cash - National Counties Building Society Pension Scheme	85.9	1,498.0
Cash - Seabourne Holdings Limited Retirement Benefits Scheme	-	7,423.1
Cash - Together Working for Wellbeing Pension Scheme	16,031.5	-
Insurance policies - National Counties Building Society Pension Scheme	-	9,189.0
Insurance policies - Seabourne Holdings Limited Retirement Benefits Scheme	-	1,378.4
Investments - National Counties Building Society Pension Scheme	-	18,788.2
	<b>16,179.0</b>	<b>38,623.3</b>

## 6. Benefits Paid or Payable

	Year ended 30 Sept 2021 £'000	Year ended 30 Sept 2020 £'000
Pensions	9,182.5	8,334.2
Commutations and Lump Sum Retirement Benefits	1,981.7	1,386.2
Lump Sum Death Benefits	28.9	4.8
	<b>11,193.1</b>	<b>9,725.2</b>

## 7. Transfers Out to Other Schemes

	Year ended 30 Sept 2021	Year ended 30 Sept 2020
	£'000	£'000
Individual Transfers Out to Other Schemes	778.6	4,033.8
	<b>778.6</b>	<b>4,033.8</b>

## 8. Administrative Expenses

	Year ended 30 Sept 2021	Year ended 30 Sept 2020
	£'000	£'000
Monthly Management Charge	883.0	734.9
Pension Protection Fund Levy	251.9	201.8
Scheme Specific Expenses	37.7	(13.9)
	<b>1,172.6</b>	<b>922.8</b>

The monthly management charge represents the amounts paid to The Pensions Trust in respect of the administration and management of the Trust.

## 9. Investment Income

	Year ended 30 Sept 2021	Year ended 30 Sept 2020
	£'000	£'000
Income from Equities	17.0	32.6
Income from Bonds	354.7	481.8
Income from PIVs	7,152.3	3,575.7
Income from Insurance Policies	547.8	299.9
	<b>8,071.8</b>	<b>4,390.0</b>

## 10. Reconciliation of Net Investments

	Value at 1 Oct 2020 £'000	Transfers In £'000	Purchases at cost and derivative payments £'000	Sale Proceeds and derivative receipts £'000	Change in market value £'000	Value at 30 Sept 2021 £'000
Equities	12,524.5	-	4,547.7	(12,704.9)	2,768.9	7,136.2
Bonds	12,821.0	-	3,048.4	(3,728.0)	(817.1)	11,324.3
Pooled Investment Vehicles	392,017.3	-	172,905.0	(146,841.3)	(3,584.8)	414,496.2
Derivatives - Net	121.6	-	1,219.4	(3,611.6)	1,675.5	(595.1)
Insurance Policies	9,550.3	-	-	-	(490.9)	9,059.4
AVC Investments	317.2	61.2	-	(12.3)	1.2	367.3
	<b>427,351.9</b>	<b>61.2</b>	<b>181,720.5</b>	<b>(166,898.1)</b>	<b>(447.2)</b>	<b>441,788.3</b>
Other Investment Balances (net)	2,986.7					3,041.4
Cash	5,485.7					4,636.6
<b>Total Investments</b>	<b>435,824.3</b>					<b>449,466.3</b>

The change in market value in the table above excludes movements in respect of Cash and Cash Equivalents, largely due to foreign exchange fluctuations. The total change in market value of investments reported in the Fund Account for the year is £(509.0)k.

Indirect transaction costs are included in the cost of purchases and deducted from sale proceeds.

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

	2021			
	Fees £'000	Commission £'000	Taxes £'000	Total £'000
Equities	4.1	4.7	-	8.8
Commodities	0.1	0.2	-	0.3
	<b>4.2</b>	<b>4.9</b>	<b>-</b>	<b>9.1</b>

The Pensions Trust 2016  
Year ended 30 September 2021

	2020			
	Fees £'000	Commission £'000	Taxes £'000	Total £'000
Equities	6.1	9.7	-	15.8
Commodities	0.1	-	-	0.1
	<b>6.2</b>	<b>9.7</b>	<b>-</b>	<b>15.9</b>

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

### 11. Investment Management Expenses

	Year ended 30 Sept 2021 £'000	Year ended 30 Sept 2020 £'000
Management, Administration and Custody	1,878.9	1,897.3
	<b>1,878.9</b>	<b>1,897.3</b>

The Trust paid £993.2k (2020: £1,245.3k) in the year to The Pensions Trust in respect of the administration, management and custody of the Trust's investments.

### 12. Pooled Investment Vehicles

	2021 £'000	2020 £'000
<b>By type:</b>		
Equities	13,571.5	21,317.5
Bonds	241,948.1	252,422.1
Property	34,171.1	27,031.4
Hedge Funds	16,531.5	14,808.0
Venture Capital and Partnerships	96,691.1	75,707.4
Cash	11,297.7	-
Commodities	285.2	730.9
	<b>414,496.2</b>	<b>392,017.3</b>

### 13. Derivatives

Outstanding derivative financial instruments at the year-end are summarised as follows:

#### Forward Foreign Currency

Type:	Expires within	Notional Value £'000	2021 Fair Value	
			Asset £'000	Liability £'000
Buy EUR for GBP (8 contracts)	1 Year	936.7	-	(0.3)
Buy GBP for EUR (11 contracts)	1 Year	2,721.9	-	(0.4)
Buy GBP for JPY (6 contracts)	1 Year	1,733.6	-	(13.4)
Buy GBP for USD (29 contracts)	1 Year	39,394.5	-	(709.0)
Buy JPY for GBP (7 contracts)	1 Year	535.7	-	(1.9)
Buy USD for GBP (7 contracts)	1 Year	10,606.2	129.9	-
<b>Total 2021</b>		<b>55,928.6</b>	<b>129.9</b>	<b>(725.0)</b>
<b>Total 2020</b>		<b>65,668.9</b>	<b>335.7</b>	<b>(214.1)</b>

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

#### Objectives and Policies for Holding Derivatives

The Trustee has authorised the use of derivative financial instruments by its investment managers as part of its investment strategy as follows:

- Forward Foreign Currency: The Trustee uses forward contracts primarily for the purposes of currency risk management.

#### 14. Insurance Policies

The Trustee holds insurance policies with Rothesay Life, Canada Life, ReAssure, Aviva Life, Prudential and a number of sundry insurers, as noted below, which provide annuity income to cover pensions for certain members and their beneficiaries. The valuation of these policies is completed by TPT's in-house Actuary.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Insurance policies with Rothesay Life	3,953.8	4,140.2
Insurance policies with Canada Life	2,640.0	2,875.1
Insurance policies with ReAssure	1,149.5	1,261.9
Insurance policies with Aviva Life	996.7	862.6
Insurance policies with Prudential	269.9	403.0
Insurance policies with Scottish Widows	36.7	-
Insurance policies with Legal & General Assurance Society	10.2	-
Insurance policies with Phoenix Life	2.6	7.5
	<b>9,059.4</b>	<b>9,550.3</b>

#### 15. Additional Voluntary Contribution (AVC) Investments

Money purchase AVCs are held within the Trust and are detailed below.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
AVC Investments with Coventry Building Society	184.0	184.0
AVC Investments with Scottish Widows	101.5	49.8
AVC Investments with Legal and General	42.4	51.1
AVC Investments with Utmost Life	20.5	19.7
AVC Investments with Phoenix Life	9.5	-
AVC Investments with Aviva Life	9.4	9.2
AVC Investments with Clerical Medical	-	3.4
	<b>367.3</b>	<b>317.2</b>



## 16. Cash and Other Investment Balances

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash – Sterling	1,588.5	4,928.2
Cash – Foreign Currency	3,048.1	557.5
	<b>4,636.6</b>	<b>5,485.7</b>
Accrued Investment Income	2,400.2	861.1
Pending transactions	1,073.7	2,242.6
	<b>3,473.9</b>	<b>3,103.7</b>
Amounts due to Brokers	(432.5)	(117.0)
	<b>7,678.0</b>	<b>8,472.4</b>

## 17. Concentration of Investments

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

	<b>2021</b>		<b>2020</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
	<b>£'000</b>		<b>£'000</b>	
Royal London Asset Management Ltd - UK Corporate Bond	98,647.1	22.0	80,665.7	18.5
Blackrock Investment Management (UK) Ltd - LMF Short Real Profile Fund	55,065.4	12.2	52,487.5	12.0
Ares Secured Income Fund	41,733.2	9.3	32,014.9	7.3
Blackrock Investment Management (UK) Ltd - LMF Long Real Profile Fund	40,757.7	9.1	42,121.6	9.6
Standard Life Investment Ltd - Long lease Property Series 5	34,171.1	7.6	27,031.4	6.2
Blackrock Investment Management (UK) Ltd - LMF Long Nominal Profile Fund	23,363.1	5.2	37,622.5	8.6

## 18. Fair Value of Investments

The fair value of investments has been determined using the following hierarchy.

Investment Category	Description
Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Trust's investment assets and liabilities have been included at fair value within these categories as follows:

Category:	2021			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	7,097.2	39.0	-	7,136.2
Bonds	2,396.5	8,927.8	-	11,324.3
Pooled Investment Vehicles	-	301,527.7	112,968.5	414,496.2
Derivatives	-	-	129.9	129.9
Insurance Policies	-	-	9,059.4	9,059.4
AVCs	-	367.3	-	367.3
Cash and Cash Equivalents	4,636.6	-	-	4,636.6
Other Investment Balances	3,473.9	-	-	3,473.9
	<b>17,604.2</b>	<b>310,861.8</b>	<b>122,157.8</b>	<b>450,623.8</b>
<b>Investment Liabilities</b>				
Derivatives	-	-	(725.0)	(725.0)
Other Investment Balances	(432.5)	-	-	(432.5)
	<b>(432.5)</b>	<b>-</b>	<b>(725.0)</b>	<b>(1,157.5)</b>
<b>Total Investments</b>	<b>17,171.7</b>	<b>310,861.8</b>	<b>121,432.8</b>	<b>449,466.3</b>

Pooled investment vehicles which are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in Level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors

which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 30 September 2021 (2020: none).

Analysis for the prior year end is as follows:

<b>Category:</b>	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Investment Assets</b>				
Equities	12,457.1	67.4	-	12,524.5
Bonds	3,158.3	9,662.7	-	12,821.0
Pooled Investment Vehicles	-	301,794.8	90,222.5	392,017.3
Derivatives	-	-	335.7	335.7
Insurance Policies	-	-	9,550.3	9,550.3
AVCs	-	317.2	-	317.2
Cash and Cash Equivalents	5,528.8	-	-	5,528.8
Other Investment Balances	3,103.7	-	-	3,103.7
	<b>24,247.9</b>	<b>311,842.1</b>	<b>100,108.5</b>	<b>436,198.5</b>
<b>Investment Liabilities</b>				
Derivatives	-	-	(214.1)	(214.1)
Cash and Cash Equivalents	(43.1)	-	-	(43.1)
Other Investment Balances	(117.0)	-	-	(117.0)
	<b>(160.1)</b>	<b>-</b>	<b>(214.1)</b>	<b>(374.2)</b>
<b>Total Investments</b>	<b>24,087.8</b>	<b>311,842.1</b>	<b>99,894.4</b>	<b>435,824.3</b>

## 19. Investment Risks

### Types of Risk Relating to Investments

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**Credit Risk:** The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market Risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- **Currency Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest Rate Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

- **Other Price Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In the following table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/not at all.

	Credit Risk	Market Risk			2021	2020
		Currency Risk	Interest Rate Risk	Other Price Risk	£'000	£'000
Equities	○	◐	○	●	7,136.2	12,524.5
Bonds	●	◐	●	◐	11,324.3	12,821.0
Pooled Investment Vehicles					414,496.2	392,017.3
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Derivatives	◐	◐	●	◐	(595.1)	121.6
Insurance Policies	◐	○	●	○	9,059.4	9,550.3
AVC Investments	◐	◐	◐	◐	367.3	317.2
Cash and Other Investment Balances	●	◐	●	○	7,678.0	8,472.4
					<b>449,466.3</b>	<b>435,824.3</b>

### Investment Strategy

The Trustee's objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns sufficient to meet, together with future contributions, the benefits payable under the Rules as they fall due.

The Trust is a multi-employer pension scheme that provides tailored investment solutions for a number of underlying DB sections. In order to achieve its objective the Trustee constructs pools of assets that are then used to determine scheme specific investment strategies tailored to meet their individual set of liabilities.

The Trustee has delegated the power to set investment strategy to its Investment Committee and Funding Committee. In summary, after taking advice from the Trust's independent investment consultants, the Investment Committee sets the fund selection and performance strategy for the various pools of assets from which the scheme-specific strategies are drawn. The Funding Committee sets scheme specific asset allocation strategies at the same time as assessing scheme-specific funding needs.

When constructing the pools of assets from which scheme specific investment strategies are drawn the Investment Committee considers a number of factors including, but not limited to, the expected risk and return of each asset class, diversification benefits, liquidity requirements and fees. In order to support its decision-making the Investment Committee takes independent advice from the Trust's investment consultants, as well as receiving input from the Trust's Chief Investment Officer.

In October 2020, the Trustee reviewed a set of 10 Investment Beliefs that the Investment Committee must use as a framework when making decisions and agreeing the investment strategy. These Investment Beliefs can be found in full on the Trust's website.

In March 2021, the Trustee approved a set of 9 Responsible Investment Principles which are used in conjunction with the Investment Beliefs to inform the investment strategy. The Responsible Investment Principles can be found in full on the Trust's website.

The Trustee employs third-party fund managers to implement the investment strategy, meaning that the Trust does not manage any money in-house. The Trust uses a combination of both passive and active investments depending on the perceived ability to add value in the relevant area. Fund managers are monitored on an ongoing basis by both the Investment Committee and the in-house Investment Team, and are met with at least annually.

When considering the investment strategy on a scheme specific basis for each section of the Trust, the Funding Committee takes into account a number of considerations such as the strength of the employer covenant, the long-term liabilities of the scheme, the appetite for investment risk and the funding strategy agreed with the employer(s). These are reviewed at least every three years in line with the scheme's valuation to ensure that the strategy remains appropriate.

### **Credit Risk**

The Trust is subject to direct credit risk because it invests in bonds, forward foreign exchange contracts, derivatives and has cash equivalents. The Trust also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the provider of the pooled investment vehicle and also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

The Pensions Trust 2016  
Year ended 30 September 2021

A summary of exposures to credit risk is given in the following table. The notes below explain how this risk is managed and mitigated for the different asset classes.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Investments exposed to Credit Risk</b>		
Bonds	11,324.3	12,821.0
Pooled Investment Vehicles:		
Bond Funds (Direct and Indirect)	241,948.1	252,422.1
Other Funds (Direct Risk only)	172,548.1	139,595.2
Derivatives – Assets	129.9	335.7
– Liabilities	(725.0)	(214.1)
Insurance Policies	9,059.4	9,550.3
AVC Investments	367.3	317.2
Cash and Other Investment Balances	7,678.0	8,472.4
	<b>442,330.1</b>	<b>423,299.8</b>

Credit risk arising on bonds held directly is mitigated by ensuring that the investment manager has a suitable framework in place for assessing the credit worthiness of the counterparty and that the credit rating of the bonds matches the desired risk profile of the mandate.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB– or higher by Standard & Poor’s or Fitch or rated at Baa3 or higher by Moody’s.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Indirect credit risk arises in relation to underlying investments held in a number of the pooled investment vehicles. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager’s investment process at appointment. Forward foreign exchange contracts are not guaranteed by any regulatory exchange and therefore schemes are subject to the risk of failure of the counterparty.

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

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

	<b>2021</b>	<b>2020</b>
<b>Legal nature of the pooled arrangements:</b>	<b>£'000</b>	<b>£'000</b>
Authorised Unit Trust	121,873.6	151,443.7
Open ended investment company	120,635.6	139,200.7
Partnerships	92,236.4	75,707.4
Unit linked insurance contracts	52,122.3	-
Société d'investissement à capital variable (SICAV)	12,828.6	25,613.9
Cash	11,297.7	-
Closed ended funds	3,502.0	-
Exchange Traded Commodities	-	51.6
	<b>414,496.2</b>	<b>392,017.3</b>

### Currency Risk

The Trust is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The exposure to USD, EUR and JPY is hedged as follows:

- Developed market equities: 70%
- Emerging market debt: 70%
- Other asset classes: 100%

Some assets recognise the currency risk as part of the overall fund strategy and therefore it is recognised that no additional hedging is required in respect of these assets.

The net currency exposure at the current and previous year-ends was as follows.

				<b>2021</b>	<b>2020</b>
	<b>Direct</b>	<b>Indirect</b>		<b>Net</b>	<b>Net</b>
	<b>Exposure</b>	<b>Exposure</b>	<b>Hedging</b>	<b>Exposure</b>	<b>Exposure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>after</b>	<b>after</b>
				<b>Hedging</b>	<b>Hedging</b>
				<b>£'000</b>	<b>£'000</b>
Euros (EUR)	428.0	1,365.9	(1,714.3)	79.6	466.3
US Dollars (USD)	4,752.4	41,141.0	(28,186.8)	17,706.6	4,833.2
Japanese Yen (JPY)	1,354.4	541.9	(676.3)	1,220.0	382.8
Other Currencies	319.7	-	-	319.7	563.8
	<b>6,854.5</b>	<b>43,048.8</b>	<b>(30,577.4)</b>	<b>19,325.9</b>	<b>6,246.1</b>

### Interest Rate Risk

The Trust is subject to interest rate risk because some of the investments are held in bonds or interest rate swaps (either segregated investments or through pooled investment vehicles), and cash.

A summary of exposures to interest rate risk is given in the following table:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Investments exposed to Interest Rate Risk</b>		
Bonds	11,324.3	12,821.0
Pooled Investment Vehicles		
Bond Funds (Indirect)	241,948.1	252,422.1
Derivatives – Assets	129.9	335.7
– Liabilities	(725.0)	(214.1)
Insurance Policies	9,059.4	9,550.3
AVC Investments	367.3	317.2
Cash and Other Investment Balances	7,678.0	8,472.4
	<b>269,782.0</b>	<b>283,704.6</b>

### Other Price Risk

The Trust is subject to other price risk, principally in relation to the growth assets which include directly held equities, equities held through pooled or segregated vehicles, commercial property, unlisted infrastructure and a range of strategies that aim to produce absolute returns in all market environments. There is also more limited exposure to other price risk within the Matching Plus Portfolio, principally in relation to the allocation to commercial property.

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Investments exposed to Other Price Risk</b>		
Equities	7,136.2	12,524.5
Bonds	11,324.3	12,821.0
Pooled Investment Vehicles		
Other Funds (Indirect)	172,548.1	139,595.2
Derivatives – Assets	129.9	335.7
– Liabilities	(725.0)	(214.1)
AVC Investments	367.3	317.2
	<b>190,780.8</b>	<b>165,379.5</b>



## 20. Current Assets

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Contributions due in respect of:		
Employers	113.3	342.9
Employees	10.1	11.1
Other debtors	822.0	1,602.6
	<b>945.4</b>	<b>1,956.6</b>

At 30 September 2021, the Trust had a debtor of £810.2k (2020: £1,438.5k) owing from The Pensions Trust. This represents cash balances held within the joint bank account.

All contributions outstanding at year-ended 30 September 2021 were subsequently received in line with the due dates set out in the certified and interim Schedules of Contributions.

## 21. Current Liabilities

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Unpaid Benefits	155.5	125.1
Tax Deducted from Pensions	114.3	118.7
Other Creditors	-	92.7
Accrued Expenses	569.0	330.4
	<b>838.8</b>	<b>666.9</b>

## 22. Contingencies and Commitments

As at 30 September 2021 the Trust had no contingent assets or liabilities (2020: none), with the exception of GMP Equalisation as set out below.

### GMP Equalisation

Between 1978 and 2016, it was possible to contract out of part of the State Pension by being a member of an occupational pension scheme that met certain conditions. Where the scheme was contracted out, members and the employer paid a reduced rate of National Insurance to reflect the fact that the Scheme would provide benefits to replace some of the members' state pension rights. Between 1978 and 1997, contracted out defined benefit schemes were required to provide a Guaranteed Minimum Pension for each member. From 1997 to 2016 different rules applied.

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. On 20 November 2020, the High Court issued a follow-on judgement in the Lloyds case and ruled that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to consider if any additional value is due as a result of GMP equalisation.

The Trustee is aware that this issue will affect each of the previously contracted out defined benefit schemes in the Trust and will be considering this matter at future meetings during which decisions will be made as to the next steps. An approximate allowance has been made in each affected scheme's actuarial valuation, with the typical impact being a less than 2% increase in total liabilities.

### Commitments

The Trust has made capital commitments in respect of a number of direct lending, infrastructure and risk-sharing funds. The balance of the commitments can be drawn down by the manager when required to fund purchases and costs.

At the year end, the outstanding commitments were:

	<b>2021 Committed (Local CCY)</b>	<b>Outstanding at 30 Sept 21 (Local CCY)</b>	<b>2020 Committed (Local CCY)</b>	<b>Outstanding at 30 Sept 20 (Local CCY)</b>
Direct Lending	£22,956.8k	£9,750.2k	£20,906.4k	£6,642.5k
Distressed Opportunities	\$27,000.0k	\$2,530.3k	\$27,000.0k	\$4,526.7k
Infrastructure	\$8,600.0k	\$4,600.0k	\$6,604.2k	\$2,600.0k
Opportunistic Illiquid Credit	\$7,550.0k	-	\$5,050.0k	\$3,050.0k
Risk Sharing	\$7,000.0k	\$1,462.2k	\$1,500.0k	\$1,455.0k
Secure Income	£47,503.2k	-	£39,013.2k	-
Tactical Credit Opportunities	\$8,319.0k	-	\$8,319.0k	\$237.4k
Partners Group	£4,000.0k	-	£4,000.0k	-
Renewable Infrastructure	€2,100.0k	€1,778.1k	-	-
Renewable Infrastructure	\$2,500.0k	\$2,348.4k	-	-

### 23. Subsequent Events

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

### 24. COVID-19

Since March 2020, COVID-19 has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

The Trustee, in conjunction with their advisers, monitor the situation closely and review any actions that are deemed to be necessary. This includes monitoring the employer covenant, the operational impact on the Trust's and the Trust's investment portfolio.

The extent of the impact on the Trust's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

The Trust's Financial Statements have been prepared on the going-concern basis. In making this assessment, the Trustee has reviewed the ability of the Sponsoring Employers to continue to meet their

obligations to the relevant Schemes and for the individual Schemes to meet their future obligations to pay member benefits as they fall due. The Trustee remains satisfied about the continuing strength of the Employers and their ability to support the relevant Schemes. On this basis, the Trustee has concluded that the Trust remains a going concern for a period of 12 months from the date of approval of this Annual Report.

## 25. Scheme Balances

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Coventry Building Society Staff Superannuation Scheme <sup>1,2</sup>	248,679.4	252,350.8
Darlington Building Society Pension Plan <sup>1,2</sup>	33,275.4	34,431.5
Frank Roberts & Sons Pension Scheme <sup>1,2</sup>	29,759.2	29,430.8
Hinckley and Rugby Building Society Defined Benefit Pension Scheme <sup>1,2</sup>	32,219.1	32,905.0
Medicash Pension Fund <sup>1,2</sup>	22,577.6	22,462.3
National Counties Building Society Pension Scheme <sup>1</sup>	30,295.7	30,282.6
Seabourne Pension Scheme <sup>1,2</sup>	9,566.3	9,199.4
Together Working for Wellbeing Pension Scheme <sup>1,2</sup>	15,969.4	-
Waterloo Housing Association Benefit Plan <sup>2</sup>	27,230.8	26,051.6
	<b>449,572.9</b>	<b>437,114.0</b>

<sup>1</sup> Closed to new entrants

<sup>2</sup> Closed to future defined benefit accrual

## 26. Related Party Transactions

### Key management personnel

The Trustee, Verity Trustees Limited, is also the Trustee of The Pensions Trust. All of the Trustee Directors serve as Trustee for each Trust.

### Employer-Related Investments

The Trust invests in various housing bonds, whose underlying borrowers are drawn from a pool of registered social landlords. The names of the actual borrowers are not disclosed and can vary over time. Waterloo Housing Association is the only registered social landlord which participates in the Trust which could be an Employer Related Investment. However, the Trust's holdings in bonds relating to Waterloo Housing Association as at 30 September 2021 was £nil (2020: £nil).

Employer-Related Investments include contributions that were received later than the due date set out on the Schedule of Contributions or Payment Schedule. As at 30 September 2021, there was no amount of outstanding contributions which were received late (2020: nil); this included defined benefit employer normal, employee normal and deficit funding contributions. At the year end date there were no late contributions outstanding.

**The Pensions Trust**

At 30 September 2021, the Trust had a debtor of £810.2k (2020: £1,438.5k) owing from The Pensions Trust. This represents cash balances held within the joint bank account.

The Trust paid £807.2k (2020: £734.9k) to The Pensions Trust in the year in respect of the administration and management of the Trust over the period 1 October 2020 to 31 August 2021. A further £75.8k is due in respect of September 2021 and is included as a creditor.

The Trust paid £889.2k (2020: £1,245.3k) in the year to The Pensions Trust in respect of the administration, management and custody of the Trust's investments over the period 1 October 2020 to 31 August 2021. A further £104.0k is due in respect of September 2021 and is included as a creditor.

## **Independent auditors' statement about contributions to the Trustee of The Pensions Trust 2016**

### **Statement about contributions**

#### **Qualified opinion**

In our opinion, except for the matters described in the basis for qualified opinion paragraph below, the contributions required in accordance with the schedules of contributions certified by the Scheme actuary for the Trust year ended 30 September 2021 as reported in The Pensions Trust 2016's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on the respective dates listed in the summary of contributions.

We have examined The Pensions Trust 2016's summary of contributions for the Trust year ended 30 September 2021 which is set out on page 45.

#### **Basis for qualified opinion**

The summary of contributions discloses details of the late contributions which have led us to qualify our opinion.

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Trust under the schedules of contributions, and the timing of those payments.

### **Responsibilities for the statement about contributions**

#### *Responsibilities of the Trustee in respect of contributions*

As explained more fully in the statement of Trustee's responsibilities, the Trust's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Trust by employers in accordance with relevant requirements.

#### *Auditors' responsibilities in respect of the statement about contributions*

It is our responsibility to provide a statement about contributions and to report our opinion to you.

*Use of this report*

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
24 March 2022

## Summary of Contributions

During the year ended 30 September 2021, the contributions required to be paid to the Trust were as follows:

	<b>£'000</b>
<b>Contributions required in accordance with the Schedules of Contributions certified by the Scheme Actuary</b>	
Deficit funding	1,946.0
Scheme expenses	800.6
Employer normal contributions	96.1
<b>As reported on by the Trust's Auditors</b>	<b>2,842.7</b>
<b>Other contributions</b>	
Deficit funding	165.0
Scheme expenses	297.9
Employer normal contributions	306.9
Member normal contributions	127.8
<b>Total contributions paid in addition to the Schedules of Contributions</b>	<b>897.6</b>
<b>Total contributions as reported per the Fund Account</b>	<b>3,740.3</b>

The Schedules of Contributions in place during the year are as follows:

Scheme	Date of Actuarial Certification of Schedule of Contributions
Waterloo Housing Association Benefit Plan	05/09/2018
Frank Roberts & Sons Pension Scheme	12/12/2018
Darlington Building Society Pension Plan	12/08/2019
Hinckley & Rugby Building Society Defined Benefit Pension Scheme	15/10/2020
Medicash Pension Fund	23/10/2020
Coventry Building Society Staff Superannuation Scheme	25/11/2020
Seabourne Pension Scheme	30/09/2021

A Schedule of Contributions for National Counties Building Society Pension Scheme has been certified by the Actuary after 30 September 2021. Together Working for Wellbeing Pension Scheme has yet to have a Schedule certified by the Actuary. An interim schedule has been agreed between the Trustee and the relevant employer. Contributions relating to periods before a Schedule of Contributions has been certified are included within other contributions and not reported on by the Auditors.

Discussions are ongoing in relation to a new Schedule of Contributions for Frank Roberts & Sons Pension Scheme.

The Pensions Trust 2016  
Year ended 30 September 2021

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The Schedules of Contributions certified by the Actuary post year-end are as follows:

<b>Scheme</b>	<b>Date of Actuarial Certification of Schedule of Contributions</b>
National Counties Building Society Pension Scheme	17/12/2021
Waterloo Housing Association Benefit Plan	17/12/2021

During the year two employers remitted Scheme expense contributions later than the date set out in the Schedules of Contributions. In respect of the year ended 30 September 2021, there were four late payments, between 11 and 52 days late, representing total Scheme expense contributions of £62.7k.

Approved by and signed for and on behalf of the Trustee on 24<sup>th</sup> March 2022.

**Joanna Matthews**  
Independent Chair  
Verity Trustees Limited



## Summary of Actuarial Certificates

The Pensions Trust 2016 is a multi-employer pension scheme, where the Scheme's Actuary has signed actuarial certificates. The following two statements have been given by the Actuary together with the signature and details of the Actuary.

### Statement 1

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 30 September 202X is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on) [Date].

### Statement 2

#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that –

the Statutory Funding Objective could have been expected on 30 September 202X to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the Trustee on) [Date].

#### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on) [Date]).

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

The Pensions Trust 2016  
Year ended 30 September 2021

The dates of the last triennial actuarial valuation and the dates of the Actuary's certification of that valuation for each pension scheme are listed below.

<b>Scheme</b>	<b>Year of Triennial Valuation as at 30 September</b>	<b>Date of Certification of Schedule of Contributions</b>	<b>Date of actuarial update</b>
Darlington Building Society Pension Plan	2018 <sup>1</sup>	12/08/2019	30/09/2020
Hinckley and Rugby Building Society Defined Benefit Pension Scheme	2019	15/10/2020	30/09/2020
Medicash Pension Fund	2019	23/10/2020	30/09/2020
Coventry Building Society Staff Superannuation Scheme	2019	25/11/2020	30/09/2020
Seabourne Holdings Limited Retirement Benefits Scheme	2020	30/09/2021	N/A
National Counties Building Society Pension Scheme	2020	17/12/2021	N/A
Waterloo Housing Association Benefit Plan	2020	17/12/2021	N/A
Frank Roberts & Sons Pension Scheme	2020	TBC	N/A
Together Working for Wellbeing Pension Scheme	2021 <sup>2</sup>	N/A <sup>2</sup>	N/A

<sup>1</sup> Valuation to be performed as at 30 September 2021.

<sup>2</sup> Interim Schedule of Contributions in place until the completion of the 30 September 2021 actuarial valuation due to the schemes transferring into the Trust during the year.

Discussions are ongoing in relation to a new Schedule of Contributions for Frank Roberts & Sons Pension Scheme. The employer is continuing to pay deficit contributions under the Schedule of Contributions certified on 12 December 2018.

Copies of the above certificates are available on request from the contact details on page 2.

## Appendix 1 - SIP Implementation Statement

### The Pensions Trust 2016 (TPT2016) - SIP Implementation Statement

#### Introduction

This SIP Implementation Statement (“the Statement”) has been prepared by Verity Trustees Limited as the Trustee of The Pensions Trust 2016 (“the Trustee”) and relates to The Pensions Trust 2016 (“TPT2016”).

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

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

Based on regulatory requirements, the Statement will cover the period from 1st October 2020 to the end of TPT2016’s financial year on 30th September 2021.

The Statement is split into three sections:

1. an overview of the Trustee’s actions and highlights during the period covered;
2. the policies set out in TPT2016’s SIP and the extent to which they have been followed in the reporting period; and
3. the voting behaviour and significant votes undertaken by the fund managers on behalf of TPT2016.

#### SIP Updates

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

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee’s policies and how the Trustee will monitor each manager’s performance, fees and portfolio costs; and

- Engagement policy, including the exercise of the rights (including voting rights) attached to the investments.

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

***Updates to the SIP:***

- There have been no updates to the SIP.

**Overview of Trustee's Actions**

***Investment Objectives and Strategy***

TPT2016's agreed strategic asset allocation reflects the Trustee's view of the most appropriate investments, balancing risk/reward characteristics of the funds TPT2016 is invested in, to support participating scheme's full funding objectives.

During the reporting period there was no change to TPT2016's overall investment objectives. However, due to the master trust nature of TPT2016, the investment strategy of each participating scheme is reflective of the integrated approach towards assessing risk (for its defined benefit schemes), considering areas such as investment risk, and covenant support.

In order to implement the investment strategy each participating scheme holds a tailored combination of the Growth Asset Portfolio ("GAP") Matching-Plus Portfolio ("MPP") and Liability Driven Investments ("LDI"). The GAP and MPP are made up of a number of underlying sub-portfolios that allocate to the major asset classes, such as equities and credit, as well a range of diversifiers such as insurance-linked securities.

During the reporting period the following strategy changes were made:

- The Trustee invested in the Low Carbon Transition Fund with LGIM. This investment was made in order to mitigate the GAP's exposure to climate risk, with the Trustee transitioning its entire 'market cap' exposure to the Low Carbon Transition Fund and achieving an initial reduction in carbon intensity of 70%.
- The Trustee invested in two Renewable Infrastructure mandates following the recommendations of the August 2020 strategy review, namely Stonepeak Global Renewables Fund and Foresight Energy Infrastructure Partners Fund.
- A decision was made by the Trustee to terminate the Wellington Global High Yield Debt mandate and the King Street Tactical Credit Opportunities mandate. The proceeds of these mandates were reinvested across the wider portfolio, with allocations made to the following sub-portfolios within the Growth Asset Portfolio: Credit (Emerging Markets Debt), Illiquidity, Insurance and Market Neutral.

### ***Trustee's policies for investment managers***

The Trustee relies on investment managers for the day-to-day management of TPT2016's assets but retains control over TPT2016's investment strategy.

The Trustee makes use of both pooled investment vehicles as well as segregated mandates with its asset managers. TPT2016's assets that are invested in a segregated manner have the Trustee's specified terms within the investment agreements, for example TPT2016's Voting and Engagement policy and specific restricted investments (e.g. controversial weapons). TPT2016's assets that are invested in pooled investment vehicles, have standardised fund terms. Further to this, TPT2016 has negotiated side letters which set out further restrictions including excluded investments. The Trustee has not received notifications from its relevant investment managers of any material changes to the pooled fund terms over the scheme year.

The Trustee has negotiated new terms for LGIM, Stonepeak and Foresight; these are three new pooled mandates that the Trustee has invested into over the reporting period. The RBC China and the RBC ex-China Emerging Markets mandates are segregated.

### ***Final Remarks***

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within TPT2016's SIP. Any changes to the investment strategy agreed during the period but implemented after the period had ended will be reported against in the next implementation statement.

The responsibility for managing TPT2016's holdings is delegated to its fund managers. The Trustee believes that TPT2016's fund managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by TPT2016, and the amount of time corporate entities have available for single investors. However, TPT2016 sets out its expectations to its asset managers in terms of Corporate Governance via its Voting and Engagement Policy document and adherence to the PLSA policy guidelines, as well as its Statement of Investment Principles.

The Trustee believes that it should act as a responsible steward of the assets in which TPT2016 invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

**Review of SIP Policies**

Policy	Has the policy been followed?	Evidence
<b>Appointments and Delegation</b>		
<p>The Trustee’s Investment Committee (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. These appointments are regularly reviewed. The details of individual managers are published each year in the investment report within the Trustee’s Annual Report.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to monitor the manager ratings in an annual agenda-led meeting. Following this, they produce a manager factsheet, meeting notes, (updating of) research notes and a manager profile (covering performance). These ratings are approved by the Chief Investment Officer (“CIO”), by the IC or the Portfolio Construction Group.</p>
<b>Investment Beliefs</b>		
<p>The Trustee has agreed a set of Investment Beliefs that the IC and CIO use as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually and published each year and are made available on TPT2016’s website</p> <p>The Trustee regularly reviews the asset allocation of its DB investments in line with its Responsible Investment Framework (“RI Framework”), available on TPT2016’s website, to ensure the security, liquidity, quality and profitability of the DB portfolio as a whole and to ensure DB investments are appropriately diversified.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee Board approved a set of RI Principles during Q1 2021, which supplements the Investment Beliefs.</p> <p>The Investment Beliefs were reviewed on 14 October 2021, 12 months after the previous review as at 12 October 2021 as per the policy.</p>

Policy	Has the policy been followed?	Evidence
<b>Investment Strategies</b>		
<p>The Growth Asset and Matching-Plus Portfolios both aim to be well diversified between asset classes and return drivers. The strategy for each scheme is reviewed at least every three years to ensure it remains appropriate.</p> <p>The Trustee reviews the risk and return objectives for the Growth Asset and Matching-Plus Portfolios on a periodic basis to ensure they are consistent with scheme objectives.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The strategy for each participating scheme is subject to at least one strategy review post the triennial valuations.</p>
<b>Management and Risk (1/2)</b>		
<p>Investments are held by Custodians (or property deeds are held directly). Only designated persons can authorise the transfer of assets between managers. Each investment manager executes its own stock selection policy within asset allocation control targets agreed with the IC. The discretionary managers determine the investments held, subject to objectives agreed and reviewed from time to time. Some assets are readily marketable and investments may be realised from time to time as required to provide funds in order to make payment of benefits. Formal meetings are held regularly with the investment managers and custodians. By using a number of investment managers, the risk attached to adverse performance by any one manager is reduced. Derivative contracts can only be used with the prior agreement of the IC.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Formal meetings are held with the investment managers according to a predetermined schedule.</p> <p>The meeting dates with the custodian within the reporting period were as follows:</p> <ul style="list-style-type: none"> <li>• 22 December 2020</li> <li>• 24 March 2021</li> <li>• 30 June 2021</li> <li>• 24 September 2021</li> </ul>

Policy	Has the policy been followed?	Evidence
<b>Management and Risk (2/2)</b>		
<p>The risks, as per stated in the SIP are assessed and monitored regularly.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitors and manages these risks factors through measures specific to each risk on a quarterly basis. It seeks guidance and written advice from its Investment Consultant as appropriate.</p>
<b>Responsible Investment (including ESG factors) and non-financial matters (1/2)</b>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The RI Framework outlines the policies that relate the Trustee’s duties under the Investment Regulation e.g. Voting and Engagement, Climate Risk.</p> <p>The Trustee publishes the following in the RI section of TPT2016’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> <li>• The latest Task Force on Climate-related Financial Disclosures (“TCFD”) report</li> <li>• The latest carbon foot printing exercise carried out on the portfolio (where possible)</li> <li>• List of membership / signatories to relevant bodies</li> </ul>



Policy	Has the policy been followed?	Evidence
<b>Responsible Investment (including ESG factors) and non-financial matters (2/2)</b>		
<p>The Trustee Board delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Responsible Investment Framework was last reviewed on the 14 October 2021 and no changes were made.</p>
<b>Fund Manager Selection and Monitoring (1/2)</b>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has tailored several investment management agreements ("IMAs") to incorporate specific requirements for ESG capabilities and reporting. There are several mandates for which this has been done. The requirements include:</p> <ul style="list-style-type: none"> <li>• Consider climate risk in decision making.</li> <li>• Exclude controversial weapons.</li> <li>• Commitment to provide ESG reporting.</li> <li>• Commitment to incorporate relevant ESG factors into decision making and provide ESG reporting.</li> </ul> <p>During the reporting period, the Trustee engaged with four managers that had a D rating, the lowest rating available. This was carried out with the intention of increasing the rating to a</p>

Policy	Has the policy been followed?	Evidence
		<p>minimum of C, or the Trustee would potentially terminate their contract.</p> <p>Of the four managers that the Trustee engaged with, only one manager was terminated (Capital Fund Management - Institutional Systematic Diversified Fund). This was primarily due to performance and business concerns. The other three (King Street, Apollo and Nephila) all made significant improvements over this period and were subsequently upgraded to a C rating. TPT2016 now have no D rated managers.</p>
<b>Fund Manager Selection and Monitoring (1/2)</b>		
<p>The Investment Management Team (“IMT”) discusses the approach of the Trustee’s incumbent managers to stewardship, climate change and ESG risks as part of the manager monitoring process and requires the managers to report back on their Responsible Investment activities on a regular basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The managers report on their RI activities, including their approach to stewardship, climate change and ESG risks via annual reviews.</p>
<p>The Trustee reports Responsible Investment manager ratings on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The IMT acts on behalf of the Trustee and reporting is done on a quarterly basis via a manager dashboard system.</p>

Policy	Has the policy been followed?	Evidence
<b>Environmental, Social and Governance Factors (1/2)</b>		
<p>The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon foot printing, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (“FSB”) TCFD and will use the guidance it sets out for asset owners as the framework for reporting on climate change.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the reporting period, the Trustee has not undertaken a review of the carbon risk.</p> <p>However, the Trustee made a net zero commitment in June 2021 and has a 12-month timeline to release interim targets setting out a means to achieving this. The IC is due to attend a workshop to discuss this in April 2022.</p>
<b>Environmental, Social and Governance Factors (2/2)</b>		
<p>The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the previous reporting period, the Trustee added 3 mandates and these have remained over the reporting period. Specific ESG and climate change expectations were considered when appointing these new mandates.</p>

Policy	Has the policy been followed?	Evidence
<b>Social Factors</b>		
<p>The Trustee carries out regular reviews of its portfolio to ensure adherence with its approach to restricting investments in controversial weapons.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee ensures that adherence to the approach to restricting investments in controversial weapons is written into the relevant IMAs. The RI Framework includes the criteria for companies to be included in this list, which was reviewed on 14 October 2021.</p>
<b>Governance Factors</b>		
<p>The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is aware that the assessment of companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties is an evolving area. The Trustee has actively engaged in training sessions on wider Responsible Investment practices, which will inform TPT2016's implementation of this policy in the future.</p>

Policy	Has the policy been followed?	Evidence
<b>Engagement (1/2)</b>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee had a training session at the Q1 2021 Trustee Board meeting covering engagement activities with investment managers.</p> <p>There were three decision training sessions for smaller groups of the Trustee Board and a paper with a focus on Responsible Investment (RI) was taken to the March 2021 meeting. It was agreed there was a need to increase the RI allocation, which included making additional hires. These hires are due to start in Q1 2022. The focus will then be on becoming more active in the engagement space and considering which methods of engagement would be the most efficient.</p>

Policy	Has the policy been followed?	Evidence
<p>The Trustee recognises that as a responsible asset owner, it should, wherever practicable given time and resources, support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this, the Trustee will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its RI Framework. As part of its effort in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, the PLSA, and the Institutional Investors Group on Climate Change (“IIGCC”). This list is not considered to exhaustive.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is a signatory of the PRI. These reports are compiled by the United Nations-backed PRI on an annual basis to assess the sustainability credentials of firms in the investment industry, to promote its key objectives. TPT2016 scored highly across a majority of the modules, including its RI goals and objective. This report is published on the TPT2016 website.</p>
<p><b>Codes and industry initiatives</b></p>		
<p>The Trustee also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support the Trustee’s work in this regard it is a member of the IIGCC and the UK Sustainable Investment and Finance Association (“UKSIF”).</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC and UKSIF.</p>

Policy	Has the policy been followed?	Evidence
<b>Non-financial matters</b>		
<p>The Trustee will review its policy on non-financial matters on an annual basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>TPT2016 have an Ethical Investment Framework that was adopted following consultation with key member organisations. The framework is aimed applying a standard set of ethical criteria to TPT2016's Ethical Funds to address moral or ethical preferences that have been highlighted to TPT2016 as being important to some member organisations, and likely shared by a sub-set of members This framework was last reviewed on 14 October 2021 and no changes were made.</p>
<b>Compliance</b>		
<p>The IC requires all investment managers to confirm, through their reporting, that the investments are diversified and suitable, and that they have complied with the principles set out in the DB SIP. The Trustee will review the DB SIP annually and without delay after any significant change in investment policy.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP was updated prior to 1st October 2019 to reflect the Trustees' view on stewardship and financially material risks such as ESG, including climate change.</p> <p>Subsequent revisions to the SIP was published on 27th September 2020 to comply with further regulatory changes.</p>

## Overview of the Trustee's voting and engagement policies

### **Summary of TPT2016's policies**

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

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

The Trustee's stewardship policy is to:

- Delegate responsibility for the exercising of rights (including voting rights) attaching to TPT2016's investments to investment managers; and
- Encourage its investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The Trustee's ability to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. In the instances where TPT2016's assets are invested in pooled funds, where the Trustee hold units in a fund rather than having any direct ownership rights over the underlying assets, the Trustee has limited scope to influence managers' voting and stewardship activities. However, the Trustee does take stewardship into account in selecting, monitoring, and retaining its investment managers.

### **How have the policies been followed for TPT2016?**

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

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



## Voting behaviour

### Legal and General Investment Management (“LGIM”)

#### Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

	Ethical UK Equity Index	Ethical Global	UK Equity Index	North America Equity Index	Europe (ex UK) Equity Index	Asia Pacific (ex UK) Developed Equity Index
How many meetings were you eligible to vote at over the year to 30/09/2021?	219	990	79	513	358	55
How many resolutions were you eligible to vote on over the year to 30/09/2021?	3421	13980	1516	6524	6461	546
What % of resolutions did you vote on for which you were eligible?	100%	100%	100%	100%	99.7%	100%
Of the resolutions on which you voted, what % did you vote with management?	93.2%	83.7%	95.3%	71.3%	84.0%	68.5%
Of the resolutions on which you voted, what % did you vote against management?	6.8%	16.1%	4.7%	28.7%	15.5%	31.5%
Of the resolutions on which you voted, what % did you abstain from?	0.0%	0.2%	0.0%	0.0%	0.5%	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	47.0%	75.4%	48.1%	96.1%	83.0%	80.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.9%	75.4%	48.1%	96.1%	83.0%	80.0%

**Most significant votes**

In determining significant votes, LGIM’s Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association consultation (“PLSA”). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny.
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

<b>Company:</b>	<b>Frasers Group plc</b>
<b>Date:</b>	29 September 2021
<b>Resolutions:</b>	<ul style="list-style-type: none"> <li>• Frasers did not meet the requirements of the Modern Slavery Act 2015. LGIM view this as a failure of governance. The resolution was to receive &amp; adopt the report and accounts.</li> </ul>
<b>LGIM Vote:</b>	Voted against the resolution.
<b>Rationale:</b>	<p>LGIM’s corporate governance policy requires all UK-listed companies to meet the requirements of the Modern Slavery Act 2015. Section 54 of the Act requires companies to provide a statement setting out the steps they have taken to ensure that slavery and human trafficking is not taking place in their own operations or within their supply chain. In addition, the statement should be signed by the board of directors. LGIM will sanction any company that has failed to meet the requirements of the Act for two consecutive years. Not only do we consider this to be serious governance failing, we see this as both a humanitarian crisis and a risk to a company’s operating model. In 2016, it is estimated that there were more than 40 million cases of modern slavery globally; the true figure today is thought to be significantly higher. LGIM is part of a collaborative engagement group that is trying to ensure UK companies comply with this legislation.</p>

**Man Group**

**Voting**

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2021?	697
How many resolutions were you eligible to vote on over the year to 30/09/2021?	8499
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	90.1%
Of the resolutions on which you voted, what % did you vote against management?	9.7%
Of the resolutions on which you voted, what % did you abstain from?	0.2%
In what % of meetings, for which you did vote, did you vote at least once against management?	-
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	7.4%

**Most significant votes**

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

<b>Company:</b>	<b>Royal Dutch Shell Plc</b>
Date:	18 May 2021
Resolutions:	<ul style="list-style-type: none"> <li>Shareholder Proposal Regarding GHG Reduction Targets.</li> </ul>
Man Vote:	Voted for the resolution.
Rationale:	Favour increased environmental reporting/responsibility.

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**Marathon Asset Management**

**Voting**

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2021?	160
How many resolutions were you eligible to vote on over the year to 30/09/2021?	1713
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	95.0%
Of the resolutions on which you voted, what % did you vote against management?	5.0%
Of the resolutions on which you voted, what % did you abstain from?	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	2.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Marathon uses the recommendations prepared by Institutional Shareholder Services (“ISS”) as the basis for its proxy voting policy but reserves the right to deviate from the ISS recommendation where it is felt Marathon has a better understanding of the specific circumstances surrounding a particular issue.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2.0%

**Most significant votes**

Marathon's portfolio managers consider votes to be the "most significant" in the following type of scenarios:

- Marathon owns > 10% free float.
- Vote against management recommendation.
- Vote against ISS recommendation
- Vote is a hot topic in financial press.
- Shareholder proposal
- M&A activity

To improve this process, Marathon plans to capture additional commentary from Portfolio Managers at the time of voting (within the firm's existing proxy voting process), that will help specify if they feel a vote is "significant" and why. This will help identify those votes deemed "most significant" in future reporting periods.

<b>Company:</b>	<b>Hitachi Ltd.</b>
Date:	23 June 2021
Resolutions:	<ul style="list-style-type: none"> <li>• To re-elect and elect directors to the board.</li> </ul>
Marathon Vote:	Voted in favour of the proposal, in line with Management and ISS.
Rationale:	Hitachi had an uneventful meeting, simply seeking the election of the board. As Marathon's largest Japanese position over several years, we have been actively agitating for corporate governance improvements and Hitachi has been particularly responsive. It is one of a handful of Japanese business with a board predominantly composed of independent directors, and which has spent a great deal of time and energy rationalising its structure, buying back listed subsidiaries, and unwinding cross shareholdings. As a result, Marathon rates the board highly.

## Ownership Capital

### Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2021?	24
How many resolutions were you eligible to vote on over the year to 30/09/2021?	242
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	79.0%
Of the resolutions on which you voted, what % did you vote against management?	18.0%
Of the resolutions on which you voted, what % did you abstain from?	3.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	83.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	<p>Our investment team decides how to vote based on our firm's view of corporate governance best practice and our knowledge of each company's business situation. We supplement this through an ongoing dialogue with management and data from Glass Lewis. The recommendations are collected by one member of the investment team, responsible for the screening of the recommendations against the internal voting policy and checking for consistency against previous voting activity. Once this screening is successfully performed, the voting instructions are sent to the proxy voting platform.</p> <p>We currently cast our proxy votes via a dedicated voting provider, Broadridge.</p>
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-

**Most significant votes**

Ownership Capital voting guidelines are based on the principles of the International Corporate Governance Network (“ICGN”), as they provide an internationally recognized framework for corporate governance. Ownership Capital actively votes on all agenda items of all portfolio companies. The Ownership Capital voting principles are:

- Optimising risk / return
- One share, one vote
- Alignment of interest
- Know-what-you own principle
- Shareholder proposals
- Continuous discussion

<b>Company:</b>	<b>Masimo</b>
Date:	May 2021
Resolutions:	<ul style="list-style-type: none"> <li>• Advisory to Ratify Named Executive Officers' Compensation.</li> </ul>
Ownership Capital Vote:	Voted against the resolution.
Rationale:	While the company has made progress in the compensation structure, it continues to be suboptimal. We have advised the company on alignment of long-term incentives with performance more so than short-term which are better structured. Lastly, we continue to be displeased with the outsized benefits package which the CEO receives.



**RBC Global Asset Management**  
**Voting**

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

	Emerging Markets Equity SRI	Emerging Markets Equity ex-China	China Equity
How many meetings were you eligible to vote at over the year to 30/09/2021?	66	59	46
How many resolutions were you eligible to vote on over the year to 30/09/2021?	695	604	510
What % of resolutions did you vote on for which you were eligible?	99.0%	98.8%	100.0%
Of the resolutions on which you voted, what % did you vote with management?	92.7%	91.6%	89.0%
Of the resolutions on which you voted, what % did you vote against management?	7.3%	8.4%	11.0%
Of the resolutions on which you voted, what % did you abstain from?	3.9%	4.5%	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	26.2%	32.2%	43.5%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	RBC GAM retains the services of Institutional Shareholder Services ("ISS") to manage and execute proxy votes. ISS provides custom voting recommendations for all proxies based on the RBC GAM Proxy Voting Guidelines. We also engage proxy voting advisors to make recommendations in jurisdictions where those guidelines may not be applicable, which is particularly relevant for our Emerging Markets Equity portfolios; our Guidelines are applied in Canada, the United States, the United Kingdom, Ireland, Australia, and New Zealand, and in all other markets, we utilise the local proxy voting guidelines of a research provider. RBC GAM also subscribes to the research of both ISS and Glass, Lewis & Co. However, the final voting decision is independent and voting authority rests solely with RBC GAM.		
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	1.74%	2.01%	0.00%

**Most significant votes**

Proxy voting plays a key role in RBC's active stewardship activities. As such, there are several particularly significant votes annually.

<b>Company:</b>	<b>Alibaba Group</b>
Date:	17 September 2021
Resolutions:	<ul style="list-style-type: none"> <li>• For the election of Director Joseph C. Tsai</li> </ul>
RBC Vote:	Voted against the resolution.
Rationale:	RBC GAM opposes non-independent nominees when the board lacks sufficient independence. The nominee is a non-independent director sitting on the compensation, nomination and governance committees. Also, the nominee is a member of the nominating and governance committees and less than 30% of directors are women.

**Ruffer LLP**

**Voting**

TPT2016 invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2021?	37
How many resolutions were you eligible to vote on over the year to 30/09/2021?	664
What % of resolutions did you vote on for which you were eligible?	93.2%
Of the resolutions on which you voted, what % did you vote with management?	96.6%
Of the resolutions on which you voted, what % did you vote against management?	3.4%
Of the resolutions on which you voted, what % did you abstain from?	0.3%
In what % of meetings, for which you did vote, did you vote at least once against management?	32.4%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	<p>Ruffer's proxy voting advisor is Institutional Shareholder Services ("ISS").</p> <p>We have developed our own internal voting guidelines. However, we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.</p> <p>If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.</p>
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	3.9%

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**Most significant votes**

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

<b>Company:</b>	<b>Barclays</b>
Date:	5 May 2021
Resolutions:	<ul style="list-style-type: none"> <li>• Approve Market Forces Requisitioned Resolution</li> </ul>
Ruffer Vote:	Voted for the resolution.
Rationale:	We supported the Board and voted against a shareholder resolution brought by Market Forces, an Australian environmental campaign group. We felt this binding resolution, which required, among other things, the company to phase out its provision of financial services to certain sectors, was too onerous at this stage in the context of Barclays' global business activities. Instead, we felt there was a strong argument for monitoring the execution of the existing plan the company introduced last year.

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**Sands Capital Management**

***Voting***

TPT2016 invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2021?	38
How many resolutions were you eligible to vote on over the year to 30/09/2021?	383
What % of resolutions did you vote on for which you were eligible?	97.9%
Of the resolutions on which you voted, what % did you vote with management?	93.3%
Of the resolutions on which you voted, what % did you vote against management?	6.7%
Of the resolutions on which you voted, what % did you abstain from?	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	36.8%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	The firm receives proxy voting research from Glass Lewis and ISS but does not necessarily vote according to the guidelines provided by these services. Instead, the research is used as an efficient means to collect and organize the proxy issues.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	16.3%

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**Most significant votes**

The criteria Sands Capital selected to assess the “significance” of the vote were whether they voted against management, the dissent level, and relevance to the strategy.

<b>Company:</b>	<b>Amazon.com Inc</b>
Date:	June 2021
Resolutions:	<ul style="list-style-type: none"> <li>Report on Political Contributions</li> </ul>
Sands Capital Vote:	Voted for the resolution.
Rationale:	Sands Capital Management agree with ISS and GL that this should be adopted as a best practice and is also in place for peers such as Disney and Charter. We believe transparency around this would be helpful to our risk analysis.

**Final Remarks**

Overall, Trustee has demonstrated key actions for TPT2016 during the relevant reporting period that show how it continues to make investment decisions in line with the policies set out in the SIP.

The reporting period for this Statement covers 1st October 2020 to 30th September 2021. Any actions undertaken by the Trustee after this date will be covered in the next Statement. From a stewardship and engagement perspective, TPT2016 is limited in its scope to directly influence how asset managers invest and engage with underlying companies due to the range of investments they use. However, where applicable the Trustee does seek to incorporate its voting and engagement policies into its appointment terms with managers.

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