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2021
22
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The Pensions Trust
Annual Report
and Financial
Statements **2021**

t|p|t
Retirement Solutions

Pension Scheme Registration Number 10170418

Contents

Page Number

Trustee and Advisors	1
Trustee’s Report	4
Statement of Trustee’s responsibilities	16
Chair’s Statement Regarding DC Governance.....	18
Independent auditors’ report to the Trustee of The Pensions Trust	45
Fund Account	49
Statement of Net Assets (available for benefits)	50
Notes to the Financial Statements	52
Summary of Actuarial Certificates.....	97

Appendices

Appendix 1 - Statement of Investment Principles.....	100
Appendix 2 - Default Arrangement illustrations	114
Appendix 3 – Self-select Arrangement Illustrations.....	117
Appendix 4 - The Pensions Trust (TPT) - SIP Implementation Statement	126

Trustee and Advisors

Trustee	Verity Trustees Limited
Chair of the Trustee Board	Joanna Matthews
Co-opted Directors	Joanna Matthews – Independent Chair (n) Michael Ramsey (n) David Robertson (n)
Employer-Nominated Directors	Jonathan Wheeler (p) Paul Oldroyd (d) Jonathan Cawthra (n)
Member-Nominated Directors	Thomas Hague (a) Andrew Newberry (p) Linda Henry (a)
	(a) Active member of the Trust (p) Pensioner member of the Trust (d) Deferred member of the Trust (n) Not a member of the Trust
Trust Administrator and Chief Executive	Michael Ramsey, TPT Retirement Solutions
Defined Contributions Administrator	Mercer Limited
Scheme Actuary	Steven Robinson FIA (resigned 30/11/2020) Michael Kelly FIA (appointed 01/12/2020) Mercer Limited
Independent Auditors	PricewaterhouseCoopers LLP
Legal Advisors	Linklaters LLP Birkett Long LLP CMS Cameron McKenna Nabarro LLP
Bankers	The Royal Bank of Scotland plc Barclays Bank plc
Investment Managers	abdrn (previously Aberdeen Standard Investments) abdrn Investment Management Limited (previously Standard Life Investments Limited) AllianceBernstein Limited Apollo Group Ares Management Corporation Ashmore Investment Management Limited BlackRock Investment Management (UK) Limited CBRE Global Investment Partners CBRE Global Investors

	Chorus Capital Management Limited Christofferson, Robb & Company LLC First State Sentier Foresight Energy Infrastructure (appointed 28/05/2021) Global Infrastructure Partners Hayfin Capital Management LLP IFM Investors Pty, Limited InfraRed Capital Partners Limited Juniperus Capital Limited Kadensa Capital Limited (resigned 01/04/2021) King Street Capital Management L.P. Legal & General Investment Management Limited Macquarie Financial Products Management Limited Man Group Marathon Asset Management (resigned 30/04/2021) Meridiam Infrastructure Managers Nephila Capital Limited Ownership Capital B.V Pacific Investment Management Company (PIMCO) Phoenix Life Limited RBC Global Asset Management (UK) Limited RK Mine Finance Royal London Asset Management Limited Ruffer LLP Sands Capital Management LLC Stonepeak Global Renewables (appointed 30/04/2021) TwentyFour Asset Management Wellington Management International Limited
External AVC Policy Providers	Aviva Life & Pensions UK Limited Standard Life Assurance Limited The Royal London Mutual Insurance Society Limited (appointed 30/06/2021) Utmost Life and Pensions Limited
Insurance Policy Providers	See listing in Note 20
Property Valuer	Cluttons LLP
Investment Consultants	Mercer Investment Consulting Redington Investments Limited

Custodian	The Northern Trust Company
Custody Consultants	Thomas Murray Data Services
Address for enquiries	TPT Retirement Solutions Verity House 6 Canal Wharf Leeds West Yorkshire LS11 5BQ Email: enquiries@tpt.org.uk Website: www.tpt.org.uk

Trustee's Report

For the year ended 30 September 2021

Verity Trustees Limited (the "Trustee") presents its Annual Report on The Pensions Trust (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 Directors 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 2016. The Pensions Trust and The Pensions Trust 2016 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 a 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 to 3. 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 50 (2020: 45) 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.
- Investment (DC) — the Trustee continues to monitor the situation closely in conjunction with the Trust’s advisors. The impact on members’ DC investments varies depending on the funds invested in and further information was provided to members as part of the communication noted below.

- 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 in order to ensure that 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, to the best of their knowledge, that there have been no other substantial changes to their systems and processes which would adversely affect their 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 will have 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 49 to 96 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:

	2021	2020
	£m	£m
Contributions Receivable	687.8	708.4
Transfers In and Other Income	25.1	22.5
Benefits Paid or Payable (incl. Payments to Leavers)	(300.7)	(287.0)
Transfers Out to Other Schemes	(152.4)	(341.1)
Administrative Expenses (incl. PPF levy)	(27.8)	(31.8)
Net Additions from dealing with Members	232.0	71.0
Net Investment Income	158.6	110.5
Change in Market Value of Investments	713.6	321.4
Net Returns on Investments	872.2	431.9
Net Increase in the Trust during year	1,104.2	502.9
Net Assets at beginning of year	12,685.3	12,182.4
Net Assets at end of year	13,789.5	12,685.3

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

- Contributions receivable have decreased by 2.9% when compared to last year, from £708.4m to £687.8m.
- Defined Contribution (DC) contributions have increased by £11.9m (3.7%), whilst Defined Benefit (DB) contributions have decreased by £32.5m (8.4%) mainly due to an increase in contribution funding in the prior year from large one-off lump sum payments from Bromford DB Scheme and The Children's Society Pension Scheme.
- Transfers in (including individual transfers in and group AVCs) have increased by 37.3% from £7.5m to £10.3m.
- Within Benefits Paid or Payable, the pensions payable have increased by 5.1% from £198.0m to £208.0m, which reflects the increased number of pensioners in the year and annual pension increases.
- Within Transfers Out to Other Schemes, there is an external transfer relating to Metropolitan Housing Trust (£43.3m). All other amounts relate to individual transfers out with the exception of an accrual adjustment for Crown Simmons Housing.
- Administrative expenses have decreased 19.5% (£5.2m) due to a decrease in Professional Fees in the year.

Contributions

During the year 96 employers (2020: 121) remitted contributions later than the date set out in the Schedules of Contributions or Payment Schedules. In respect of the year ended 30 September 2021, there were 232 late payments (2020: 191) representing total contributions of approximately £2.8m (2020: £7.3m).

Membership and Benefits

As at the year end, there were 2,546 (2020: 2,580) active employers.

The change in membership during the year is as follows:

	Active Members	Deferred Members	Pensioners	Beneficiaries	Total
At the start of the year	143,104	188,911	43,149	3,562	378,726
New members ¹	31,597	443	170	-	32,210
Members retiring	(301)	(1,768)	2,069	-	-
Members leaving prior to pension age	(33,860)	33,860	-	-	-
Members leaving with refunds	(844)	(2,232)	-	-	(3,076)
Transfers out	(1,586)	(10,347)	-	-	(11,933)
Full commutations	(36)	(272)	(41)	(31)	(380)
Deaths	(193)	(359)	(912)	(140)	(1,604)
New beneficiaries	-	-	-	350	350
Reclassifications ²	171	1,164	(41)	(38)	1,256
At the end of the year	138,052	209,400	44,394	3,703	395,549

At the start of the year:

DB	10,843	56,471	43,149	3,562	114,025
DC	132,261	132,440	-	-	264,701
Total	143,104	188,911	43,149	3,562	378,726

At the end of the year:

DB	8,990	54,497	44,394	3,703	111,584
DC	129,062	154,903	-	-	283,965
Total	138,052	209,400	44,394	3,703	395,549

¹New members include bulk transfers in.

²Reclassifications include status updates for member records not previously recorded as an active, deferred, pensioner or beneficiary member.

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

Included in the above are 9,045 (2020: 9,556) pensioners and beneficiaries whose benefits are secured by annuities. There are 5,264 (2020: 5,499) members, who have both an active DC and a deferred DB record. New members joining are stated net of auto-enrolment opt-outs where contributions were never remitted to the Trust. Included within the number of DB active members are 797 (2020: 890) 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 are 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. Following the change in the statutory basis for increasing pensions in payment, from April 2011 pensions in payment have for the most part been calculated with reference to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI), unless scheme rules provide otherwise.

The table below summarises the most recent increases applied:

	Minimum	Maximum	Average
Effective date			
Pensions in payment			
6 April 2021	0.0%	5.0%	0.8%
6 April 2020	0.0%	5.0%	1.9%

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. Following receipt of an insufficiency report from the Scheme Actuary, transfer values payable from the Royal National College for the Blind Defined Benefit Scheme are currently reduced due to the level of underfunding in the scheme.

Security of Deficit Funding

As at 30 September 2021 the Trust held 31 (2020: 30) contingent assets in relation to 29 employers (2020: 28 employers) that participate in the various schemes administered by the Trust. These contingent assets comprise charges on property, company guarantees, bank guarantees and escrow accounts. The contingent assets relate either to the admission and continued participation of certain employers in the Trust's schemes, the apportionment of withdrawing employers' share of the deficit to other participating employers within the same scheme or to provide security to support an extended recovery plan. The circumstances in which these assets will become the property of the Trust are set out in agreements with the relevant employers. Further details are provided in note 31 on page 88.

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 3.

The Trust's schemes are usually valued once every 3 years. Details of the individual schemes' actuarial valuation certifications are contained in the Summary of Actuarial Certificates section of the annual report on pages 98 to 99. 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.

Valuation date 30 September	2020	2019
Value of Technical Provisions	£12,860.4m	£12,404.9m
Value of Assets Available to meet Technical Provisions ¹	£10,739.6m	£10,189.5m
as a percentage of Technical Provisions	83.5%	82.1%

¹Note: 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 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 section 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 pages 98 and 99. A copy of the example certificate can be found on page 97.

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 31 to the Financial Statements.

Regulation and Governance

The Pensions Trust 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.

The Trust was granted Master Trust authorisation from The Pensions Regulator on 18 June 2019. Further details on Master Trust DC Governance can be found in the Chair's Statement Regarding DC Governance on pages 18 to 44.

Investment Management

Investment Strategy and Principles

The Trustee is responsible for determining the schemes' investment strategies.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed two Statements of Investment Principles ("SIP"), one in respect of Defined Benefit assets and one in respect of Defined Contribution assets. The versions in place at 30 September 2021 were approved in September 2020; however these were superseded by revised versions approved in October 2021. A copy of the Defined Contribution SIP may be found in Appendix 1 on pages 100 to 113. Copies of both SIP's can be obtained from 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 4.

Management and Custody of Investments

The Trustee has delegated the 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 which are designed to ensure that the objectives and policies set out in the SIPs 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 TPT's website.

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

- Pooled investment vehicles and qualifying investment funds, where the manager makes its own arrangements for custody of underlying investments;
- Direct property, where title deeds are held by the Trust's legal advisors; 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 two separate portfolios, which have differing strategies and objectives: the main portfolio, and Growth Plan Series 3.

The Trust further manages and monitors its main portfolio in three separate portfolios: the Growth Assets portfolio, the Matching Plus portfolio (MPP), and Liability Driven portfolio (LDI). The weightings attributed to each of these portfolios will depend on the characteristics of each scheme.

The overall net return on investments on the main DB section was 5.31% in the year to 30 September 2021 (2020: 3.95%).

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

The Pensions Trust
Year ended 30 September 2021

Annualised return over:	Portfolio allocation	1 Year	3 Years	5 Years
DB				
Growth Assets	50%	16.11%	7.97%	8.31%
<i>Benchmark¹</i>		4.31%	4.77%	4.74%
Matching-Plus²	19%	4.24%	-	-
<i>Benchmark³</i>		(1.77)%	-	-
Liability Driven Investments⁴	31%	(11.40)%	11.89%	5.15%
<i>Benchmark⁵</i>		(2.81)%	6.84%	3.17%
Main Portfolio	100%	5.31%	9.72%	7.42%
Growth Plan Series 3		(0.66)%	(0.24)%	(0.24)%
<i>Benchmark</i>		0.05%	0.37%	0.36%

¹The 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.

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

³The 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.

⁴These 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.

⁵The 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.

The Pensions Trust
Year ended 30 September 2021

DC funds are managed separately rather than in aggregate as for DB investments. The following table shows the performance of some of the DC funds for members of different target retirement dates:

Annualised return over: DC Target Date Funds (TDF)	1 Year	3 Year	5 Year
Pre-Retirement: TDF 2023-2025	8.84%	3.94%	4.34%
<i>Benchmark: CPI + Margin</i>	4.57%	3.31%	3.98%
Mid-Life: TDF 2029-2031	15.12%	6.16%	6.81%
<i>Benchmark: CPI + Margin</i>	4.57%	3.31%	4.48%
Young: TDF 2044-2046	24.51%	8.94%	10.04%
<i>Benchmark: CPI + Margin</i>	7.14%	5.85%	7.03%
Ethical Target Date Funds (ETDF)			
Pre-Retirement: ETDF 2023-2025	8.29%	5.73%	5.17%
<i>Benchmark: CPI + Margin</i>	4.57%	3.31%	3.98%
Mid-Life: ETDF 2029-2031	11.55%	7.22%	6.94%
<i>Benchmark: CPI + Margin</i>	4.57%	3.31%	4.48%
Young: ETDF 2044-2046	20.33%	9.45%	10.22%
<i>Benchmark: CPI + Margin</i>	7.14%	5.85%	7.03%

Overall DC section returns have not been shown as these are not relevant to the return on individual members' funds.

The Trustee has considered the nature, disposition, marketability, security and valuation of the investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the Financial Statements.

Employer-Related Investments

Details of Employer-Related Investments are included in note 31.

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.

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 3.

Approval

The Trustee's Report on pages 4 to 15 was approved and signed for and on behalf of the Trustee on 24 March 2022.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Chair's Statement Regarding DC Governance

For the year ended 30 September 2021 (the "Trust year")

Executive Summary

Contents

The Trustee is required to prepare an annual statement which covers:

- Default investment strategy
- Administration (processing core financial transactions)
- Member-borne costs and charges
- Value for members
- Trustee knowledge and understanding
- Trustee independence
- Member feedback

Our detailed response to each of these areas is set out below.

Background

The Pensions Trust is the registered name of the occupational pension scheme governed by Rules effective from 1 November 2014, as amended (the "Trust"). The Trust is a "Master Trust", meaning it is a large pension scheme which can be used by many different employers. The Trustee of the scheme is a company called Verity Trustees Limited. The statutory directors of Verity Trustees Limited are known as Trustee Directors. The provider of the Trust is TPT Retirement Solutions (TPT). As at 30 September 2021 there were 283,965 members of the Trust.

The Pensions Trust attained formal Master Trust authorisation from the Pensions Regulator on 18 June 2019. All authorised Master Trusts are supervised by the Pensions Regulator to ensure quality and sustainability.

A number of parties support the Trustee with its functions, many of which are referred to in this statement. These include:

- Defined Contribution Oversight Committee (**DCOC**): responsible for overseeing the operation of all TPT's DC products and services.
- Investment Committee (**IC**): responsible for the selection of fund managers, ensuring the default strategy available is consistent with the investment objectives and ongoing oversight of the managers delegated to deliver the default strategy and the self-select funds.

- Investment Oversight Committee (**IOC**): responsible for oversight of the Investment Management function, including risk management and operations.
- Investment Management Team (**IMT**): the main point of contact for investment managers and consultants, and responsible for collating data to enable the IC to perform their oversight role.
- Investment Managers (**IM**): responsible for managing investments on behalf of the Trustee.
- Management Oversight Board (**MOB**): responsible for overseeing the operation of TPT and ensuring that the Trustee's delegates exercise the powers delegated to them appropriately.
- Executive Board (**EB**): the executives responsible for the day-to-day running of TPT.
- Audit, Risk & Compliance Committee (**ARCC**): responsible for, amongst other things, oversight of compliance with the requirements of the Pension Regulator (tPR) and overseeing the manner in which the TPT management ensures and monitors the adequacy and oversight of internal controls and risk management framework.

The Trustee must operate in accordance with the Rules of the Trust and within its terms of reference (which are included in the Governance Document).

Default investment arrangement

The Trustee invests contributions into a default investment arrangement unless members self-select an alternative investment offered by the Trustee.

Members are provided with a default investment arrangement from a range of Target Date Funds (**TDFs**). The specific TDF is based on a member's assumed normal retirement date (age 65), although members can set their own target retirement date. Similarly, a series of Ethical Target Date Funds (**ETDFs**) are available as the default option for members of The Ethical Fund (**TEF**). In the Trust year to 30 September 2021 over 94% of the Trust's DC members were invested in a default investment arrangement, of which 96% went into the TDFs and 4% went into the ETDFs.

Each TDF is designed and managed for the member saving to retire at their target retirement date. The aim is to maximise a member's retirement income/savings while taking account of their decreasing capacity to afford losses as they approach or pass their target date of retirement.

Each TDF will move progressively from riskier, growth-orientated assets, such as equities and property, into lower-risk, income protection-orientated assets, such as bonds, as it approaches and passes its target date.

Statement of investment principles (SIP)

A copy of the latest SIP is attached to this statement as Appendix 1.

The SIP sets out the principles governing how decisions about investments must be made. It sets out the Trustee's policy on such things as choosing investments, risk and return and how we take account of Responsible Investment and Climate Change considerations when making investment decisions.

The aims and objectives of the default investment arrangement are to deliver a return of inflation, plus a margin (where applicable), subject to an acceptable degree of risk, where the risk profile of the members is assumed to decrease as they approach retirement. In particular:

- Our aim is for each TDF to grow more in the earlier years and move towards a less risky asset allocation as the target retirement date (default or as selected by the member) approaches. Over the life of the TDF, the manager has the objective of out-performing inflation so that the investment grows in real terms.
- The Trustee designs the strategy of each TDF so that it is suitable for a member's own target retirement date. The Trustee believes that it is in the best interests of members to provide a default strategy made up of funds which reflect the amount of time left before the member's target retirement date. The Trustee further considers that the default strategy should not require the member to make investment choices or switch funds as he or she approaches retirement.
- The investments held in the default investment arrangement change over the life of each TDF so that they meet the specific performance and risk objectives of the TDF. The funds have a range of underlying securities under a long-term insurance contract and include a balance of:
 - return-seeking investments including a range of equity and property funds;
 - balanced investments and diversifiers including commodities; and
 - cautious investments including cash, corporate bonds and UK government bonds.
- The Trustee is committed to Responsible Investment, and believes that environmental, social and governance factors can impact financial performance. These are set out in TPT's [Responsible Investment Framework](#) which is available on the website.
- The Trustee is a signatory to the Principles for Responsible Investment and the UK Stewardship Code, as well as the Paris Aligned Investment Initiative. It also supports other industry-wide initiatives to promote responsible investment, such as the Institutional Investors Group on Climate Change (IIGCC).
- The Trustee's Climate Change Policy is a strategic part of its approach to being a responsible investor. The policy drives an understanding of exposure to climate change risks and opportunities at the portfolio level for DC investments, and it helps to ensure that new and existing investments are managed in a way that takes account of these risks. In 2021, the Trustee made a commitment to transition to net zero by 2050 or sooner.

- The Trustee is a member of the Paris Aligned Asset Owners Group. Alongside other major global asset owners with collective assets totalling \$1.9tn, the Trustee has committed to achieving a net zero emission portfolio - helping to drive the transition to a low carbon economy - by 2050.
- We make ethical options (ETDFs) available in all of our DC arrangements. ETDFs invest in equity funds which track the FTSE4Good and MSCI Socially Responsible Investment (SRI) Indices, and have an allocation to corporate bonds (which are ethically screened) and UK government bonds. The IC keeps the investment strategy of the ETDFs under regular review and seeks to provide further diversification within these funds as alternative strategies become available at appropriate costs.

Review of the default strategy and performance of the default arrangement

The Trustee reviews the SIP annually and whenever there has been a significant change in investment policy.

This annual review is over and above the minimum statutory requirement for a review every three years. We do undertake a more formal triennial review, and the last such review took place on 6 May 2021.

At the triennial review in May 2021, the Investment Committee:

- reviewed the suitability of the default arrangements and their performance against the SIP objectives;
- considered the performance and quality of service of the investment manager (AllianceBernstein); and
- assessed the value for money provided by the investment costs and charges.

The Investment Committee concluded that:

- the default arrangements remain suitable for our members and their investment objectives are appropriate;
- AllianceBernstein is a suitable manager for the default options provided by TPT;
- The performance of the default arrangements has been reviewed and continues to be monitored; and
- The investment costs and charges incurred provide value for money

The Trustee has delegated the review of the SIP (and default investment strategies) to the IC and receives a report on these activities on an annual basis.

Changes to the SIP were agreed at the Investment Committee meeting held on 9 September 2021 and signed-off by the Trustee. The SIP was amended to reflect that the TPT Self-Select Cash Fund was no longer a default option. The TPT Self-Select Cash Fund had been temporarily designated as a default fund following the suspension of the Self-Select Property Fund in 2020.

The Trustee also undertakes an annual review of:

- the aims and objectives of the default strategies (summarised above) and policies;
- the performance of the default investment arrangements (and the self-select funds); and
- the extent to which strategy and returns are consistent with the aims and objectives.

The annual review processes involve various layers of delegated roles and responsibilities (further details are provided below). The culmination of the review process took place at an IC meeting on 6 May 2021.

The IMT monitors performance on an ongoing basis and reports to the IC, which formally monitors the performance of the default investment arrangements (and the self-select funds) each quarter in the Trust year, and reviews them annually in conjunction with the managers of the funds. The output of the annual review is reported back to the Trustee Board. This standard process was followed in full during the Trust year.

The IMT produces a paper that captures any material updates relating to both the default arrangements and self-select funds. In the Trust year this paper was dated 20 April 2021. A DC paper is produced by the IMT for each of the quarterly IC meetings and the formal papers for the Investment Strategy Review are prepared by AllianceBernstein ('AB'), TPT's investment managers, for the May Investment Committee meeting which is dedicated to DC related matters. In the Trust year, key papers included a 'TPT Stewardship Presentation' from AB, dated 6 May 2021.

The outcome of the annual review was that the investment objectives of the default fund remain appropriate given TPT's membership and the retirement outcomes experienced. A review of the self-select funds also took place and concluded that the existing range and providers of funds was appropriate.

Further to this process, the Trustee's annual review and assessment confirmed that performance was consistent with the aims and objectives of the default arrangement. No changes were considered necessary given that performance remained consistent with the aims and objectives, with all vintages outperforming their respective CPI+ benchmarks over the five years to 31 March 2021.

Administration (processing core financial transactions)

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

Core financial transactions

Key elements of administration are known as "core financial transactions" and include (but are not limited to):

- investment of contributions;
- transfer of members' assets to and from the Trust;
- switching between investments within the Trust; and
- payments out of the scheme to members/beneficiaries.

Service level agreement (SLA)

The administration of the DC Trust is outsourced to Mercer, a specialist third-party provider of pensions administration services. The Trustee requires the administrator to meet high standards through a SLA and Key Controls which set out the range of services to be delivered and expectations around such things as timeliness and accuracy.

At each meeting, the Trustee receives reports from the MOB to help it monitor performance in line with the SLA and was very pleased to note that the aggregate SLA target of 95% was exceeded over all four quarters of the Trust year, despite the challenges posed by COVID-19.

In summary, our SLA with the administrator covers:

- The processing and creation of new member records, including the set-up of the default target dated fund for investments, within 5 working days from receipt of information.
- The processing of monthly contributions and fund switches with the investment manager within 24 hours of request.
- The percentage of calls answered and time taken to answer.
- The issuing of all member correspondence, including, but not limited to, general enquiries, transfer requests and retirement requests, within 5 working days from receipt of request.
- The production of annual benefit and Statutory Money Purchase Illustration (SMPI) statements. Typically this is within 3 months from the end of the Trust year, although it is worth noting that in 2020 and for part of 2021 there was an industry-wide relaxation in respect of issuing benefit statements due to the anticipated increase in administrative tasks such as retirements and deaths brought about by COVID-19, although this relaxation is no longer in force.
- The ongoing management of all member personal and financial data.
- The ongoing management of member online access.
- The processing of leaver information within 5 working days from receipt of information.

- Daily and monthly bank, unit and fund reconciliations.
- Monthly stewardship reporting and balanced scorecards.

In the Trust year, the Trustee used a mix of processes to monitor compliance with the SLA. In particular, the Trustee received monthly reports to monitor that the SLA was being met and to guard against issues arising. The processes adopted by the administrator to meet the SLA included daily monitoring of bank accounts, a dedicated contribution processing team, and two individuals checking all investment and banking transactions. Further processes included:

- Production of a 'Type 2' assurance report, adopting the framework provided by the Audit and Assurance faculty of the Institute of Chartered Accountants in England and Wales (ICAEW) in respect of Assurance reporting on Master Trusts (TECH 05/20 AAF Assurance Reporting on Master Trusts). This Type 2 report considers the design, description and operational effectiveness of the control procedures established by the Trustee over the reporting period. External auditors, Crowe UK LLP, tested TPT's controls for the period 1 April 2020 to 30 September 2021 including administrative processes, which are directly linked to tPR's Code of Practice 15, authorisation and supervision of Master Trusts.
- TPT's Type 2 Report was supported by Mercer's AAF 01/06 pension administration report and Mercer's AAF 02/07 report, both covering the period 1 January 2020 to 31 December 2020. Bridging letters were obtained from Mercer covering the period from 1 January 2021 to 30 September 2021 confirming that these reports continued to provide a substantially accurate description of their internal controls and that the control activities described remain operationally effective.
- TPT's in-house Internal Audit function provided assurance to the Trustee, Audit, Risk and Compliance Committee (ARCC) and the Executive Board regarding the management of outsourced services.
- In the event of a significant issue arising this would be logged as a risk event and reported to the Risk Committee and subsequently to the ARCC.

Further, measures were taken to ensure no issues arose. In order to assure the Trustee that core financial transactions were processed promptly and accurately, and that standards of administration undertaken by Mercer were maintained, the following processes were undertaken in the Trust year:

- Monitoring of Mercer's administration services against SLAs and the extent to which member transactions had been processed on time. The DC Operations Manager monitored performance by reviewing the monthly administration report. Any anomalies were formally discussed during scheduled monthly meetings between TPT and Mercer. Any follow up actions were formally documented and tracked through to resolution.
- Reviewed capacity at Mercer and the level of resources available. Although resources were covered in the monthly meetings between TPT and Mercer, both parties discussed current

activities and resource planning in scheduled weekly calls. Ad-hoc or unscheduled resource changes were highlighted to the DC Operations Manager as and when necessary.

- Annual reporting by Mercer to the Executive Board on the completeness and accuracy of common and conditional data. The 2021 data validation reports (certificates and summary) provided by Mercer included a common data score of 96%. Ongoing activity took place to continue to improve data quality.
- Monthly reviews of reconciliations of investment transactions and member units took place. Mercer undertook this activity on a daily basis but reported the findings within the monthly administration report, highlighting any discrepancies. Any discrepancies were accounted for with Mercer confirming the circumstances leading to the difference and the actions being taken to address these. All discrepancies were managed to resolution.
- Monthly audits were carried out by TPT's Quality Assurance team to review the core financial transactions that were originally processed by Mercer, including member investment allocations and other aspects of the DC investment cycle. Any issues raised by the annual audit were discussed as part of the monthly meetings between TPT and Mercer and escalated to the MOB as necessary.
- Annual review of the AAF 01/06 Pensions Administration and 02/07 Master Trust assurance reports prepared by Mercer, which were scrutinised by the TPT DC Team as part of TPT's own DC governance process and by the DCOC on behalf of the Trustee. The output was then reported to the Trustee Board.
- All monthly contributions and member data was collected by a dedicated employer support team within TPT. The process included verification by the employer that the contribution schedules submitted were correct, and verification by TPT that the contributions received met the contribution schedules. Any issues where standards were not being met are escalated to the Chief Operating Officer and the Executive Board for rectification and then reported to the MOB via the Administration report. If necessary the ARCC may also be notified of an issue.

Despite the COVID-19 pandemic we were able to ensure our business-as-usual service was maintained throughout the year by working closely with Mercer. We agreed to focus our attention as per tPR guidelines and in turn aligned resources to ensure there was no impact on day-to-day service. We also agreed to defer the delivery of annual benefit statements, and this continues whilst the pandemic creates an increased volume of queries from members.

Through monitoring the work volumes and in anticipation of a continued increase in requests for retirement and transfer quotes, as well as deaths, we worked with Mercer to secure additional resource to work on our account. This situation is being closely monitored and we continue to consider any further increase in resource or realignment of activities.

We are pleased to report that there have been no issues identified during the year that required reporting to tPR. There were therefore no outstanding issues to resolve at the end of the Trust year.

Based on the monitoring processes described above and the output from those processes, the Trustee believes that core financial transactions were processed promptly and accurately during the Trust year.

Member-borne costs and charges

In this section of the Statement, the Trustee has taken account of statutory guidance unless specifically stated.

Administration charges

In DC pension schemes, members typically pay charges for a range of services associated with scheme governance and management, investment, administration and communications. Charges are deducted as a percentage of member pots known as the annual management charge (AMC). The AMC has been designed so that it incorporates any fixed costs including platform charges.

Default investment arrangements

In the default investment arrangements, administration charges are as follows:

- TDFs: The AMC is 0.5% a year of the annual fund value and all funds are priced daily.
- ETFs: The AMC is 0.63% a year of the annual fund value and all funds are priced daily.

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

Self-select investment arrangements

The IC undertakes checks to help ensure that the charges of self-select funds are accurate and appropriate. The following AMCs apply:

Self-select Fund	AMC (pa)
Bond Fund	0.45%
Cash Fund	0.44%
Global Equity Fund	0.45%
Index-Linked Gilts Fund	0.45%
Socially Responsible Investment Fund	0.45%
Diversified Growth Fund	0.52%
Property Fund	1.00%

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

In the interests of clarity and transparency the quoted AMC includes all fixed member charges, including the platform fee (where applicable). Any additional costs are excluded (these are described below).

Additional charges

For some funds, additional expenses are payable over and above the AMC. The additional expenses are payable on the TDFs, the ETDFs, the Property Fund and the Cash Fund. These typically include custodian fees, legal fees and depository expenses. The expenses vary between each fund and from month to month. All of our member communications state when and where additional fund expenses may be payable, and state the maximum level of expenses that TPT would expect to incur over the course of a year. Fund Fact Sheets detail the actual fund expenses charged over the previous quarter. Data in respect of additional charges is monitored by the IC in the quarterly reporting.

TPT has set an upper expectation on the costs that the investment managers can deduct from these funds as follows:

- TDF = 0.03%
- ETDF = 0.05%
- ETDF (pre-99) = 0.08%
- TPT Cash Fund = 0.01%
- Property Fund = 0.02%

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

Transaction Costs

In all DC pension schemes, a further layer of cost is incurred when contributions are invested. Investments involve transactions such as buying, selling, lending and borrowing of investments and all of these transactions incur costs. Transaction costs are payable by members in addition to the AMC and the additional fund expenses described above.

Default arrangement

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

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

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

Default arrangement charges and transaction costs

<i>TDF Vintage</i>	<i>Admin Costs</i>	<i>Transaction Costs</i>	<i>Total Costs</i>
<i>AB Retirement Fund 2011-2013</i>	<i>0.5052%</i>	<i>0.0839%</i>	<i>0.5891%</i>
<i>AB Retirement Fund 2014-2016</i>	<i>0.5052%</i>	<i>0.0839%</i>	<i>0.5891%</i>
<i>AB Retirement Fund 2017-2019</i>	<i>0.5053%</i>	<i>0.0837%</i>	<i>0.5890%</i>
<i>AB Retirement Fund 2020-2022</i>	<i>0.5064%</i>	<i>0.0832%</i>	<i>0.5896%</i>
<i>AB Retirement Fund 2023-2025</i>	<i>0.5095%</i>	<i>0.0820%</i>	<i>0.5915%</i>
<i>AB Retirement Fund 2026-2028</i>	<i>0.5194%</i>	<i>0.0787%</i>	<i>0.5981%</i>
<i>AB Retirement Fund 2029-2031</i>	<i>0.5236%</i>	<i>0.0750%</i>	<i>0.5986%</i>
<i>AB Retirement Fund 2032-2034</i>	<i>0.5275%</i>	<i>0.0711%</i>	<i>0.5986%</i>
<i>AB Retirement Fund 2035-2037</i>	<i>0.5321%</i>	<i>0.0454%</i>	<i>0.5775%</i>
<i>AB Retirement Fund 2038-2040</i>	<i>0.5334%</i>	<i>0.0170%</i>	<i>0.5504%</i>
<i>AB Retirement Fund 2041-2043</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2044-2046</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2047-2049</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2050-2052</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2053-2055</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2056-2058</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2059-2061</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>
<i>AB Retirement Fund 2062-2064</i>	<i>0.5335%</i>	<i>0.0170%</i>	<i>0.5505%</i>

The Pensions Trust
Year ended 30 September 2021

AB Retirement Fund 2065-2067	0.5335%	0.0170%	0.5505%
AB Retirement Fund 2068-2070	0.5335%	0.0170%	0.5505%
AB Retirement Fund 2071-2073	0.5335%	0.0170 %	0.5505%
AB Retirement Fund 2074-2076	0.5335%	0.0170%	0.5505%
AB Retirement Fund 2077-2079	0.5335%	0.0170 %	0.5505%

Ethical TDF Vintage	Admin Costs	Transaction Costs	Total Costs
AB Ethical Retirement Fund Pre 1999 (2011-2013)	0.5256%	0.0563%	0.5819%
AB Ethical Retirement Fund Post 1999 (2011-2013)	0.6556%	0.0563%	0.7119%
AB Ethical Retirement Fund Pre 1999 (2014-2016)	0.5293%	0.0535%	0.5828%
AB Ethical Retirement Fund Post 1999 (2014-2016)	0.6593%	0.0535%	0.7128%
AB Ethical Retirement Fund Pre 1999 (2017-2019)	0.5319%	0.0521%	0.5840%
AB Ethical Retirement Fund Post 1999 (2017-2019)	0.6619%	0.0521%	0.7140%
AB Ethical Retirement Fund Pre 1999 (2020-2022)	0.5338%	0.0513%	0.5851%
AB Ethical Retirement Fund Post 1999 (2020-2022)	0.6638%	0.0513%	0.7151%
AB Ethical Retirement Fund Pre 1999 (2023-2025)	0.5199%	0.0483%	0.5682%
AB Ethical Retirement Fund Post 1999 (2023-2025)	0.6699%	0.0483%	0.7182%

The Pensions Trust
Year ended 30 September 2021

AB Ethical Retirement Fund Pre 1999 (2026-2028)	0.5265%	0.0459%	0.5724%
AB Ethical Retirement Fund Post 1999 (2026-2028)	0.6765%	0.0459%	0.7224%
AB Ethical Retirement Fund Pre 1999 (2029-2031)	0.5316%	0.0437%	0.5753%
AB Ethical Retirement Fund Post 1999 (2029-2031)	0.6816%	0.0437%	0.7253%
AB Ethical Retirement Fund Pre 1999 (2032-2034)	0.5353%	0.0444%	0.5797%
AB Ethical Retirement Fund Post 1999 (2032-2034)	0.6853%	0.0444%	0.7297%
AB Ethical Retirement Fund Pre 1999 (2035-2037)	0.5390%	0.0443%	0.5833%
AB Ethical Retirement Fund Post 1999 (2035-2037)	0.6890%	0.0443%	0.7333%
AB Ethical Retirement Fund Pre 1999 (2038-2040)	0.5331%	0.0449%	0.5780%
AB Ethical Retirement Fund Post 1999 (2038-2040)	0.6931%	0.0449%	0.7380%
AB Ethical Retirement Fund Pre 1999 (2041-2043)	0.5366%	0.0477%	0.5843%
AB Ethical Retirement Fund Post 1999 (2041-2043)	0.6966%	0.0477%	0.7443%
AB Ethical Retirement Fund Post 1999 (2044-2046)	0.6983%	0.0257%	0.7240%
AB Ethical Retirement Fund Post 1999 (2047-2049)	0.6985%	0.0257%	0.7242%
AB Ethical Retirement Fund Post 1999 (2050-2052)	0.6985%	0.0257%	0.7242%

The Pensions Trust
Year ended 30 September 2021

<i>AB Ethical Retirement Fund Post 1999 (2053-2055)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2056-2058)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2059-2061)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2062-2064)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2065-2067)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2068-2070)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Pre 1999 (2071-2073)</i>	<i>0.5385%</i>	<i>0.0513%</i>	<i>0.5898%</i>
<i>AB Ethical Retirement Fund Post 1999 (2071-2073)</i>	<i>0.6985%</i>	<i>0.0513%</i>	<i>0.7498%</i>
<i>AB Ethical Retirement Fund Post 1999 (2074-2076)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>
<i>AB Ethical Retirement Fund Post 1999 (2077-2079)</i>	<i>0.6985%</i>	<i>0.0257%</i>	<i>0.7242%</i>

Self-select investment arrangements

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

Fund	Admin Costs	Transaction Costs	Total Costs
<i>Global Equity</i>	0.450%	0.0387%	0.4887%
<i>Cash</i>	0.450%	-0.0241%	0.4259%
<i>Bond</i>	0.450%	0.0493%	0.4993%
<i>Index Linked Gilts</i>	0.450%	0.0365%	0.4865%
<i>Property</i>	1.010%	0.3446%	1.3546%
<i>SRI</i>	0.450%	0.0198%	0.4698%
<i>Diversified Growth</i>	0.5342%	-0.0032%	0.5310%

Further information

Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments. These costs mainly arise as a result of delivering a fund's target investment return. As an example, a fund may need to buy or sell assets when customers pay money into or take money out of the fund. These actions incur costs.

Transaction costs arise as a result of participating in a financial market and so are separate from any product-level administration charges and any AMC. The transaction costs for buying or selling an investment include all costs incurred from the point an order to transact is received, to the point at which the transaction completes. These costs include all charges, commissions, taxes and other associated payments incurred directly or indirectly.

Transactions costs must be disclosed at the overall level which will include explicit and implicit transaction costs.

Explicit transaction costs include taxes, explicit fees and charges, and costs in connection with securities lending and borrowing.

Implicit transaction costs relate to the difference in the price of an asset for which it might be bought if it were being sold, or other costs which may require judgement to assess.

Transaction costs for workplace pensions must be calculated according to the FCA's 'slippage cost' methodology. The FCA approach calculates a difference between the value of an asset and the price paid and includes both explicit and implicit costs.

To capture the implicit costs of buying and selling, slippage compares the price at execution (execution price) against a fair value price when the order to transact enters the market (arrival price) after allowance is made for the explicit costs which are incurred.

In the scheme year we are satisfied that we were able to obtain the relevant transaction costs information. The process used to obtain this information will be used in future, with any due alteration.

Cumulative Illustrations

Trustees are required to present the costs and charges typically paid by a member as a "pounds and pence figure". The Department of Work and Pensions (DWP) has prepared a sample table for this purpose which is set out in Appendices 2 and 3, duly adapted and populated in accordance with the DWP guidance using our scheme-specific information.

The information in these tables is only intended to be illustrative and members should exercise caution before relying on this information for the purposes of making decisions about savings, investment and retirement choices. In particular, the values shown are estimates based on a number of assumptions and are not guaranteed. Members should refer to the Member Guide for their scheme for more context about the characteristics (as opposed only to cost) of investment options and take independent financial advice as appropriate when making decisions.

We have presented information for all of our investment funds. Assumptions used in the illustrations differ to those adopted by way of example by the DWP. This is because, in line with the DWP guidance, these assumptions (about such things as average member pot size) are representative of the Scheme's circumstances and member demographics.

Default arrangement illustrations

These illustrations cover the TDF and ETDF (based on post-99 fund charges). They do not cover the cash fund.

See appendix 2.

Self-select arrangement illustrations

See appendix 3.

Value for members

The Trustee believes that, in the Trust year, the charges and transaction costs incurred by its members represent good value for members.

Report

The Trustee carried out a value for money assessment in February 2022, covering the year ending 30 September 2021 and a formal report was approved by the Trustee on 24 March 2022.

The purpose of this report was to assess the value for members of the DC arrangements within TPT in relation to the costs members pay in return for the benefits and services they receive. In addition, data and information has been collated from mostly publicly available sources on TPT's main 'comparator' Master Trusts.

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

Charges & Transaction Costs

The Trustee believes that the charges members pay for these services are reasonable compared with its 'comparators'.

The vast majority of TPT members (who use the default TDFs) pay a member charge of 0.50%. This compares favourably with those comparators that have a 'standard' charge (including those that have 'combination' charges, with an AMC and some form of contribution or flat rate charge). It is not possible to make a meaningful comparison against those schemes that price each employer individually.

Considerations

The table below sets out an explanation of how we have assessed value (i.e. our criteria) and exactly why we have formed this belief based on the following areas considered in the formal report.

Criteria	Notes / Conclusions
Trust Governance & Management	<p>The Trustee believes that TPT provides:</p> <ul style="list-style-type: none">• a good range of services both directly to members, and in the day-to-day running and governance of the Trust; and• a robust and independent governance structure which focuses on improving member outcomes. <p>Evidence to support this conclusion includes:</p> <p><u>Trustee assessment</u></p> <p>The Trustee undertakes an annual appraisal process, feedback and training to ensure that all the Trustee Directors are performing well in their role.</p> <p><u>Member Complaints / Disputes</u></p> <p>Over the 12-month period to 30 September 2021, from its DC membership of c. 284,000 TPT received 13 formal complaints under the internal dispute resolution</p>

procedure about service in the DC Scheme. Three of these complaints were referred to the Appeals and Discretions Committee.

Three complaints were referred to the Pensions Ombudsman in respect of TPT's DC schemes over the reporting period.

Trust
Administration

The Trustee believes that the performance of these services is appropriately monitored, and the actual performance has been very good.

Evidence to support this conclusion includes:

- The Trust exceeded its SLAs in administration and performance objectives for investments.
- Over the 12-month period to 30 September 2021, Mercer's average performance against its SLA was over 98%.
- Common Data, which is data applicable to all pension schemes, is at 96% (against a target of 100%) and further updates are scheduled to continue to improve the quality of data held.

Investment
(fund
management
and
performance)

Default

The Trustee believes that:

- the default investment arrangement is suitable for the majority of its members and incorporates a well-designed investment glide path to retirement.
- TDFs provide significantly more investment flexibility and future-proofing than a Lifestyle approach and;
- the default investment options are performing in line with expectations.

Evidence to support this conclusion includes:

- TDFs for 'younger' members have a performance expectation of CPI + 4% over the life of the fund. This performance expectation reduces as members approach retirement age, to CPI + 0%. As of 30 September 2021, all TDFs have outperformed their respective benchmarks over the past 5 years.

Self-select

For those members who do wish to make their own investment decisions, self-select investment funds are available. The Trustee offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership.

The Trustee does not consider that this range of self-select funds detracts from value for members simply because the range is less extensive than that offered by a

number of comparator schemes.

In other Master Trusts, the extent of member take-up of these additional wider options is unlikely to be high.

Member
Communication
& Engagement

The Trustee believes that it:

- provides engaging member communications;
- continually assesses and reviews the DC offering to members;
- is committed to improving member communications in the future; and
- is committed to understanding member needs.

Evidence to support this conclusion includes:

- TPT operates a dedicated ring-fenced customer service centre for all DC members to call and speak to a TPT scheme expert.
- Online access to individual records.
- TPT provides a dedicated DC member website, where members can access information about their scheme, as well as more general information and educational material.
- Helplines – TPT and Mercer operate helplines for members during office hours (8.30am-5.00pm).
- Online enquiry portal – Members can contact the TPT team at Mercer via a dedicated online portal, 'Contact TPT'. Through Contact TPT, members can submit enquiries and upload relevant documents.
- TPT has partnered with Mercer to provide members with an 'at retirement' service in respect of annuities and income drawdown options. Members are offered a two-tier service with a pricing structure to reflect the level of advice given. Members can use Mercer's service or their own independent financial adviser. Members who choose not to use any such service are still given details of the choices available to them, have the option to obtain guidance from one of Mercer's relationship managers (without charge) and are offered the use of an online facility, the Pensions Calculator (without charge), to assist them to make appropriate retirement choices.
- TPT undertakes ongoing customer satisfaction surveys with its members. These surveys allow TPT to monitor the perceived quality and service that members are receiving and to identify areas for improvement.

- Feedback from members is reviewed on a monthly basis to identify any recurring themes or new issues that may have arisen.
- The annual Value for Members report.

Value for members is an evolving assessment. The Trustee wants to ensure good value relative to other forms of saving and investment (especially DC pension saving). We will continue to work towards improvements in value over time.

Investment returns

This section states the return, after the deduction of charges and transaction costs. It covers the default arrangement(s) and all self-select investment options, during the Trust year:

- which were available for selection; and / or
- in which members' assets were invested.

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

Target Date Fund	Age of member in 2021 (years)	5 years (2016 to 2021)	3 years (2016 to 2021)	1 year (2021)
2038 – 2040 to 2068 – 2073	e.g. age 49 to 16	10.0%	8.9%	24.5%
2035 - 2037	e.g. age 52	9.6%	8.4%	22.3%
2032 - 2034	e.g. age 55	8.2%	7.2%	17.9%
2029 - 2031	e.g. age 58	6.8%	6.2%	15.1%
2026 - 2028	e.g. age 61	5.6%	5.3%	12.7%
2023 - 2025	e.g. age 64	4.3%	3.9%	8.8%
2020 - 2022	e.g. age 67	3.5%	3.3%	7.1%
2017 - 2019	e.g. age 70	3.0%	3.2%	6.3%
2014 - 2016	e.g. age 73	2.8%	3.2%	6.2%
2011 - 2013	e.g. age 76	2.8%	3.2%	6.2%

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

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

Fund name	5 years (2016 to 2021)	3 years (2016 to 2021)	1 year (2021)
Global Equity	10.4%	8.9%	26.1%
Cash	0.0%	0.0%	-0.4%
Bond	2.0%	4.6%	-5.2%
Index Linked Gilts	2.8%	6.1%	-0.2%
Property	3.2%	1.0%	10.6%
SRI	12.7%	11.7%	24.3%
Diversified Growth	2.4%	3.8%	12.7%

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

Trustee knowledge and understanding

The Pensions Act 2004 requires the Trustee to possess, or have access to, sufficient knowledge and understanding to run the Trust effectively. The Trustee recognises the importance of having the right mix of skills, competencies and personalities on the Trustee Board to ensure that the Trust is well governed and properly managed.

All Trustee Directors are required to complete the Pensions Regulator’s Trustee Toolkit prior to appointment and to provide evidence of completion. New Trustee Directors must also demonstrate that they meet the ‘Fit and Proper’ requirements for the purposes of Master Trust Authorisation before appointment.

In particular, the Trustee Directors are required to demonstrate:

- a working knowledge of the Rules;
- a working knowledge of the current SIP;

- a working knowledge of all documents setting out the Trustee's current policies;
- that they have sufficient knowledge and understanding of the law relating to pensions and trusts;
- that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes; and
- that their combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.

How we have met requirements

In each Trust year, the Trustee is required to demonstrate its knowledge and understanding in these areas as follows:

- All Trustee Directors are required to read and understand the Governance Document which includes details of all of the Trust's governance arrangements, including the Conflicts of Interest Policy. The Scheme Governance Document is reviewed annually with the last review taking place in December 2021.
- All Trustee Directors are required to devote sufficient time to training in addition to training provided at Trustee and committee meetings. They are responsible for their own training programme and for completing tPR's Trustee Toolkit.

The following paragraphs describe how the Trustee met the requirements in the Trust year.

The Trustee has access to the services of a range of professional advisors. All Trustee decisions are supported by professional advice where required, and this includes attendance of professional advisors at Trustee meetings. The Trustee's legal advisor attends each Trustee meeting (supporting a working knowledge of the Rules and the law relating to pensions and trusts) and the investment advisor attends all Investment Committee meetings (supporting a working knowledge of the relevant principles of funding and investment of occupational pension schemes).

TPT maintains a log of training undertaken by the Trustee (collectively and individually) and organises training sessions as and when necessary. All Trustee Directors met or exceeded their specified training requirement to undertake a minimum of 25 hours' Trustee training within the Trust year.

The Trustee has received confirmation from each Trustee Director that they have completed the required amount of training during the year. Each new Trustee Director has also provided evidence that they have completed the Trustee Toolkit. This confirmation and evidence is recorded with each Trustee Director's appointment letter.

Review of the SIP (described earlier in this statement) was undertaken with professional advisors which supports a working knowledge of the document.

Induction for new trustees

A comprehensive induction process is in place for all new Trustee Directors. They are required to meet the Trustee Knowledge and Understanding Standards required of a trustee of a large Master Trust plus any requirements specific to their individual role on the Trustee Board, as described in the Trustee's Terms of Reference (which are included in the Governance Document). The Trustee has received confirmation from the Trustee Directors that this was the case in the Trust year.

No new Directors were appointed in the Trust year ended 30 September 2021.

Training

The Trustee follows an annual training programme to ensure all Trustee Directors have appropriate knowledge and understanding. In the Trust year, the Trustee undertook a range of training including:

- DC Investment Governance;
- DC Code of Practice 13 – Scheme Management skills;
- Industry trends and market analysis, including ESG;
- Responsible Investment; and
- Cybersecurity.

This training covers some of the major developments in the law of pensions and trusts and feeds into a working knowledge of relevant current policies.

The training programme is reviewed regularly by the Trustee Board to ensure it is up to date, and that any knowledge gaps are identified. To achieve this, each Trustee Director carries out a self-evaluation during the Trust year. In addition, the Chair is asked to indicate if she has identified knowledge gaps or believes that a Trustee Director needs any specific training. Any gaps identified are recorded on the relevant Trustee Director's appraisal form.

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

- Pension Schemes Act 2021

This training will address the knowledge gaps identified in the previous Trust year. Any further knowledge gaps are identified by rolling assessment.

Assessment

The combined knowledge and understanding of the Trustee and its advisors enabled the Trustee to run the Trust properly, in the Trust year, as follows:

- Trustee Directors were able to challenge and question advisors, committees and other delegates effectively.
- Trustee decisions were made in accordance with the Rules and in line with trust law duties.
- Trustee Directors' decisions were not compromised by, for example, conflicts or hospitality arrangements.

In 2021 the Trustee Board engaged a third party, Independent Audit, to undertake a Trustee Board Effectiveness Review. This included observing meetings of the Trustee Board and its Committees, reviewing meeting packs and individual interviews with Board and Committee members and TPT staff.

The results of the review were reported to the Trustee Board in September 2021. The report concluded that the Trustee Board had strong foundations for working effectively, a clear commitment from all involved, a good mix of experience and strong support from the management team. It was also noted that there was a great deal of respect for the Board and Committee Chairs and that meetings were working well.

The report also made some recommendations for improvement which will be implemented during 2022.

At the end of the Trust year, each Trustee Director's performance is normally reviewed as part of a formal appraisal process which identifies training gaps and informs the individual and group training programme for the forthcoming year. The 2021 appraisal process was deferred to allow time for the Board Effectiveness Review to be undertaken. Meetings are due to take place with all Trustee Board members in early 2022 to discuss and agree their training requirements for the next year.

Having considered actions taken individually as Trustee Directors and collectively as a Trustee, and the professional advice available, I am confident that the combined knowledge and understanding of the Trustee Directors enables us to properly exercise our functions as Trustee.

Trustee Independence

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

Majority Independent

There are nine Trustee Directors of Verity Trustees Limited. Three were nominated by the members, three were nominated by the employers and three, including the Independent Chair, were co-opted onto the Trustee Board by the member and employer-nominated Trustee Directors.

In determining whether a Trustee Director is non-affiliated we have taken account of the detailed legal requirements (in summary):

- employment or similar relationships with service providers (or connected businesses) in recent times; and

- any payments made or received and any more general conflicts of interest.

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

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

Appointment process

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

A selection process for Member-Nominated Directors (MNDs) and Employer-Nominated Directors (ENDs) is usually held every two years and was due to take place in 2021. However, this was postponed due to the uncertainty caused by COVID-19, in particular concerns that it would limit the number of candidates and that social distancing measures might hinder the appointment process.

No new MNDs and ENDs were appointed during the Trust year. An appointment process to select two MNDs and one END will take place during 2022, with the successful candidates taking office from 1 October 2022. The following open and transparent recruitment process will be followed:

- A communication to be issued to all members and employers inviting them to nominate candidates.
- Nomination in accordance with the rules. A nominee is entitled to stand as a MND candidate if they are a member of The Pensions Trust or The Pensions Trust 2016. Self-nomination is permitted. An employer may nominate only one person as an END candidate. A nominee need not be a member or work for an employer to stand as an END candidate. There cannot be more than one employee of a participating employer on the Trustee Board at any one time. Subject to satisfactory performance, an assessment of the collective skills requirements of the Trustee Board, the maximum period of service of 10 years and the agreement of the Chair, retiring ENDs and MNDs are eligible to stand for re-selection.
- New candidates will be required to complete an application form. Existing ENDs and MNDs that are eligible to stand for re-appointment will not be required to complete an application form.
- The Trustee Board’s Remuneration and Appointments Committee (RAC) will agree the candidates to be interviewed following an assessment of the application forms against the job specification and required competencies agreed by the Trustee.
- There will be a two stage interview process. Existing ENDs and MNDs that are eligible for re-appointment will automatically be shortlisted for second interview.

- The composition of the first stage interview panel will depend upon whether the candidate has been nominated by the member or the employers. Each interview panel will comprise three people as follows:
 - One representative of the TPT Executive Board;
 - One current MND/END as appropriate to the panel in question; and
 - One further Director or member of the Management Oversight Board
- The output from the first stage interviews will be reviewed by the Remuneration and Appointments Committee (RAC) and cross-referenced against any identified skills gaps. The RAC will then shortlist candidates for second interview.
- The second interviews will be conducted by a panel comprising:
 - The Chair of the Trustee Board;
 - The Senior Nominated Director;
 - The Chief Executive; and
 - A representative chosen from amongst the members/from amongst the representatives put forward by employers, as appropriate to the panel in question.
- The second stage interview panel will recommend the preferred candidates for appointment to the RAC, who will subsequently make a recommendation to the Trustee Board.

In our view, the process used meets the requirements for openness and transparency because the vacancies will be widely advertised amongst those people eligible under the Rules to apply; and past experience is that applications are submitted by a variety of eligible candidates and appointments are made on the basis of the competencies set out in the job description which is available to candidates.

This differs from examples of open and transparent processes set out in legislation because of the circumstances of the Trust. In particular:

- the Trustee Directors are responsible for defined benefits as well as DC (and the 'open and transparent' process applies only to DC schemes), so we need to consider all elements of the Trust in the appointment process; and
- the Rules require an equal number of MNDs and ENDs. Furthermore, MNDs must be members of TPT, which limits the pool of candidates for these vacancies.

We recognise that an open and transparent process can also include advertisement of the vacancy for a Trustee Director in at least one appropriate national publication, engagement of the services of a recruitment agency to assist in the selection of candidates, or a nomination and selection procedure by some or all of the members. These methods are adopted for the recruitment of co-opted directors, including the Chair of the Trustee Board.

Member Feedback

The Trustee is always pleased to hear the views of the members and encourages them (or their representatives) to make their views about the Trust known.

Arrangements in place in the Trust year to provide feedback included actively gathering feedback on a monthly basis through surveys undertaken by an independent provider (the results of which were fed back to the management team to enable TPT to identify problems and make service improvements). At the beginning of each year, TPT defines the outcomes that it wants for its members and uses the member feedback gathered each month to continuously measure, modify and improve services.

In addition, members can:

- raise concerns or queries, using the contact details provided about the operational processes of the Trust (contact details being provided in an annual newsletter and annual benefit statement); and
- use an “Ask the Trustees” function on TPT’s website, to submit a question to the Trustee and receive an individual response.

Our use of different means of communication shows that we have designed the process with the size, nature and demographic of the Trust membership in mind.

There are c284,000 scheme members, making this a very large Trust in relative terms. We consider email the most effective means of obtaining member feedback. The dedicated email address for members to make their views known is tptenquiries@mercer.com and this is provided to members in routine communications.

This DC Governance Statement was approved and signed for and on behalf of the Trustee on 24 March 2022.

Joanna Matthews

Independent Chair

Verity Trustees Limited

Independent auditors' report to the Trustee of The Pensions Trust

Report on the audit of the Financial Statements

Opinion

In our opinion, The Pensions Trust'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 and our auditors' report thereon. 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. 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, 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	Defined Benefit Schemes £m	Defined Contribution Schemes £m	Expenses Reserve Account £m	Total 2021 £m	Total 2020 £m
Employer Contributions		338.5	221.8	-	560.3	581.6
Employee Contributions		15.5	112.0	-	127.5	126.8
Total Contributions	5	354.0	333.8	-	687.8	708.4
Transfers in	6	0.1	10.2	-	10.3	7.5
Other Income	7	0.2	7.3	7.3	14.8	15.0
		354.3	351.3	7.3	712.9	730.9
Benefits Paid or Payable	8	(261.6)	(36.3)	-	(297.9)	(284.1)
Payments to and on account of Leavers	9	(0.3)	(1.6)	(0.9)	(2.8)	(2.9)
Transfers out to Other Schemes	10	(57.0)	(95.4)	-	(152.4)	(341.1)
Other Payments	11	-	-	(6.4)	(6.4)	(5.2)
Administrative Expenses	12	(15.2)	(6.9)	0.7	(21.4)	(26.6)
		(334.1)	(140.2)	(6.6)	(480.9)	(659.9)
Net additions from dealings with Members		20.2	211.1	0.7	232.0	71.0
Net Returns on Investments						
Investment Income	13	201.5	10.7	-	212.2	158.9
Change in Market Value of Investments	14	383.5	330.1	-	713.6	321.4
Investment Management Expenses	15	(50.8)	(3.9)	1.1	(53.6)	(48.4)
		534.2	336.9	1.1	872.2	431.9
Net Increase in the Trust		554.4	548.0	1.8	1,104.2	502.9
Opening Net Assets		10,854.1	1,808.9	22.3	12,685.3	12,182.4
Closing Net Assets (available for benefits)		11,408.5	2,356.9	24.1	13,789.5	12,685.3

The notes on pages 52 to 96 form part of these Financial Statements.

Statement of Net Assets (available for benefits)

As at 30 September 2021

	Note	Defined Benefit Schemes £m	Defined Contribution Schemes £m	Expenses Reserve Account £m	Total 2021 £m	Total 2020 £m
Investment Assets						
Equities	14	926.2	-	0.3	926.5	1,068.7
Bonds	14	1,023.6	-	-	1,023.6	1,146.4
Property	16	184.9	-	-	184.9	167.2
Pooled Investment Vehicles	17	8,792.6	2,328.3	-	11,120.9	9,712.1
Qualifying Investment Funds	18	8.7	-	-	8.7	19.4
Derivatives	19	10.5	-	-	10.5	22.8
Insurance Policies	20	183.8	-	-	183.8	207.1
AVC Investments	21	1.1	-	-	1.1	1.1
Cash	22	282.0	-	-	282.0	207.8
Other Investment Balances	22	59.0	-	-	59.0	77.2
		11,472.4	2,328.3	0.3	13,801.0	12,629.8
Investment Liabilities						
Derivatives	19	(46.7)	-	-	(46.7)	(14.0)
Cash	22	(13.2)	-	-	(13.2)	(28.4)
Other Investment Balances	22	(48.8)	-	-	(48.8)	(19.5)
		(108.7)	-	-	(108.7)	(61.9)
Total Net Investments	14	11,363.7	2,328.3	0.3	13,692.3	12,567.9
Fixed Assets	28	7.9	-	-	7.9	7.8
Current Assets	29	51.4	32.5	23.8	107.7	135.9
Current Liabilities	30	(14.5)	(3.9)	-	(18.4)	(26.3)
Total Net Assets (available for benefits)		11,408.5	2,356.9	24.1	13,789.5	12,685.3

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 year. The actuarial position of the Trust, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 10 and 11 of the Annual Report and these Financial Statements should be read in conjunction with that Report. The notes on pages 52 to 96 form part of these Financial Statements.

The Financial Statements on pages 49 to 96 were approved and signed for and on behalf of the Trustee on 24 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 Trust is also an authorised Master Trust.

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 has defined benefit ("DB") sections, the majority of which are closed to new members but existing members continue to accrue benefits, and defined contribution ("DC") sections which are open to new members and are used as auto-enrolment schemes by certain employers. For details of schemes included as defined benefit or defined contribution see note 36.

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 Trust receive preferential tax treatment.

2. Basis of Preparation

The individual Financial Statements of The Pensions Trust 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.

Contributions in respect of employees in the first 30 days following auto-enrolment are accounted for when their right to opt-out has expired, unless remitted to the Trust earlier.

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 Schedules of Contributions and recovery plan under which they are being paid.
- iii. Special contributions include employer debt on withdrawal contributions (Section 75 debts) and Covenant Loss Premiums 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, and between sections within the Trust

- i. Group and individual transfers in are accounted for on an accruals basis, which is normally the earlier of when the transfer value is paid or member liability is accepted by the Trust.
- ii. Group transfers out are accounted for in accordance with the terms of the transfer agreement.
- iii. Individual transfers out are accounted for on an accruals basis, which is normally when the transfer value is paid and member liability is discharged.

- iv. 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.
- v. Following the payment of a refund of contributions to a member of any DC arrangement, within the qualifying period, the units purchased by employer contributions in respect of that member are disinvested and the proceeds transferred to the Expenses Reserve Account.

e. Administrative and Other Expenses

- i. All administrative and investment management expenses incurred by the Trust are accounted for on an accruals basis. The Trust operates an Expenses Reserve Account, which represents the balance arising between expenses deducted from the Schemes and actual costs incurred.
- ii. Expenses which relate specifically to individual Schemes are allocated to the appropriate scheme on an accruals basis.
- iii. The Trustee of The Pensions Trust, Verity Trustees Limited is also the Trustee of The Pensions Trust 2016. The Pensions Trust incurs all of the administrative and investment management expenses relating to The Pensions Trust 2016 and recharges these on a monthly basis.
- iv. 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. Depreciation

Tangible fixed assets are depreciated from when the asset becomes operational. Assets are depreciated over their expected useful economic lives, less residual value, on a straight line basis. The rates used are:

Computers and Software	25%
Equipment and Fittings	10% - 25%

The Trust's freehold office has been valued independently on an annual basis at the year-end date on an estimated-open-market-existing-use basis. The change in valuation from the preceding year is included in the Financial Statements, within 'Change in Market Value of Investments' (note 14).

g. Investment Income and Expenditure

- i. Income from equities, and any pooled investment vehicles (including qualified investment funds) which distribute income, are 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. Rents from properties are accounted for on an accruals basis from when earned in accordance with the terms of the lease.
- iv. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.
- v. Income arising from insurance policies is included in investment income. Income from annuities is accounted for on an accruals basis.
- vi. 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 of 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 with the fund without issue of further units, change in market value also includes such income.
- vii. 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.

h. 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 and qualifying investment fund) 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) or qualifying investment fund (QIF) 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. Properties are included at fair value as at the year end determined by independent chartered surveyors, who have recent experience of the locations and types of properties held by the Trust, in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein.
- v. Derivatives are stated at fair value.
 - Exchange-traded derivatives are stated at market values determined using market quoted prices. For exchange-traded derivative contracts which are assets, fair value is based on quoted bid prices. For exchange-traded derivative contracts which are liabilities, fair value is based on quoted offer prices.
 - 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.
 - Options are stated at fair market value determined using specific pricing models and relevant market data at the year end.
 - Security pledged is stated at fair market value based on bid prices at the year end.

- All gains and losses arising on derivative contracts are reported within 'Change In Market Value of Investments'.
- vi. 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.
- vii. Insurance policy assets which provide benefits for members, but which are in the name of the Trustee, principally the bulk annuity contracts with Canada Life, Rothesay Life, and Legal & General Assurance Society Limited, 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.
- viii. AVCs are invested in accordance with the members' instructions. The Trust does not have any DB AVC investments; these are co-invested into the DC funds.

i. 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 (h) and within notes 16, 20, 25 and 27. The Trustee does not consider there to be any critical judgements.

4. Analysis of Fund Account

	2021				2020			
	DB £m	DC £m	Expenses Reserve £m	Total £m	DB £m	DC £m	Expenses Reserve £m	Total £m
Total Income	354.3	351.3	7.3	712.9	386.5	337.1	7.3	730.9
Total Payments	(334.1)	(140.2)	(6.6)	(480.9)	(540.5)	(109.0)	(10.4)	(659.9)
Net additions / (withdrawals) from dealing with Members	20.2	211.1	0.7	232.0	(154.0)	228.1	(3.1)	71.0
Net Returns on Investments	534.2	336.9	1.1	872.2	402.9	28.1	0.9	431.9
Net Increase in the Trust	554.4	548.0	1.8	1,104.2	248.9	256.2	(2.2)	502.9
Opening Net Assets	10,854.1	1,808.9	22.3	12,685.3	10,605.2	1,552.7	24.5	12,182.4
Closing Net Assets (available for benefits)	11,408.5	2,356.9	24.1	13,789.5	10,854.1	1,808.9	22.3	12,685.3

Included within Net Returns on Investments is Change in Market Value of Investments of £383.5m (2020: £298.3m) for the DB section, and £330.1m (2020: £23.1m) for the DC section.

5. Contributions

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Employer Contributions						
Normal	53.3	221.8	275.1	55.8	212.3	268.1
Administrative expenses	12.1	-	12.1	11.3	-	11.3
Deficit funding	267.0	-	267.0	277.2	-	277.2
Special	6.1	-	6.1	25.0	-	25.0
	338.5	221.8	560.3	369.3	212.3	581.6
Employee Contributions						
Normal	15.5	106.7	122.2	17.2	104.7	121.9
AVCs	-	5.3	5.3	-	4.9	4.9
	15.5	112.0	127.5	17.2	109.6	126.8
	354.0	333.8	687.8	386.5	321.9	708.4

Employer normal contributions include contributions in respect of salary-sacrifice arrangements made available to certain members by the Employer.

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

Total future commitments as at 30 September 2021 to pay deficit contributions are shown below:

	£m
Due in 1 year	268.0
Due in 1 - 2 years	249.3
Due in 2 - 5 years	769.9
Due in > 5 years	390.2
TOTAL	1,677.4

Deficit recovery periods differ between Schedules of Contributions. The shortest deficit recovery period is 3 months, with the longest being 12 years.

Vivid Housing Defined Benefit Pension Scheme has not been included in the table above as a full actuarial valuation has not yet been completed. The interim Schedule of Contributions which is in place does not require any deficit contributions.

The following schemes also have an interim Schedule of Contributions in place which requires future deficit payments: A2Dominion Benefit Scheme, Guinness Partnership Pension Scheme, and St. Mungo's Defined Benefit Scheme.

These values have been included within the above table with the exception of amounts due in more than 5 years, due to there being no end date on the interim Schedule of Contributions.

6. Transfers in

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Group Transfers in – AVCs	0.1	-	0.1	-	-	-
Individual Transfers in	-	10.2	10.2	-	7.5	7.5
Transfers between sections	-	-	-	(0.5)	0.5	-
	0.1	10.2	10.3	(0.5)	8.0	7.5

Group transfers in relate to externally operated AVC policies held by individuals within schemes.

Transfers between sections represent transfers out of DB schemes and into DC schemes within the Trust.

7. Other Income

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Claims on Term Insurance Policies	0.2	7.3	7.5	0.5	7.2	7.7
Life Assurance Income	7.3	-	7.3	7.3	-	7.3
	7.5	7.3	14.8	7.8	7.2	15.0
Transfer to Expenses Reserve Account	(7.3)	-	(7.3)	(7.3)	-	(7.3)
	0.2	7.3	7.5	0.5	7.2	7.7

Life assurance income relates to premiums paid by employers for the purchase of life assurance for members.

8. Benefits Paid or Payable

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Pensions	208.0	-	208.0	198.0	-	198.0
Commutations and Lump Sum Retirement Benefits	49.6	26.1	75.7	52.5	20.5	73.0
Lump Sum Death Benefits	3.9	10.0	13.9	3.5	9.3	12.8
Taxation	0.1	0.2	0.3	0.2	0.1	0.3
	261.6	36.3	297.9	254.2	29.9	284.1

Taxation arising on benefits paid or payable is in respect of members whose benefits have exceeded the lifetime or annual allowance and who elected to take lower benefits from the Trust in exchange for the Trust settling their tax liability.

9. Payments to and on Account of Leavers

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Refund of Contributions	-	0.1	0.1	0.3	-	0.3
Purchase of Annuities	0.3	1.5	1.8	0.5	2.1	2.6
	0.3	1.6	1.9	0.8	2.1	2.9
Transfer from Expenses Reserve Account	0.9	-	0.9	-	-	-
	1.2	1.6	2.8	0.8	2.1	2.9

10. Transfers Out to Other Schemes

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Group Transfers to Other Schemes:						
Metropolitan Housing Trust	-	43.3	43.3	194.7	-	194.7
Together Housing Association	-	-	-	0.3	-	0.3
Crown Simmons Housing	(0.2)	-	(0.2)	5.3	-	5.3
The Riverside Group Limited	-	-	-	-	20.8	20.8
Orbit Housing Group	-	-	-	-	14.4	14.4
Individual Transfers Out	57.2	52.1	109.3	68.9	36.7	105.6
	57.0	95.4	152.4	269.2	71.9	341.1

11. Other Payments

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Premiums on Term Insurance Policies	6.4	-	6.4	5.2	-	5.2
Transfer to Expenses Reserve Account	(6.4)	-	(6.4)	(5.2)	-	(5.2)
	-	-	-	-	-	-

12. Administrative Expenses

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Gross Salaries	6.7	1.2	7.9	6.4	1.1	7.5
Other Employment Costs	5.1	-	5.1	5.4	-	5.4
Computer Systems and Development	1.0	0.2	1.2	0.9	0.2	1.1
Publicity and Design	0.9	-	0.9	0.4	-	0.4
Office Miscellaneous and Depreciation	1.3	0.1	1.4	1.5	0.1	1.6
Professional Fees	(0.1)	2.4	2.3	5.6	2.2	7.8
Scheme Specific Expenses	0.7	-	0.7	0.5	-	0.5
Pension Protection Fund Levy	1.8	0.1	1.9	2.2	0.1	2.3
	17.4	4.0	21.4	22.9	3.7	26.6
Transfer (from)/to Expenses Reserve Account	(2.2)	2.9	0.7	(6.6)	1.4	(5.2)
	15.2	6.9	22.1	16.3	5.1	21.4

The Trust bears all the costs of administration. Specific costs are allocated to the Scheme to which they relate. General costs are allocated between Schemes.

Included within Office Miscellaneous and Depreciation is £0.1m (2020: £0.1m) of depreciation. Included in professional fees are the audit fee of £0.2m (2020: £0.3m) and actuarial fees of £1.3m (2020: £0.9m).

The overall audit fee is inclusive of the audit fee for The Pensions Trust 2016 of £52,000 (2020: £48,000).

Administration costs incurred during the year exceeded the costs allocated to the Schemes resulting in a £0.7m (2020: £5.2m) transfer from the Expenses Reserve Account.

In the year, £0.2m was charged to the Fund Account in respect of operating lease expenses (2020: £0.1m).

Remuneration of Trustee Directors and Key Management Personnel

Trustee Director Remuneration

The numbers of Trustee Directors who received either a salary or fees in the year fall into the following bands of remuneration payable for the year:

	2021	2020
£0-£20,000	5	5
£20,001-£40,000	1	1
£100,001-£120,000	1	1

Whilst the CEO and Chair of the Management Oversight Board both sit on the Trustee Board, details of their remuneration have been excluded from the above but have been included within the analysis relating to the Employee Remuneration and Management Oversight Board and Committee Co-optee Remuneration respectively.

Trustee Directors may incur costs in fulfilling their duties, for example in travelling to meetings. The reimbursement of properly incurred expenses is not considered to be remuneration of a Trustee Director.

Management Oversight Board and Committee Co-optee Remuneration

The number of members of the Management Oversight Board and Committee Co-optees who received a salary in the year fall into the following bands of remuneration payable for the year:

	2021	2020
£0-£20,000	-	1
£20,001-£40,000	4	2
£40,001-£60,000	2	2
£60,001-£80,000	-	1
£80,001-£100,000	1	1

Employee Remuneration

The number of employees, who received more than £60,000 (excluding pension contributions) in the year, fall into the following bands of remuneration payable for the year:

	2021	2020
£60,001-£80,000	17	18
£80,001-£100,000	11	5
£100,001-£120,000	3	4
£120,001-£140,000	3	3
£140,001-£160,000	5	4
£160,001-£180,000	1	1
£180,001-£200,000	1	1
£220,001-£240,000	1	1
£440,001-£460,000	-	1
£480,001-£500,000	1	-

The ratio of highest paid to median paid employee salary is 9:1 (2020: 9:1).

The amount payable to those included within the above tables totalled:

	2021	2020
	£m	£m
Trustee Director Remuneration	0.2	0.2
Management Oversight Board & Co-optee Remuneration	0.3	0.3
Employee Remuneration	4.7	4.2
	5.2	4.7

Employees in Trust Pension Schemes

DB

The Trust has no employees that are active members of any of its DB pension schemes. The Trust does have employees that are deferred members of its DB pension schemes CARE and Growth Plan 1 & 2.

DC

The Trust has employees that are members of its Flexible Retirement Plan defined contribution scheme. The contributions paid relating to those employees are listed in the following table.

The Pensions Trust
Year ended 30 September 2021

	2021	2020
	£m	£m
Employer Contributions		
Normal	1.1	0.9
Employee Contributions		
Normal	0.3	0.3
AVC	0.1	0.1
	1.5	1.3

Multi-Employer Scheme pension deficits

Under FRS 102 a technical provision to reflect the discounted cash flow of future contributions payable to rectify a participating employer's share of the Trust's deficit must be recognised in its Statement of Net Assets. Current and former employees of the Trust have benefits within the Growth Plan and CARE sections of the Trust. The administrative expenses above include an amount of £0.8m paid during the year in respect of deficit contributions to those sections. The table below provides an analysis of this sum and also sets out the net present value (PV) of future deficit contributions payable and the Section 75 debt that would be payable in the event of withdrawal:

	2021	2021	2021
	Deficit contributions	PV of future	S75 debt payable in the
	£m	contributions	event of withdrawal
		£m	£m
Growth Plan	0.4	1.5	5.1
CARE	0.4	2.7	14.7
Total	0.8	4.2	19.8

	2020	2020	2020
	Deficit contributions	PV of future	S75 debt payable in the
	£m	contributions	event of withdrawal
		£m	£m
Growth Plan	0.4	1.9	5.2
CARE	0.4	3.3	16.3
Total	0.8	5.2	21.5

13. Investment Income

	2021			2020		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Dividends from Equities	7.1	-	7.1	13.2	-	13.2
Income from Bonds	46.6	-	46.6	32.4	-	32.4
Rents from Properties	9.1	-	9.1	10.8	-	10.8
Income from PIVs/QIFs	121.4	10.7	132.1	76.2	8.4	84.6
Income from Insurance Policies	17.3	-	17.3	17.9	-	17.9
	201.5	10.7	212.2	150.5	8.4	158.9

14. Reconciliation of Net Investment

	Value at 01/10/2020	Transfers in	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Change in market value	Value at 30/09/2021
	£m	£m	£m	£m	£m	£m
Defined Benefit Section						
Equities	1,068.4	-	325.9	(695.7)	227.6	926.2
Bonds	1,146.4	-	823.9	(922.7)	(24.0)	1,023.6
Property	167.2	-	5.3	-	12.4	184.9
Pooled Investment Vehicles	7,932.2	-	4,640.8	(3,878.5)	98.1	8,792.6
Qualifying Investment Funds	19.4	-	4.8	(18.9)	3.4	8.7
Derivatives - Net	8.8	-	87.6	(225.0)	92.4	(36.2)
Insurance Policies	207.1	-	-	-	(23.3)	183.8
AVC Investments	1.1	0.1	-	-	(0.1)	1.1
	10,550.6	0.1	5,888.3	(5,740.8)	386.5	11,084.7
Other Investment Balances (net)	9.9				-	10.2
Cash	227.2				-	268.8
	10,787.7				386.5	11,363.7
Defined Contribution Section						
Pooled Investment Vehicles	1,779.9	-	345.0	(126.7)	330.1	2,328.3
Expenses Reserve Account Section						
Equities	0.3	-	-	-	-	0.3
Total Investments	12,567.9				716.6	13,692.3

The change in market value in the table above excludes movements in respect of Cash and Cash Equivalents (largely due to foreign exchange fluctuations) and Fixed Assets. The total change in market value of investments reported in the Fund Account for the year is £713.6m.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Trust such as fees, commissions and taxes.

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

	2021			Total £m
	Fees £m	Commission £m	Taxes £m	
Equities	0.4	0.4	-	0.8

	2020			Total £m
	Fees £m	Commission £m	Taxes £m	
Equities	0.5	0.4	-	0.9

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. With the exception of the direct transaction costs incurred on the qualifying investment funds as disclosed in note 18, it has not been possible for the Trustees to quantify such indirect transaction costs.

15. Investment Management Expenses

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Management, Administration and Custody	46.3	3.9	50.2	41.3	3.4	44.7
Performance Measurement Services	0.1	-	0.1	0.2	-	0.2
Investment Consultancy	0.4	-	0.4	0.5	-	0.5
Property Expenses	2.9	-	2.9	3.0	-	3.0
	49.7	3.9	53.6	45.0	3.4	48.4
Transfer to Expenses Reserve Account	1.1	-	1.1	0.9	-	0.9
	50.8	3.9	54.7	45.9	3.4	49.3

Costs incurred in respect of the Trust's investment team during the year were less than the cost allocation to the schemes resulting in a £1.1m transfer to the Expenses Reserve Account (2020: £0.9m).

16. Property

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Freehold Property	184.1	-	184.1	166.6	-	166.6
Leasehold Property	0.8	-	0.8	0.6	-	0.6
	184.9	-	184.9	167.2	-	167.2

Property was valued as at 30 September 2021 by an independent valuation expert, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of fair value. The principal assumptions on which the fair value was based were rental income from current tenants, the remaining term of current leases, discount rates and market rents by area for the locations in which the properties were based. Capital values were also checked against relevant evidence from comparable sales of similar properties.

17. Pooled Investment Vehicles

By type:	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Equities	1,202.5	1,577.2	2,779.7	864.8	1,187.5	2,052.3
Bonds	2,066.7	526.0	2,592.7	2,062.6	421.5	2,484.1
Property	408.4	135.2	543.6	211.7	101.9	313.6
Hedge Funds	1,045.8	-	1,045.8	929.8	-	929.8
Diversified Growth	-	21.5	21.5	-	19.3	19.3
Venture Capital and Partnerships	2,069.7	-	2,069.7	1,804.2	-	1,804.2
Cash	235.6	4.9	240.5	157.0	5.4	162.4
Commodities	16.5	63.5	80.0	42.9	44.3	87.2
Liability Driven Investments	1,747.4	-	1,747.4	1,859.2	-	1,859.2
	8,792.6	2,328.3	11,120.9	7,932.2	1,779.9	9,712.1

18. Qualifying Investment Funds

At 30 September 2021 and 30 September 2020 the Trust held Qualifying Investment Funds (QIFs). The portfolio is held with Legal & General Investment Management Limited and is specifically tailored for the Trust's individual requirements and there are no other investors in it. A breakdown of the underlying investment classes held within the fund has been included below.

By type:	2021	2020
	£m	£m
Equities	8.0	18.3
Cash & Cash Equivalents	0.7	1.1
Total QIF Assets	8.7	19.4

19. Derivatives

	2021			2020		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£m	£m	£m	£m	£m	£m
Over-The-Counter Contracts						
Forward Foreign Currency	7.1	(43.6)	(36.5)	21.7	(11.6)	10.1
Options	3.4	(3.1)	0.3	1.1	(2.4)	(1.3)
	10.5	(46.7)	(36.2)	22.8	(14.0)	8.8

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.
- Options: TPT uses options to adjust the market exposure of its equity holdings. Over the year the Trustee purchased contracts that enabled it to gain some level of protection against losses arising from a fall in equity markets, with the premium paid for receiving this protection offset by selling contracts limiting the upside arising from an equity market rise, also known as an 'equity collar' strategy.

Forward Foreign Currency			2021	
Type:	Expires within	Notional value £m	Fair value	
			Asset £m	Liability £m
Buy EUR for GBP (12 contracts)	1 Year	120.8	-	(0.1)
Buy GBP for EUR (66 contracts)	1 Year	452.6	-	(0.1)
Buy GBP for JPY (43 contracts)	1 Year	158.0	-	(1.0)
Buy GBP for USD (156 contracts)	1 Year	2,354.4	-	(42.2)
Buy JPY for GBP (10 contracts)	1 Year	45.0	-	(0.2)
Buy USD for GBP (25 contracts)	1 Year	581.4	7.1	-
Buy CNH for USD (1 contract)	1 Year	0.6	-	-
Total 2021		3,712.8	7.1	(43.6)
Total 2020		3,851.1	21.7	(11.6)

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

Options

			2021	
Type:	Expires within	Notional value £m	Fair Value	
			Asset £m	Liability £m
Put – UK Equity	1 Year	9.0	0.1	-
Call – UK Equity	1 Year	-	-	(0.1)
Put – European Equity	1 Year	25.6	0.5	-
Call – European Equity	1 Year	-	-	(0.3)
Put – Japanese Equity	1 Year	14.0	0.2	-
Call – Japanese Equity	1 Year	-	-	(0.4)
Put – US Equity	1 Year	131.7	2.6	-
Call – US Equity	1 Year	-	-	(2.3)
Total 2021		180.3	3.4	(3.1)
Total 2020		65.1	1.1	(2.4)

The notional value represents the value of the underlying stock protected by the option contracts. Collateral of £22.7m (2020: £9.8m) is held for unrealised gains on options, comprising gilts and cash. This is held in an allocated account with the counterparties' custodians and is not included within Trust assets.

Collateral

At the year end, the Trust held cash collateral of £Nil (2020: £Nil) in respect of derivative contracts and has pledged £Nil (2020: £Nil) cash as security.

20. Insurance Policies

The Trustee holds insurance policies with Rothesay Life, Canada Life, Legal & General Assurance Society Limited 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 and Mercer Limited.

	2021	2020
	£m	£m
Insurance policies with Rothesay Life	143.6	161.9
Insurance policies with Canada Life	16.1	18.2
Insurance policies with Legal & General Assurance Society Limited	11.3	12.6
Insurance policies with OneFamily (formally Engage Mutual)	3.9	4.3
Insurance policies with Prudential	3.8	3.9
Insurance policies with Standard Life Investments Limited	2.6	3.2
Insurance policies with Aviva Life	1.3	1.5
Insurance policies with Just Retirement	0.6	0.7
Insurance policies with Royal National Pension Fund for Nurses	0.3	0.7
Insurance policies with Aegon Scottish Equitable	0.1	0.1
Insurance policies with Partnership	0.1	-
Insurance policies with Pearl Assurance	0.1	-
	183.8	207.1

The table below summarises the main financial and demographic assumptions used for the 30 September 2021 and 30 September 2020 valuations of insurance policies:

Scheme funding assumptions	2021 Nominal (%pa)	2020 Nominal (%pa)
Valuation discount rate	Gilt Curve plus 0.5%	Gilt Curve plus 0.5%
Price inflation (RPI)	RPI Inflation Curve	RPI Inflation Curve
Pension increases (where not fixed):		
In line with RPI up to 5% p.a.	In line with inflation assumptions with relevant caps and collars, and adjusted in line with statistical distribution for increases in payment. The model used is Black-Scholes with 1.75% p.a. volatility.	
In line with RPI up to 2.5% p.a.		
Post retirement mortality:		
Base Table	100% of S3PMA (males) and 100% of S3PFA (females) projected to the valuation date	98% of S2PMA (males) and 98% of S2PFA (females) projected to the valuation date
Improvements to mortality	CMI_2020 [1.50%] for males CMI_2020 [1.25%] for females	CMI_2019 [1.50%] for males CMI_2019 [1.25%] for females

21. Additional Voluntary Contribution (AVC) Investments

Members of the DC section are allowed to pay contributions at a higher rate than required by the Rules. These contributions are co-invested with other DC assets and are not separately distinguishable.

Money purchase AVCs are held within the DB section of the Trust and are listed below.

	2021 £m	2020 £m
AVC Investments with Standard Life	0.6	0.7
AVC Investments with Aviva Life	0.3	0.3
AVC Investments with Royal London	0.1	-
AVC Investments with Utmost Life	0.1	0.1
	1.1	1.1

22. Cash and Other Investment Balances

	2021			2020		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Cash – Sterling	125.0	-	125.0	141.0	-	141.0
Cash – Foreign Currency	121.2	-	121.2	28.9	-	28.9
Cash – Collateral Held	35.8	-	35.8	37.9	-	37.9
	282.0	-	282.0	207.8	-	207.8
Cash – Collateral Pledged	(13.2)	-	(13.2)	(28.4)	-	(28.4)
	(13.2)	-	(13.2)	(28.4)	-	(28.4)
Amounts due from Brokers	23.7	-	23.7	8.6	-	8.6
Accrued Investment Income	35.3	-	35.3	20.8	-	20.8
Pending Transactions	-	-	-	47.8	-	47.8
	59.0	-	59.0	77.2	-	77.2
Amounts due to Brokers	(48.8)	-	(48.8)	(19.5)	-	(19.5)
	279.0	-	279.0	237.1	-	237.1

23. Stock Lending

Securities which were on loan at the year end are included in the Statement of Net Assets and refer to the Trust's ongoing economic interest in such securities. At 30 September 2021, £26.4m equities and £43.1m bonds (2020: £107.2m equities and £15.2m bonds) were on loan through the stock-lending programme managed by the Custodian. In exchange the Custodian held collateral of £72.2m (2020: £127.6m) in the form of obligations issued or guaranteed by the governments of Organisation for Economic Co-Operation and Development (OECD) member states, which is not included in the Statement of Net Assets. All assets that are included in a stock-lending arrangement have been classified within the relevant investment category within investment assets.

24. Defined Contribution Assets

Defined Contribution section investments purchased by the Trust are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee. The Defined Contribution Administrator allocates investment units to members.

All the Defined Contribution Assets are allocated to members (2020: all).

25. 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 Pensions Trust
Year ended 30 September 2021

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

Category:	Level 1	Level 2	Level 3	2021
	£m	£m	£m	Total £m
Defined Benefit Section				
Investment Assets				
Equities	922.2	4.0	-	926.2
Bonds	130.1	891.7	1.8	1,023.6
Property	-	-	184.9	184.9
Pooled Investment Vehicles	-	3,926.3	4,866.3	8,792.6
Qualifying Investment Funds	-	8.7	-	8.7
Derivatives	-	-	10.5	10.5
Insurance Policies	-	-	183.8	183.8
AVC Investments	-	1.1	-	1.1
Cash	282.0	-	-	282.0
Other Investment Balances	59.0	-	-	59.0
	1,393.3	4,831.8	5,247.3	11,472.4
Investment Liabilities				
Derivatives	-	-	(46.7)	(46.7)
Cash	(13.2)	-	-	(13.2)
Other Investment Balances	(48.8)	-	-	(48.8)
	(62.0)	-	(46.7)	(108.7)
Total Defined Benefit	1,331.3	4,831.8	5,200.6	11,363.7
Defined Contribution Section				
Pooled Investment Vehicles	-	2,323.0	5.3	2,328.3
Total Defined Contribution	-	2,323.0	5.3	2,328.3
Expenses Reserve Account				
Equities	-	0.3	-	0.3
Total Expenses Reserve Section	-	0.3	-	0.3
Total Investments	1,331.3	7,155.1	5,205.9	13,692.3

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 Pensions Trust
Year ended 30 September 2021

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:

Category:	Level 1	Level 2	Level 3	2020
	£m	£m	£m	Total
				£m
Defined Benefit Section				
Investment Assets				
Equities	1,064.3	4.1	-	1,068.4
Bonds	158.6	986.0	1.8	1,146.4
Property	-	-	167.2	167.2
Pooled Investment Vehicles	-	3,348.5	4,583.7	7,932.2
Qualifying Investment Funds	-	19.4	-	19.4
Derivatives	-	-	22.8	22.8
Insurance Policies	-	-	207.1	207.1
AVC Investments	-	1.1	-	1.1
Cash	207.8	-	-	207.8
Other Investment Balances	77.2	-	-	77.2
	1,507.9	4,359.1	4,982.6	10,849.6
Investment Liabilities				
Derivatives	-	-	(14.0)	(14.0)
Cash	(28.4)	-	-	(28.4)
Other Investment Balances	(19.5)	-	-	(19.5)
	(47.9)	-	(14.0)	(61.9)
Total Defined Benefit	1,460.0	4,359.1	4,968.6	10,787.7
Defined Contribution Section				
Pooled Investment Vehicles	-	1,773.6	6.3	1,779.9
Total Defined Contribution	-	1,773.6	6.3	1,779.9
Expenses Reserve Account				
Equities	-	0.3	-	0.3
Total Expenses Reserve Section	-	0.3	-	0.3
Total Investments	1,460.0	6,133.0	4,974.9	12,567.9

26. Concentration of Investments

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

	2021		2020	
	Value £m	%	Value £m	%
DB Investments				
BlackRock Investment Management (UK) Limited – Liability Solutions III Tailored Fund	1,435.4	10.4	1,550.2	12.2
BlackRock Investment Management (UK) Limited – Liability Leveraged Fund	769.2	5.6	575.5	4.5

27. 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.

The Pensions Trust
Year ended 30 September 2021

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	£m	£m
DB Section						
Equities	○	◐	○	●	926.2	1,068.4
Bonds	●	◐	●	◐	1,023.6	1,146.4
Property	◐	○	○	●	184.9	167.2
Pooled Investment Vehicles					8,792.6	7,932.2
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Qualifying Investment Funds					8.7	19.4
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Derivatives	◐	◐	●	◐	(36.2)	8.8
Insurance Policies	◐	○	●	○	183.8	207.1
AVC Investments	◐	◐	◐	◐	1.1	1.1
Cash Deposits and Other Net Investment Assets	●	◐	●	○	279.0	237.1
					11,363.7	10,787.7
DC Section						
Pooled Investment Vehicles	●	◐	◐	◐	2,328.3	1,779.9
					2,328.3	1,779.9
ERA Section						
Equities	○	○	○	●	0.3	0.3
					0.3	0.3

Defined Benefit Section

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, the Investment Committee sets the fund selection and performance strategy, after taking advice from the Trust's independent investment consultants, 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, commercial property, over-the-counter (OTC) derivatives, has cash equivalents and undertakes stock-lending activities. 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.

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.

	2021	2020
	£m	£m
DB Investments exposed to Credit Risk		
Bonds	1,023.6	1,146.4
Property Let to Tenants	148.3	135.9
Pooled Investment Vehicles		
Bond Funds (Direct and Indirect)	2,066.7	2,062.6
Other Funds (Direct Risk only)	6,725.9	5,869.6
Qualifying Investment Funds		
Other funds (Direct and Indirect)	8.7	19.4
Derivatives		
- Assets	10.5	22.8
- Liabilities	(46.7)	(14.0)
Insurance Policies	183.8	207.1
AVC Investments	1.1	1.1
Cash Deposits and Other Net Investment Assets	279.0	237.1
	10,400.9	9,688.0

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. Similarly, the credit risk arising from the letting of commercial property is mitigated by ensuring that the tenant has an appropriate covenant to ensure that rents are paid as they fall due.

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 and qualifying investment funds. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager's investment process at appointment.

OTC derivative contracts are not guaranteed by any regulatory exchange and therefore the Trust is subject to the risk of failure of the counterparty. The credit risk for OTC contracts is reduced by collateral arrangements (see note 19). Credit risk also arises on forward currency contracts where there are no collateral arrangements; however, all counterparties are required to be at least investment grade. Cash on deposit is held within financial institutions that have an investment grade credit rating.

The Trust manages the credit risk arising from stock-lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated two notches above investment grade and putting in place collateral arrangements (see note 23).

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

DB Section	2021	2020
Legal nature of the pooled arrangements:	£m	£m
Authorised Unit Trust	3,134.4	3,808.6
Open ended investment company	1,318.9	1,417.7
Closed ended funds	186.2	160.0
Partnerships	2,010.1	1,813.4
Société d'investissement à Capital Variable (SICAV)	422.0	590.4
Unit linked insurance contracts	1,501.8	0.9
Exchange Traded Commodities	-	3.4
Cash	219.2	137.8
	8,792.6	7,932.2

DC Section	2021	2020
Legal nature of the pooled arrangements:	£m	£m
Unit Linked Insurance Contracts	2,328.3	1,779.9
	2,328.3	1,779.9

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:

				2021	2020
	Direct	Indirect		Net	Net
	Exposure	Exposure	Hedging	Exposure	Exposure
	£m	£m	£m	after	after
				Hedging	Hedging
				£m	£m
Euros (EUR)	44.1	309.6	(315.0)	38.7	72.7
US Dollars (USD)	543.9	1,782.7	(1,684.1)	642.5	457.8
Japanese Yen (JPY)	91.9	84.7	(80.6)	96.0	78.2
Other Currencies	238.9	-	-	238.9	250.2
	918.8	2,177.0	(2,079.7)	1,016.1	858.9

Interest Rate Risk

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

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

	2021	2020
	£m	£m
DB Investments exposed to Interest Rate Risk		
Bonds	1,023.6	1,146.4
Pooled Investment Vehicles		
Bond Funds (Indirect)	2,066.7	2,062.6
Qualifying Investment Funds		
Other Funds (Indirect)	8.7	19.4
Derivatives		
- Assets	10.5	22.8
- Liabilities	(46.7)	(14.0)
Insurance Policies	183.8	207.1
AVC Investments	1.1	1.1
Cash Deposits and Other Net Investment Assets	279.0	237.1
	3,526.7	3,682.5

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.

	2021	2020
	£m	£m
DB Investments exposed to Other Price Risk		
Equities	926.2	1,068.4
Bonds	1,023.6	1,146.4
Property	148.3	135.9
Pooled Investment Vehicles		
Other Funds (Indirect)	6,725.9	5,869.6
Qualifying Investment Funds		
Other Funds (Indirect)	8.7	19.4
Derivatives		
- Assets	10.5	22.8
- Liabilities	(46.7)	(14.0)
AVC Investments	1.1	1.1
	8,797.6	8,249.6

Defined Contribution Section

Investment Strategy

The Trustee's objective is to make available to members an appropriate range of investment options designed to generate income and capital growth which, together with new contributions from members and their employers, will provide a retirement amount with which the member can purchase an annuity or other types of retirement solution.

In order to achieve this objective the Trust offers a range of Target Date Funds and Ethical Target Date Funds managed by AllianceBernstein Limited alongside a number of self-select funds. These funds sit on an investment platform provided by Phoenix Life Limited.

The Trust monitors the underlying risks through annual investment reviews with AllianceBernstein Limited.

Credit Risk

The DC Section is subject to direct credit risk in unit linked insurance funds provided by Phoenix Life Limited.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the Target Date Fund, Ethical Target Date Funds and self-select options. Member-level risk exposures will be dependent on the funds in which members are invested.

Fund	Exposed to:	Credit Risk
Target Date Funds		✓
Ethical Target Date Funds		✓
Diversified Growth Fund		✓
Global Equity Fund		-
SRI Fund		-
Property Fund		✓
Index-Linked Gilts Fund		✓
Bond Fund		✓
Cash Fund		✓

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

DC Section	2021	2020
Legal nature of the pooled arrangements:	£m	£m
Unit Linked Insurance Contracts	2,328.3	1,779.9
	2,328.3	1,779.9

Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from underlying financial instruments held in the funds on the Phoenix Life Limited platform.

The Pensions Trust
Year ended 30 September 2021

Fund	Exposed to:	Currency Risk	Interest Rate Risk	Other Price Risk
Target Date Funds		✓	✓	✓
Ethical Target Date Funds		✓	✓	✓
Diversified Growth Fund		✓	✓	✓
Global Equity Fund		✓	-	✓
SRI Fund		✓	-	✓
Property Fund		-	-	✓
Index-Linked Gilt Fund		-	✓	-
Bond Fund		-	✓	-
Cash Fund		-	✓	-

Expenses Reserve Account Section

The Trust holds an equity investment in TPT Retirement Solutions Limited – a 100% subsidiary of Verity Trustees Limited.

28. Fixed Assets

	Freehold Office £m	Computers and Software £m	Equipment and Fittings £m	Total £m
Cost or Valuation				
At 1 October 2020	7.8	1.5	1.4	10.7
Additions	-	-	-	-
Revaluation	0.1	-	-	0.1
Year ended 30 September 2021	7.9	1.5	1.4	10.8
Accumulated Depreciation				
At 1 October 2020	-	(1.5)	(1.4)	(2.9)
Charge for year	-	-	-	-
Year ended 30 September 2021	-	(1.5)	(1.4)	(2.9)
Net Book Value				
At 1 October 2020	7.8	-	-	7.8
Year ended 30 September 2021	7.9	-	-	7.9

Freehold Office

The freehold office in Leeds is substantially occupied by the Trust. It has been revalued as at 30 September 2021 by an independent valuer, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of its estimated open market value for existing use.

If the freehold office had not been revalued, it would have been carried in the Statement of Net Assets at the year end as:

	2021	2020
	£m	£m
Cost	8.1	8.1
Accumulated Depreciation	(5.2)	(4.9)
Net Book Value	2.9	3.2

29. Current Assets

	2021				2020			
	DB	DC	Expenses		DB	DC	Expenses	
	£m	£m	Reserve	Total	£m	£m	Reserve	Total
			£m	£m			£m	£m
Contributions due in respect of:								
Employers	25.0	17.0	-	42.0	25.9	17.1	-	43.0
Employees	1.1	8.5	-	9.6	1.2	8.5	-	9.7
Other Debtors	5.8	-	-	5.8	3.2	-	-	3.2
Prepayments	-	-	-	-	1.2	-	-	1.2
Cash Balances	19.5	7.0	23.8	50.3	50.1	6.7	22.0	78.8
	51.4	32.5	23.8	107.7	81.6	32.3	22.0	135.9

At 30 September 2021, within Other Debtors, there was no amount due from TPT Retirement Solutions Limited in respect of the recharge of staff, professional and other costs within the Trust (2020: £0.3m).

Details of Employer-Related Investments relating to contributions due at the year end are included in note 31.

30. Current Liabilities

	2021				2020			
	DB	DC	Reserve	Total	DB	DC	Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Unpaid Benefits	3.2	3.4	-	6.6	2.3	3.1	-	5.4
Tax Deducted from Pensions	0.1	0.3	-	0.4	0.1	0.2	-	0.3
Accrued Expenses	5.6	-	-	5.6	16.6	-	-	16.6
Other Creditors	5.6	0.2	-	5.8	4.0	-	-	4.0
	14.5	3.9	-	18.4	23.0	3.3	-	26.3

At 30 September 2021, included within Other Creditors, was an amount due to The Pensions Trust 2016 of £0.8m (2020: £1.4m). This represents cash balances held within the joint bank account.

31. Related Party Transactions

Key management personnel

Contributions received in respect of Trustee Directors who are members of the Trust have been made in accordance with the Rules.

Fees and expenses of £282k (2020: £219k) were paid to the Trustee Directors.

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. Given the number of registered social landlords that participate in the Trust, it is possible that these are technically Employer-Related Investments. The value of the Trust's holdings in these bonds at 30 September 2021 was £28.2m (2020: £18.9m), which represents less than 1% of the Trust's net assets.

The Trust has a holding in a pooled investment vehicle that invests in UK properties. One of the properties within this pooled investment vehicle is leased to the sponsoring employer of one of the Trust's DB schemes but it was sold during our last quarter via an arm's length transaction.

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, £0.2m (2020: £1.6m) of outstanding contributions were received late; this included defined benefit employer normal, employee normal and deficit-funding contributions. The value of late contributions outstanding at both year-end dates represents less than 0.1% of the Trust's net assets.

The Trust occupies part of Verity House, Leeds. The Trust owns the freehold of this office building. The full value of this building is included in fixed assets at a revalued amount of £7.9m (2020: £7.8m) being 0.1% of the net assets of the Trust.

Not more than 5% of the current market value of the Trust may at any time be Employer-Related Investments as defined in Section 40 of the Pensions Act 1995.

Pension contributions in respect of the Trust's employees are included in notes 5 and 12.

TPT Retirement Solutions Limited

The Trust owns 320,001 (2020: 320,001) ordinary shares of £1 each, in TPT Retirement Solutions Limited, a 100% subsidiary of Verity Trustees Limited. This is shown in note 14 as an equity investment of £0.3m (2020: £0.3m) in the Expenses Reserve Account.

At the year end, the Trust has a debtor for £nil (2020: £0.3m) due from TPT Retirement Solutions Limited which represents amounts owing in respect of recharged staff, professional and other costs incurred by the Trust.

The Pensions Trust 2016

The Trustee, Verity Trustees Limited, is also the Trustee of The Pensions Trust 2016. All of the Trustee Directors serve as Trustee for each Trust.

As at 30 September 2021, The Trust had a creditor of £0.8m (2020: £1.4m) owed to The Pensions Trust 2016. This represents cash balances held within the joint bank account.

The Trust received £0.8m (2020: £0.7m) in the year from The Pensions Trust 2016 in respect of the administration and management of the Trust over the period 1 October 2020 to 31 August 2021. A further £0.1m is due in respect of September 2021 and is included as a debtor.

The Trust received £0.9m (2020: £1.2m) in the year from The Pensions Trust 2016 in respect of the administration, management and custody of its investments over the period 1 October 2020 to 31 August 2021. A further £0.1m is due in respect of September 2021 and is included as a debtor.

32. Contingencies and Commitments

As at 30 September 2021 the Trust held 31 (2020: 30) contingent assets in relation to 29 employers (2020: 28 employers) that participate in the Trust. These contingent assets comprise charges on property, company guarantees, bank guarantees and escrow accounts. The contingent assets relate to the admission and continued participation of certain employers in the Trust, to the apportionment of withdrawing employers' share of the deficit to other participating employers within the same scheme or to provide security to support an extended recovery plan. The circumstances in which these assets will become the property of the Trust are set out in agreements with the relevant employers.

As at 30 September 2021 the Trust had no contingent liabilities (2020: £nil), except for 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:

	2021 Committed (Local CCY)	Outstanding at 30 Sept 21 (Local CCY)	2020 Committed (Local CCY)	Outstanding at 30 Sept 20 (Local CCY)
Direct Lending	£242.5m	£64.0m	£242.5m	£44.7m
Infrastructure	€182.2m	€1.0m	€182.2m	€1.9m
Infrastructure	\$460.0m	\$107.5m	\$400.6m	\$59.9m
Infrastructure	£116.5m	-	£116.5m	-
Risk Sharing	£390.0m	£33.5m	£313.0m	£48.5m
Long Income	£10.0m	-	£10.0m	-
Secure Income	£556.5m	-	£423.5m	-
Tactical Credit Opportunities	\$273.3m	-	\$273.3m	\$7.8m
Renewable Infrastructure	€120.0m	€101.6m	-	-
Renewable Infrastructure	\$140.0m	\$131.5m	-	-
Opportunistic Illiquid Credit	\$50.0m	-	\$290.0m	-

33. Operating Lease Commitments

The total of future minimum lease payments under non-cancellable operating leases analysed by period is shown below.

	2021 £m	2020 £m
Under one year	-	-
Between one year and five years	0.2	0.1

34. Subsequent Events

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

35. 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 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.

36. Scheme Balances

	2021	2020
	£m	£m
Defined Benefit (DB) Multi-Employer Schemes – Non-associated Employers		
CARE Scheme ^{2,4}	81.8	83.2
Growth Plan Series 1, 2 and 3 ²	774.6	809.5
Independent Schools' Pension Scheme ⁴	211.7	201.1
Northern Ireland Charities Pension Scheme ²	35.9	36.1
Scottish Housing Associations' Pension Scheme ⁴	1,173.6	1,114.9
Scottish Voluntary Sector Pension Scheme ²	152.3	153.3
Social Housing Pension Scheme ⁴	4,958.6	5,148.0
	7,388.5	7,546.1
Defined Benefit (DB) Multi-Employer Schemes – Associated Employers		
ABRI Group Limited Pension Scheme ¹ (previously Radian Group Limited Pension Scheme)	95.3	91.9
Methodist Homes for the Aged Final Salary Pension Scheme ²	68.7	68.1
Oxfam Pension Scheme ¹	255.7	251.7
Royal College of Nursing of the United Kingdom Pension Scheme ¹	432.5	404.7
Sanctuary Housing Association Final Salary Pension Scheme ²	313.1	305.0
The Clarion Housing Group Pension Scheme ¹	260.4	243.2
United Reformed Church Final Salary Scheme	43.5	38.9
Workers' Educational Association Pension Scheme ²	41.3	40.5
	1,510.5	1,444.0
Defined Benefit (DB) – Single Employer Schemes		
A2Dominion Benefit Scheme ⁵	105.0	-
Action for Blind People Final Salary Pension Scheme ²	15.5	15.9
Anchor Trust Final Salary Scheme ²	256.7	249.1
Arthritis Care Pension Scheme ²	15.0	15.2
Bromford DB Scheme	134.3	128.6
Christian Aid Final Salary Scheme (1988) ²	99.5	98.1

The Pensions Trust
Year ended 30 September 2021

Guinness Partnership Pension Scheme ⁵	302.7	-
Housing Plus Pension Scheme ²	11.6	10.2
Independent Age Final Salary Scheme ^{1,2}	24.3	24.5
Leonard Cheshire Disability Group Pension Scheme ²	81.4	80.0
Manchester Grammar School Pension Scheme ²	13.7	13.0
MIND (The National Association for Mental Health) Final Salary Scheme ²	13.2	13.6
National Council for Voluntary Organisations Final Salary Pension Scheme ²	31.3	30.3
Notting Hill Genesis Scheme ^{2,4}	56.6	53.1
Optivo Defined Benefit Pension Scheme ^{1,4}	82.3	77.5
Paddington Churches Housing Association 2001 Pension Scheme ²	61.7	60.3
Riverside ²	112.4	86.4
Royal National College for the Blind Defined Benefit Scheme ²	20.0	20.4
SeeABILITY Pension Scheme ²	16.7	17.1
Sovereign Pension Plan ²	167.1	152.3
St Mungo's Defined Benefit Scheme ⁵	44.4	-
Stonham Final Salary Pension Scheme ¹	88.7	85.1
The Children's Society Pension Scheme ¹	175.3	176.5
The Harpur Trust Pension Scheme for Non-Teaching Staff ¹	32.5	33.8
The Livability Final Salary Pension Scheme ²	40.7	38.7
The Orbit Group Defined Benefit Pension Scheme ²	103.6	99.1
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme ¹	19.5	20.0
The Save the Children Defined Benefit Scheme ²	219.8	206.7
The Together Trust Final Salary Scheme ²	9.7	9.9
The Winchester College Support Staff Pension Scheme ²	24.9	23.8
VIVID Housing Defined Benefit Pension Scheme ^{1,2,5}	104.1	-
YHA (England & Wales) Pension Scheme ²	25.3	24.8
	2,509.5	1,864.0
Total Defined Benefit Schemes	11,408.5	10,854.1

The Pensions Trust
Year ended 30 September 2021

	2021	2020
	£m	£m
Defined Contribution (DC) Schemes		
A2Dominion ^{3,4,5}	22.1	-
CARE Scheme ⁴	6.3	5.7
Ethical Fund ³	173.3	151.6
Flexible Retirement Plan ³	541.3	424.3
Growth Plan Series 4 ^{3 4}	463.9	371.0
Guinness Partnership ^{3,4,5}	15.8	-
Independent Schools' Pension Scheme ⁴	35.3	25.0
Notting Hill Genesis Scheme ⁴	25.4	19.6
Optivo DC Pension Scheme ⁴	28.8	19.7
Pension Scheme for the Education Sector	-	-
Scottish Housing Associations' Pension Scheme ⁴	123.9	89.8
Social Housing Pension Scheme ⁴	920.8	702.2
Total Defined Contribution Schemes	2,356.9	1,808.9

¹ Closed to new entrants

² Closed to future benefit accrual

³ Investments are allocated to individual members

⁴ Schemes within the Trust that include both DB and DC liabilities

⁵ New Scheme following bulk transfer in during current year

Expenses Reserve Account

The Trust operates an Expenses Reserve Account, which represents the balance arising between expenses deducted from the Schemes and actual costs incurred. All administrative and investment management expenses incurred by the Trust are charged to this account prior to allocation to individual schemes.

	2021	2020
	£m	£m
Administrative expenses incurred during the year (note 12)	(21.4)	(26.6)
Administrative expenses allocated during the year (note 12)	22.1	21.4
Investment management expenses incurred during the year (note 15)	(53.6)	(48.4)
Investment management expenses allocated during the year (note 15)	54.7	49.3
Life Assurance Income (note 7)	7.3	7.3
Life Assurance Premiums (note 11)	(6.4)	(5.2)
Payments to and on account of leavers (note 9)	(0.9)	-
Net transfer to / (from) the Expenses Reserve Account during the year	1.8	(2.2)
Balance brought forward	22.3	24.5
Balance carried forward	24.1	22.3

Summary of Schemes

	2021	2020
	£m	£m
DB Schemes	11,408.5	10,854.1
DC Schemes	2,356.9	1,808.9
Expenses Reserve Account	24.1	22.3
	13,789.5	12,685.3

Summary of Actuarial Certificates

The Pensions Trust 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
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.

Scheme	Year of Triennial Valuation as at 30 September	Date of Certification of Schedule of Contributions	Date of actuarial update
A2Dominion Benefit Scheme	2021 ¹	N/A ²	N/A
ABRI Group Limited Pension Scheme	2019	24 November 2020	30 September 2020
Action for Blind People Final Salary Pension Scheme	2020	21 December 2021	N/A
Anchor Trust Final Salary Scheme	2018	17 December 2019	30 September 2020
Arthritis Care Pension Scheme	2018	09 December 2019	30 September 2020
Bromford DB Scheme	2018	17 December 2019	30 September 2020
CARE Scheme	2019	23 October 2020	30 September 2020
Christian Aid Final Salary Scheme (1988)	2020	03 December 2021	N/A
Clarion Housing Group Pension Scheme	2018	08 November 2019	30 September 2020
Growth Plan Series 1, 2 and 3	2020	19 November 2021	N/A
Guinness Partnership Pension Scheme	2021 ¹	N/A ²	N/A
Housing Plus Pension Scheme	2019	26 October 2020	30 September 2020
Independent Schools' Pension Scheme	2020	22 December 2021	N/A
Independent Age Final Salary Scheme	2019	23 October 2020	30 September 2020
Leonard Cheshire Disability Group Pension Scheme	2018	18 December 2019	30 September 2020
Manchester Grammar Pension Scheme	2020	20 December 2021	N/A
Methodist Homes for the Aged Final Salary Pension Scheme	2018	16 August 2019	30 September 2020
MIND (The National Association for Mental Health) Final Salary Scheme	2019	11 December 2020	30 September 2020
National Council for Voluntary Organisations Final Salary Pension Scheme	2019	13 October 2020	30 September 2020
Northern Ireland Charities Pension Scheme	2019	11 September 2020	30 September 2020
Notting Hill Genesis Pension Scheme	2019	18 December 2020	30 September 2020
Optivo Defined Benefit Pension Scheme	2020	22 September 2021	N/A
Orbit Group Defined Benefit Pension Scheme	2020	14 December 2021	N/A
Oxfam Pension Scheme	2019	14 May 2020	30 September 2020
Paddington Churches Housing Association 2001 Pension Scheme	2019	17 December 2020	30 September 2020
Riverside DB Scheme	2020	20 December 2021	N/A
Royal College of Nursing of the United Kingdom Pension Scheme	2019	9 December 2020	30 September 2020

The Pensions Trust
Year ended 30 September 2021

Royal National College for the Blind Defined Benefit Scheme	2019	14 December 2020	30 September 2020
Sanctuary Housing Association Final Salary Pension Scheme	2019	17 December 2020	30 September 2020
Scottish Housing Associations' Pension Scheme	2018	05 May 2020	30 September 2020
Scottish Voluntary Sector Pension Scheme	2020	20 December 2021	N/A
SeeABILITY Pension Scheme	2020	07 December 2021	N/A
Social Housing Pension Scheme	2020	27 October 2021	N/A
Sovereign Pension Plan	2020	16 December 2021	N/A
St Mungo's Defined Benefit Scheme	2021 ¹	N/A ²	N/A
Stonham Final Salary Pension Scheme	2018	25 November 2019	30 September 2020
The Children's Society Pension Scheme	2018	05 December 2019	30 September 2020
The Harpur Trust Pension Scheme for Non-Teaching Staff	2018	25 October 2019	30 September 2020
The Livability Final Salary Pension Scheme	2018	15 July 2019	30 September 2020
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme	2020	21 December 2021	N/A
The Save the Children Defined Benefit Scheme	2020	17 November 2021	N/A
The Together Trust Final Salary Scheme	2018	30 August 2019	30 September 2020
The Winchester College Support Staff Pension Scheme	2020	21 December 2021	N/A
United Reformed Church Final Salary Scheme	2019	23 October 2020	30 September 2020
VIVID Housing Defined Benefit Scheme	2021 ¹	N/A ²	N/A
Workers' Educational Association Pension Scheme	2020	16 December 2021	N/A
YHA (England & Wales) Pension Scheme	2020	22 December 2021	N/A

¹ New Scheme, valuation to be performed as at 30 September 2021.

² Interim Schedule of Contributions is in place until the completion of the 30 September 2021 actuarial valuation.

Copies of the above certificates are available on request from the contact details on page 3.

Appendix 1 - Statement of Investment Principles

Trustee Statement of Investment Principles

Defined Contribution Elements

Reviewed by the Investment Committee: 9 September 2021

Approved by the Trustee Board: 14 October 2021

1. Introduction

- 1.1. TPT Retirement Solutions consists of two occupational pension schemes, The Pensions Trust (TPT) and The Pensions Trust 2016 (TPT 2016). TPT is an occupational pension scheme providing Defined Contribution (DC) pension benefits. This Statement of Investment Principles (SIP) governs decisions about investments in respect of the defined contribution elements of TPT, including the "default arrangement" (DC SIP). The default arrangement is, broadly, the fund into which members' accounts are invested if they do not exercise a choice of investments.
- 1.2. In considering the appropriate investments and preparing this DC SIP, the Corporate Trustee, Verity Trustees Limited (the Trustee), has obtained and considered the written advice of their Investment Consultant, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee has consulted the participating employers about this DC SIP.
- 1.3. In light of the Covid-19 pandemic, Legal & General Investment Management, the investment manager of the Self-Select TPT Property Fund, suspended all trading in the fund between March and October 2020. During this period, members' contributions were diverted to the TPT Cash

Fund and remained in the TPT Cash Fund, unless members elected otherwise. In line with applicable law and the Pensions Regulator's guidance the TPT Cash Fund therefore became a 'default arrangement'. The Trustee is acknowledged the change of status of the TPT Cash Fund, and expects the Cash Fund to fulfil the same role should other self-select funds be suspended.

- 1.4. For the purposes of this DC SIP, references to 'default arrangement' include the TPT Cash Fund (for as long as it is a default arrangement), unless otherwise stated.

2. Appointments and Delegation

- 2.1. The Trustee has delegated investment decisions and compliance stewardship to a formal Investment Committee (IC) and a Chief Investment Officer (CIO) that report back to the Trustee.
- 2.2. The IC has delegated day-to-day investment management to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Trustee's investments. The managers are not appointed for a fixed period of time but these appointments are regularly reviewed as part of the monitoring and review processes already in place. The continued appointment of an investment manager who fails to comply with the Trustee's policies and fails to give a satisfactory explanation will be reviewed. The details of individual managers are published each year in the investment report within the Trustee's Annual Report.

3. Investment Beliefs

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

4. Investment Strategies

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

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

- 4.3. For those members who do wish to make their own investment decisions, self-select investment funds are available. The Trustee offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership. A suite of ethical target date funds is available within the default option for members who wish to invest in accordance with ethical considerations and the Trustee's Ethical Investment Framework. The Framework is reviewed annually and published each year and is available on TPT Retirement Solutions’ website.
- 4.4. All funds are made available after the provision to the Trustee of appropriate written advice. In doing this the Trustee has taken into account the risk that the investments might not, over a member’s working life, produce adequate returns and that during the period preceding retirement a change in investment market conditions might lead to a reduction in anticipated benefits.
- 4.5. The performance of the default arrangement and the self-select funds is monitored on a quarterly basis by the IC and reviewed annually in conjunction with the managers of the funds.
- 4.6. The on-going suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the IC in conjunction with its Investment Consultant, taking into account member feedback and benchmarking material provided by the Investment Consultant.
- 4.7. The aims and objectives of the default arrangement and default investment strategy are to provide an investment return in excess of inflation (measured by CPI). The investment manager seeks to dampen the impact of short-term market moves by adjusting the asset allocation tactically. Over the life of the funds, the strategic asset allocation shifts so that as a member approaches retirement the exposure to growth assets (such as equities) is reduced in favour of more defensive, less volatile assets (such as bonds). This default strategy and the aims and objectives of the default arrangement are intended to ensure that assets are invested in the best interests of members and their beneficiaries. The self-select funds are chosen by members who bear the risks associated with their chosen fund(s).
- 4.8. The range of default funds consists of unitised products which are dealt on a daily basis and so are readily realisable. The relevant number of units are purchased with the underlying funds on a bulk basis and allocated to each individual member. Reconciliations of investments take place through the daily investment cycle, with money sent for investment reconciled against unit information returned to the scheme's administrator at a member level.

- 4.9. The aims and objectives of the TPT Cash Fund as a default arrangement for relevant members are different from the aims and objectives of the overall default arrangement and default investment strategy. The TPT Cash Fund currently has a benchmark of 7-day LIBID, to be replaced with SONIA on 30 September 2021. The Trustee takes the view that diverting members' contributions to the TPT Cash Fund during a suspension of trading in a self-select Fund is in the best interests of the relevant members because the TPT Cash Fund is a low risk, liquid option with diversified exposure to a range of high quality financial institutions and a total expense ratio well below the statutory charge cap.

5. Investment Return

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

6. Management and Risk

- 6.1. The default funds and the self-select options invest in a range of (mainly) index tracking funds which are provided by leading investment houses. Regular meetings are held with the provider and the investment manager to assess protection for members and contingency plans. All funds are accessible on a daily basis.
- 6.2. The following risks, which are not exhaustive, are assessed and monitored regularly.

Risk	Description	Mitigation
Counterparty	Exposure to credit risk of insurance provider	Maintain regular reporting from provider and regular meetings to assess credit worthiness
Costs and charges	The charging structure of the self-select funds (and transaction costs) are disproportionately high compared to the type of investment	Regular review of the charging structure; benchmarking process against charging structures of similar funds and providers in the market; and annual value for money assessment

Diversification	A high proportion of the assets are invested in securities of the same, or related, issuer or in the same or similar industry sector	Regularly review and monitor the composition of the default arrangement and self-select funds to ensure diversity of asset class and risk profile
ESG & Climate Change	Downside risk that result from environmental, social and governance (ESG) related factors including climate change	RI Framework sets out ESG risk management strategy as an integral part of investment decision making process, with specific reference to climate change and the Trustee's approach to engaging with and monitoring its investment managers in relation to ESG
Illiquidity	Inability of assets to be sold quickly or sold at fair market value	Set a prudent limit for the proportion of illiquid assets to be held in the portfolio and monitor the exposure on a regular basis
Managers / Product provider	Investment managers / product provider persistently underperform their performance objectives	Maintain a robust manager selection and monitoring process, manager diversification, tracking error limits and performance targets. This is delegated to the investment manager for the default arrangement
Operational	Loss arising from insufficient internal processes, people or systems and external events. This includes risk arising from the custody or transfer of assets, either internally or from new schemes entering TPT	Ensure processes and procedures are robust, documented and operated by trained personnel. Appropriately test systems and put in place appropriate business continuity plans

Strategic Investment	The selected long-term investment strategy fails to deliver the level of expected return or risk characteristics necessary to meet members' objectives	Set risk measures and limits, to be monitored regularly. Consider valuation metrics for investments, review strategic allocations on a regular basis
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- 6.3. The Trustee acknowledges and accepts that portfolio turnover (which means the frequency with which scheme assets are expected to be bought or sold) and associated transaction costs are a necessary part of investment management. The Trustee also accepts that the impact of portfolio turnover costs (which means the costs of buying, selling, lending or borrowing investments), which are incurred by the investment managers, is reflected in performance figures provided by the investment managers.

7. Decumulation phase

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

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

8.1. Introduction

8.1.1. The Investment Regulations require that trustees disclose their policies in relation to:

- a) *financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments;*
- b) *the exercise of the rights (including voting rights) attaching to the investments;*
- c) *undertaking engagement activities in respect of investments (including methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters); and*
- d) *the extent (if at all) to which non-financial matters (the views of members and beneficiaries including their ethical views) are taken into account in the selection, retention and realisation of investments.*

8.1.2. The Investment Regulations also require trustees to be transparent about their scheme's arrangements with their asset managers including how (if at all) the arrangement incentivises the asset manager to act in accordance with trustee policies and the duration of the arrangement.

8.2. **Financially material considerations**

8.2.1. Financially material considerations are defined in the Investment Regulations as environmental, social and governance (ESG) considerations, including but not limited to climate change.

8.2.2. The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible Investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices.

8.2.3. The Trustee believes that certain ESG factors can have an impact on financial performance and that it is part of its fiduciary and its legal duties to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns over the appropriate time horizon for an individual scheme in a way which reflects the demographics of members and beneficiaries. This view is expressed formally as a statement (number 10) in the Trustee's Investment Beliefs.

8.2.4. In order to formalise the activities that the Trustee undertakes to demonstrate its commitment to being a responsible investor, it has put in place a RI Framework. The RI Framework covers the key activities undertaken by the Trustee in managing the assets of the scheme and ultimately allows it to communicate its approach to both key suppliers and members.

8.2.5. Responsible Investment forms an integral part of the governance and risk management framework used to protect the long-term value of the assets we manage on behalf of our members and beneficiaries.

8.2.6. The Trustee Board delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.

Fund Manager Selection and Monitoring

8.2.7. The Trustee's RI Framework applies to all of its investments although it tailors its expectations according to the different asset classes and the investment styles of its managers (e.g. active or passive strategies).

- 8.2.8. The third-party manager selects a number of underlying investment managers who share key attributes, including: a long-term mind-set; appropriate remuneration structures; robust risk management; and integration of ESG factors into their decision-making process. Our monitoring process for asset managers is robust and we monitor performance and the manager's remuneration on an ongoing basis which allows us to make decisions about a manager's value throughout that manager's appointment.
- 8.2.9. The Trustee incorporates its expectations on ESG and climate change in the manager selection process to ensure that it understands the extent to which ESG is integrated into the investment philosophy and process. It also incorporates specific requirements for ESG capabilities and reporting into its operational due diligence and into the Investment Management Agreements put in place which are tailored according to the particular mandate.
- 8.2.10. The Investment Management Team (IMT) discusses the approach of the Trustee's incumbent managers to stewardship, climate change and ESG risks as part of the manager monitoring process and requires the managers to report back on their Responsible Investment activities on a regular basis.
- 8.2.11. Each manager's approach is assessed using the Trustee's rating system, with four key areas considered: Values, Stewardship, ESG Integration and Transparency. Each investment manager is then assigned a Responsible Investment rating.
- 8.2.12. The Trustee reports Responsible Investment manager ratings on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.
- 8.2.13. The Trustee does not offer individual incentives to managers but managers are incentivised by various other means. For example, the robust processes for selecting, monitoring and reviewing managers (together with the overriding possibility of their appointment being terminated) ensure that managers are incentivised to provide a high quality service that is aligned with the Trustee's policies and objectives, as outlined in this SIP and in the Investment Beliefs and RI Framework. In addition, if the managers are not aligned with the Investment Beliefs and the Investment Committee's objectives, their appointment could be terminated.

Environmental, Social and Governance Factors

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

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

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

- a) **Understanding the exposure of our investments to climate change.** The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon 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) Task Force on Climate-related Financial Disclosures (TCFD) and will use the guidance it sets out for asset owners as the framework for reporting on climate change.
- b) **Making sure that new and existing investments are managed in a way that takes account of climate change risks and opportunities.** The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.
- c) **Actively engage with the wider investment community and policy makers on climate change.** The Trustee is an active member of the Institutional Investors Group on Climate Change (IIGCC) and is leading efforts in the Investor Practices programme that aim to share best practice on climate change risk analysis amongst asset managers and asset owners.

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

Social Factors

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

- 8.2.19. The Trustee expects investment managers to choose an investment that has a positive social impact when compared to a similar investment with the same expected return and risk.
- 8.2.20. The Trustee recognises that the Defence sector poses particular risks to the value of the assets held within its portfolio, specifically with regard to the status of certain weapons, and that investments in the sector have to be informed by the restrictions set out in international conventions. As a result, the Trustee does not invest in companies involved in certain controversial weapons.
- 8.2.21. The Trustee defines corporate involvement in controversial weapons as development, production, stockpiling, maintenance and offering for sale of controversial weapons and their key components.
- 8.2.22. In order to identify companies involved in controversial weapons the Trustee uses external data to compile an Exclusions List. Total avoidance of companies identified on the Exclusions List may not however always be practicable from an implementation perspective, partly because of the range of asset classes and investment strategies in which the Trustee invests and in particular the use of derivatives in the portfolio.
- 8.2.23. The exclusion of companies involved in controversial weapons as defined above therefore applies to investments in physical equities and corporate bonds where the Trustee also has the ability to direct which assets are held within the fund structure.
- 8.2.24. The Trustee does not restrict investments in sovereign bonds based on states' commitment or adherence to the above international legal instruments.
- 8.2.25. The Trustee carries out regular reviews of its portfolio to ensure adherence with its approach to restricting investments in controversial weapons.

Governance Factors

- 8.2.26. The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.
- 8.2.27. Where a company's activities are found clearly to conflict with relevant English law or guidance from the UK government, or with international treaties ratified by the British parliament, this may result in one of two outcomes:

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

8.3. **Voting**

- 8.3.1. The Trustee aims to vote its shares in all markets where practicable. In the normal course of events it delegates this activity to its investment managers. That said, the Trustee retains the right (where possible) to direct its investment managers to vote in a particular way which it believes is in the best interest of its members. The Trustee expects its managers to use their best endeavours to facilitate the implementation of client voting decisions. This right is most noteworthy in situations where the voting decision taken on a resolution would enable the Trustee to better implement the commitments set out in its RI Framework. The Trustee Board delegates judgement on these matters to the IMT. Where the Trustee exercises its right in this way, it will inform the IC of its decision, together with the reasons for it.
- 8.3.2. The Trustee expects its investment managers to exercise its voting rights, on behalf of the Trustee, in line with this DC SIP and/or consistent with the Corporate Governance Policy and Voting Guidelines issued by the Pension and Lifetime Savings Association (PLSA). Although the PLSA guidelines focus solely on voting at UK companies, they reference support for the G20/OECD Corporate Governance Principles and the ICGN Global Governance Principles. The Trustee expects its investment managers to use these guidelines when voting in markets outside the UK. In some cases where the Trustee deems the investment manager to have Voting policies that better reflect the Trustee's approach to Responsible Investment than those set out by the PLSA, the IMT may choose to instruct the investment manager to vote in line with the investment manager's own policies.
- 8.3.3. Where an investment manager intends to vote at variance with this policy, the manager is asked to inform the Trustee as far in advance as possible to afford the best possible chance for the IMT to review the appropriateness of that manager's voting intentions on behalf of the Trustee.
- 8.3.4. The Trustee has an active securities lending programme which can sometimes prevent it from voting all of its shares. Where there is a contentious vote or a vote relating to the

Trustee's engagement activities, the Trustee may choose to recall or restrict the amount of stock lent. This decision will be considered on a case by case basis with counsel from the relevant investment manager(s).

8.4. Engagement

8.4.1. The Trustee's approach to engagement applies to equity and corporate bond holdings and consists of four elements:

- a) **Engagement by investment managers:** The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that investment managers are best placed to engage with invested companies on ESG matters, given their knowledge of the company and the level of access they have to company management. This is a pragmatic approach because of the number of stocks owned by the Trustee, and the amount of time corporate entities have available for single investors. Engagement, with the aim of improving the medium to long-term performance of investor companies, is one of the factors taken into account by the Trustee in the selection, monitoring and review of managers. The Trustee expects its managers to engage on ESG matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests the Trustee might have.
- b) **Joint engagements with investment managers:** There may be occasions when engagement topics identified by the Trustee overlap with engagement efforts of its investment managers. In these situations, the Trustee will seek to undertake joint engagement activities with investment managers.
- c) **Collaborative engagements:** The Trustee recognises that as a responsible asset owner, it should, wherever practicable given time and resources, support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this, the Trustee will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its RI Framework. As part of its efforts in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, the PLSA and the Institutional Investors Group on Climate Change (IIGCC). This list is not considered to be exhaustive.
- d) **Direct engagements:** On occasions, an issue may arise where the Trustee believes it is necessary to directly engage with companies on particular ESG related issues.

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

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

Codes and industry initiatives

- 8.4.3. The Trustee supports industry wide initiatives to promote Responsible Investment and Stewardship and is a signatory to the Principles for Responsible Investment (PRI), the Financial Reporting Council's (FRC) UK Stewardship Code and the Montreal Pledge.

- 8.4.4. The Trustee does not insist that current and potential future investment managers are themselves PRI signatories, but it will discuss with its investment managers how they are implementing the spirit of these principles whether or not they are signatories. The Trustee does not insist the investment managers publicly support the UK Stewardship Code but it will seek detail from its investment managers on how they demonstrate their support for the code (for asset classes where it is appropriate).

- 8.4.5. The Trustee also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support the Trustee's work in this regard it is a member of the IIGCC and the UK Sustainable Investment and Finance Association (UKSIF).

Communicating and reporting

- 8.4.6. The Trustee shares information on its Responsible Investment activities via regular member and employer reporting channels.

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

8.5. Non-financial matters

- 8.5.1. Non-financial matters are taken into account in the selection, retention and realisation of investments. Non-financial matters for the purposes of the Occupational Pension Schemes (Investment) Regulations 2005 means the views of the members and

beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of TPT and TPT2016.

- 8.5.2. The Trustee recognises that by delegating selection, retention and realisation of its DC investments to its investment managers, there are limitations to the extent to which it can take into account non-financial matters in its DC investments. However, the Trustee has adopted a practical and holistic approach to non-financial matters in relation to DC investment as set out in its Ethical Investment Framework. Further, the IC requires its relevant investment managers to report regularly on the application of the Ethical Investment Framework in the selection, retention and realisation of ethical investments across all asset classes and how they seek to exclude companies with business interests and activities that conflict with members' moral and ethical preferences (e.g. tobacco).
- 8.5.3. The Trustee will review its policy on non-financial matters on an annual basis.

9. Compliance

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

Appendix 2 - default arrangement illustrations

Notes to the default arrangement cumulative illustrations

1. This section relates to the TDF and Ethical TDF default arrangements. The TPT Cash Fund, although a technical default fund, is included as part of the self-select fund range.
2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £3,158 at age 22 for a member retiring at age 68.
4. Inflation is assumed to be 2.5% each year.
5. Contributions are assumed to be paid at the end of each month from age 22 to 68 and increase in line with assumed earnings inflation of CPI plus 1.0% each year on the anniversary of the first contribution.
6. Initial contribution level is assumed to be £200 per month (inclusive of employer contributions, member contributions and tax relief).
7. Values shown are estimates and not guaranteed.
8. Charges are based on a prudent historical average of charges (as a percentage of the fund invested) including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies has been included in this analysis, which is noted as optional for trustees and investment managers within the guidance provided by the DWP.
9. The projected future growth rate is 2.24% above inflation for the TDF and 2.05% above inflation for the ETDF.
10. The provision of these outcomes on behalf of members assumes the provision of administration and investment services, as such the numbers shown for the accumulated fund allowing for investment returns, but before the deduction of costs and charges is purely hypothetical and does not represent an achievable member outcome.
11. In addition, the trustee is required to provide value for money to members, and as such it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost.

TDF

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,981	5,955
3	11,650	11,527
5	17,965	17,671
10	37,014	35,872
15	61,697	58,883
20	93,499	87,819
25	134,292	124,048
30	186,429	169,248
35	252,869	225,472
40	337,337	295,241
46	469,171	401,233

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

Ethical TDF

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,972	5,937
3	11,607	11,445
5	17,861	17,476
10	36,606	35,130
15	60,685	57,083
20	91,444	84,242
25	130,562	117,704
30	180,133	158,784
35	242,764	209,072
40	321,709	270,479
46	443,748	362,115

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

Appendix 3 – self-select arrangement illustrations

Notes to the default and self-select cumulative illustrations

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £3,158 at age 22 for a member retiring at age 68
3. Inflation is assumed to be 2.5% each year.
4. Contributions are assumed to be paid at the end of each month from age 22 to 68 and increase in line with assumed earnings inflation plus 1.0% each year on the anniversary of the first contribution.
5. Initial contribution level is assumed to be £200 per month (inclusive of employer contributions, member contributions and tax relief).
6. Values shown are estimates and not guaranteed.
7. Charges are based on a prudent historical average of charges (as a percentage of the fund invested) including all member-borne charges and underlying transaction costs. This is likely to overestimate the impact of these costs and charges as it is likely they will fall through time as the size of the plan grows and provision of administration and investment services to the plan becomes more efficient. Furthermore, we note that the transaction costs incurred when buying and selling the TDF strategies has been included in this analysis, which is noted as optional for trustees and investment managers within the guidance provided by the DWP.
8. The projected future growth rates for the self-select options are as set out below:
 - 8.1. Global Equity Fund: 2.93% above inflation
 - 8.2. Bond Fund: 0.49% below inflation
 - 8.3. Cash Fund: 1.46% below inflation
 - 8.4. Diversified Growth Fund (DGF): 1.95% above inflation
 - 8.5. Index-Linked Gilts Fund: 1.46% below inflation
 - 8.6. Property Fund: 1.46% above inflation
 - 8.7. Socially Responsible Investment (SRI) Fund: 2.93% above inflation.
9. The provision of these outcomes on behalf of members assumes the provision of administration and investment services, as such the numbers shown for the accumulated fund allowing for investment

returns, but before the deduction of costs and charges is purely hypothetical and does not represent an achievable member outcome.

10. In addition, the trustee is required to provide value for money to members, and as such it would be inappropriate to assume that lower costs and charges would necessarily equate to better member outcomes, i.e. that the assumed level of overall service to members, including the investment returns achieved, could be maintained at a lower cost.

Global Equity fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	6,013	5,991
3	11,804	11,698
5	18,336	18,079
10	38,482	37,460
15	65,394	62,811
20	101,129	95,780
25	148,364	138,462
30	210,576	193,519
35	292,282	264,336
40	399,351	355,210
46	572,200	498,522

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

Bond fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,852	5,831
3	11,050	10,952
5	16,553	16,327
10	31,736	30,939
15	49,149	47,357
20	69,051	65,755
25	91,734	86,322
30	117,517	109,262
35	146,757	134,800
40	179,846	163,178
46	225,250	201,352

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

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

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,806	5,785
3	10,842	10,746
5	16,075	15,858
10	30,062	29,320
15	45,417	43,803
20	62,244	59,368
25	80,650	76,079
30	100,753	94,005
35	122,676	113,216
40	146,553	133,788
46	177,982	160,383

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

DGF

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,967	5,941
3	11,585	11,462
5	17,809	17,517
10	36,404	35,286
15	60,186	537,460
20	90,436	84,988
25	128,743	119,019
30	177,078	160,943
35	237,889	212,437
40	314,211	275,531
46	431,633	370,042

Index-linked gilts fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,806	5,785
3	10,842	10,746
5	16,075	15,858
10	30,062	29,320
15	45,417	43,803
20	62,244	59,368
25	80,650	76,079
30	100,753	94,005
35	122,676	113,216
40	146,553	133,788
46	177,982	160,383

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

Property fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	5,944	5,895
3	11,476	11,248
5	17,550	17,012
10	35,412	33,397
15	57,763	52,969
20	85,589	76,248
25	120,083	103,834
30	162,692	136,418
35	215,171	174,800
40	279,647	219,902
46	376,522	284,407

This is the highest charging fund, with an administration cost of 1.020% and additional transaction costs.

SRI fund

Projected Pension Pot in Today's Money (as at 30 September 2021)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	6,013	5,991
3	11,804	11,698
5	18,336	18,079
10	38,482	37,460
15	65,394	62,811
20	101,129	95,780
25	148,364	138,462
30	210,576	193,519
35	292,282	264,336
40	399,351	355,210
46	572,200	498,522

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

Appendix 4 - The Pensions Trust (TPT) - SIP Implementation Statement

Introduction

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

This Statement is 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 TPT’s financial year on 30th September 2021. There were separate SIPs for both the DB and DC elements of TPT. The statement is therefore split accordingly, to reflect the differing content and relevance to different members.

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 TPT’s SIPs for both the DB and DC sections 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 TPT.

SIP Updates

The DB and DC SIPs that are most relevant for this reporting period are the documents 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 SIPs 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 DB SIP:

- There have been no updates to the DB SIP.

Updates to the DC SIP:

- In light of the Covid-19 pandemic, Legal & General Investment Management, the investment manager of the Self-Select TPT Property Fund, suspended all trading in the fund. Over the last reporting period, the fund has resumed trading, this change has been reflected in the SIP with wording added to reflect the time period for which trading had been suspended.
- There was a change made to the TPT Cash Fund benchmark, from 7-day LIBID to SONIA, made on 30 September 2021. The SIP has been updated to reflect this change.

Overview of Trustee’s Actions – DB

Investment Objectives and Strategy

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

During the reporting period there was no change to TPT’s overall investment objectives. However, due to the master trust nature of TPT, 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.
- As part of the implementation of the active Emerging Markets equity exposure managed by RBC, the Chinese holding within the wider Emerging Markets mandate was transitioned to a separately managed portfolio, allowing the Trustee to right size the China exposure. RBC now manage two separate portfolios on behalf of the Trustee, an Emerging Markets ex China mandate and a China mandate.
- 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 TPT’s assets but retains control over TPT’s investment strategy.

The Trustee makes use of both pooled investment vehicles as well as segregated mandates with its asset managers. TPT’s assets that are invested in a segregated manner have the Trustee’s specified terms within the investment agreements, for example TPT’s Voting and Engagement policy and specific restricted investments (e.g. controversial weapons). TPT’s assets that are invested in pooled investment vehicles, have standardised fund terms. Further to this, TPT 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 TPT'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 TPT's holdings is delegated to its fund managers. The Trustee believes that TPT'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 TPT, and the amount of time corporate entities have available for single investors. However, TPT 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 TPT 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.

Overview of Trustee's Actions – DC

Investment Arrangements

The Trustee reviews the performance of each fund on a quarterly basis against the stated performance objective for that funds. The Trustee concluded that AllianceBernstein ("AB") remained well suited for the purpose. It will continue to monitor AB on a regular basis considering both the performance of the target date funds and other prevailing circumstances.

The Trustee engaged in a Default Strategy Review in May 2021; it was concluded that all the funds available through the DC Section have performed in line with their objectives and the Trustee's expectations. The fees for all the funds were within the range we would expect for a scheme the size of TPT.

As part of its governance process and to meet Objectives 4 and 5 of the Master Trust supplement to AAF02/07, TPT has committed to reviewing the investment strategies for both the default and self-select funds on an annual basis. This review was conducted on the 6th May 2021.

Due to COVID-19 pandemic, the Property fund (within the self-select range) was suspended by the investment manager. This led to the TPT Cash fund being deemed a default strategy as it was the target for re-directed contributions. Over the reporting period, the Property fund resumed trading.

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 TPT's SIP

The responsibility for managing TPT's holdings is delegated to its fund managers. TPT believes that investment managers are well placed to engage with invested companies on ESG matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by TPT, and the amount of time corporate entities have available for single investors. However, TPT sets out its expectations to AB (as the asset manager of the default investment strategy) 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 TPT 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 DB SIP Policies

Policy	Has the policy been followed?	Evidence
Appointments and Delegation		
<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>
Investment Beliefs		
<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 TPT’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 TPT’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
Investment Strategies		
<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>
Management and Risk (1/2)		
<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"> • 22 December 2020 • 24 March 2021 • 30 June 2021 • 24 September 2021

Policy	Has the policy been followed?	Evidence
Management and Risk (2/2)		
The risks, as per stated in the SIP are assessed and monitored regularly.	Yes, the Trustee is satisfied that this policy has been followed.	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.
Responsible Investment (including ESG factors) and non-financial matters (1/2)		
The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible Investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices.	Yes, the Trustee is satisfied that this policy has been followed.	<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 TPT’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> • The latest Task Force on Climate-related Financial Disclosures (“TCFD”) report • The latest carbon foot printing exercise carried out on the portfolio (where possible) • List of membership / signatories to relevant bodies

Policy	Has the policy been followed?	Evidence
Responsible Investment (including ESG factors) and non-financial matters (2/2)		
<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>
Fund Manager Selection and Monitoring (1/2)		
<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"> • Consider climate risk in decision making. • Exclude controversial weapons. • Commitment to provide ESG reporting. • Commitment to incorporate relevant ESG factors into decision making and provide ESG reporting. <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</p>

Policy	Has the policy been followed?	Evidence
		<p>increasing the rating to a 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. TPT now have no D rated managers.</p>
Fund Manager Selection and Monitoring (1/2)		
<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
Environmental, Social and Governance Factors (1/2)		
<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>

Policy	Has the policy been followed?	Evidence
Environmental, Social and Governance Factors (2/2)		
<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>
Social Factors		
<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>

Policy	Has the policy been followed?	Evidence
Governance Factors		
<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 TPT's implementation of this policy in the future.</p>

Policy	Has the policy been followed?	Evidence
Engagement (1/2)		
<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. TPT scored highly across a majority of the modules, including its RI goals and objective. This report is published on the TPT website.</p>
<p>Codes and industry initiatives</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
Non-financial matters		
<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>TPT have an Ethical Investment Framework that was adopted following consultation with key member organisations. The framework is aimed at applying a standard set of ethical criteria to TPT's Ethical Funds to address moral or ethical preferences that have been highlighted to TPT 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>
Compliance		
<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 were published on 27th September 2020 to comply with further regulatory changes.</p>

Review of DC SIP Policies

Policy	Has the policy been followed?	Evidence
Appointments and Delegation		
<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 has delegated the investment management of the default strategy to AllianceBernstein (“AB”), who is reviewed on an annual basis.</p>
Investment Beliefs		
<p>The Trustee has agreed a set of Investment Beliefs that the IC and Chief Investment Officer (“CIO”) use as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually and published each year and are available on TPT’s website. The Trustee regularly reviews the asset allocation of its DC investments in line with its Responsible Investment Framework (“RI Framework”), available on TPT’s website, to ensure the security, liquidity, quality and profitability of the DC portfolio as a whole and to ensure DC 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 2020, as per the policy.</p>

Policy	Has the policy been followed?	Evidence
Investment Strategies		
<p>For those members who do wish to make their own investment decisions, self-select investment funds are available. The Trustee offers a range of self-select funds with diversification of asset class and risk to reflect the full range of membership. A suite of ethical Target Date Funds (“TDFs”) is available within the default option for members who wish to invest in accordance with ethical considerations and the Trustee's Ethical Investment Framework. The Framework is reviewed annually and published each year and is available on TPT’s website.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustees continue to provide two TDF options: Standard TDFs and Ethical TDFs.</p> <p>Where the Default options do not meet the needs of a wider cross-section of members, 7 alternative self-select funds have been offered.</p> <p>The Ethical Investment Framework was last reviewed on the 14 October 2021.</p>
<p>The performance of the default arrangement and the self-select funds is monitored on a quarterly basis by the IC and reviewed annually in conjunction with the managers of the funds.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee applies proportionate governance in monitoring the self-select funds through an annual review process supplemented by quarterly performance updates. The annual review was conducted on the 6th May 2021.</p>

Policy	Has the policy been followed?	Evidence
<p>The on-going suitability and objectives of the default arrangement and the range of self-select funds are also reviewed annually by the IC in conjunction with its Investment Consultant, taking into account member feedback and benchmarking material provided by the Investment Consultant.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As part of its governance process and to meet Control Objectives 4 and 5 of the Master Trust supplement to AAF02/07, TPT has committed to reviewing the investment strategies for both the default and self-select funds on an annual basis. This review was conducted on the 6th May 2021.</p>
<p>Management and Risk</p>		
<p>The default funds and the self-select options invest in a range of (mainly) index tracking funds which are provided by leading investment houses. Regular meetings are held with the provider and the investment manager to assess protection for members and contingency plans. All funds are accessible on a daily basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee holds annual meetings with AB and Legal & General Investment Management (“LGIM”) to assess the suitability of the TDF and self-select funds, respectively. The last meeting with AB was held on the 6th May 2021 and the last meeting with LGIM on the 29th January 2021.</p>

Policy	Has the policy been followed?	Evidence
<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. They seek guidance and written advice from its Investment Consultant as appropriate.</p>

Policy	Has the policy been followed?	Evidence
Responsible Investment (including ESG factors) and non-financial matters		
<p>In order to formalise the activities that the Trustee undertakes to demonstrate its commitment to being a responsible investor, it has put in place a Responsible Investment Framework (“RI Framework”). The RI Framework covers the key activities undertaken by the Trustee in managing the assets of the scheme and ultimately allows it to communicate its approach to both key suppliers and members.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The RI Framework outlines the policies that relate to 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 TPT’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> • The latest Task Force on Climate-related Financial Disclosures (“TCFD”) report • The latest carbon footprinting exercise carried out on the portfolio (where possible) • List of memberships / signatories to relevant bodies
<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 Trustee Board approved a set of RI Principles during Q1 2021, which supplements the Investment Beliefs.</p> <p>The Responsible Investment Framework was last reviewed on the 14 October 2021.</p>

Policy	Has the policy been followed?	Evidence
Fund Manager Selection and Monitoring (1/2)		
<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 mandate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has shared its policies with AB and LGIM as they are the investment managers used in the DC section.</p> <p>Please note that AB may use additional third-party managers to implement some of the strategies within the TDF investment structure. In these instances, AB monitors these managers' policies against AB's own policies. However, AB have committed to formally reviewing TPT's policies and actively consider these policies with respect to how underlying managers are utilised. Additionally, AB aims to improve alignment with TPT's policies, where possible, over time.</p>
<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>At the 6th May 2021 IC meeting, AB were asked to provide details on voting engagement, their ESG team structures and how ESG was applied across the company.</p>

Policy	Has the policy been followed?	Evidence
<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>
<p>Environmental, Social and Governance Factors (1/2)</p>		
<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 footprinting, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (“FSB”) 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>The Trustee has introduced an integrated ESG risk management approach to the investment strategy and have made a 10% allocation to a low-carbon index fund, replacing exposure to the market cap index which in comparison has high carbon intensity. The allocation to the Low Carbon Transition Fund with LGIM was implemented in December 2020.</p> <p>The Trustee has completed its first TCFD report and will continue to do so annually.</p>

Policy	Has the policy been followed?	Evidence
<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>The Trustee manage risk through its governance processes and oversight of the investment strategy. The IMT includes climate-related topics on the agenda at annual update meetings with its underlying fund managers to ensure that climate change risk is being incorporated into the investment process and relevant information is being captured in the documentation submitted to the IC. The Trustee currently reports under TCFD on a voluntary basis. However, it is aware that TCFD requirements continue to evolve and aim to meet these disclosure requirements as they come into force.</p>
<p>Environmental, Social and Governance Factors (2/2)</p>		
<p>The Trustee is an active member of the Institutional Investors Group on Climate Change (“IIGCC”) and is leading efforts in the Investor Practices programme that aim to share best practice on climate change risk analysis amongst asset managers and asset owners.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC.</p> <p>It currently serves as a Steering Group member for the Paris Aligned Investing Initiative.</p>

Policy	Has the policy been followed?	Evidence
Social Factors		
<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 last review of the portfolio was undertaken following the implementation of TPT specific controversial weapons policy in 2019. Following this review, the Trustee has produced a list of restricting investments in controversial weapons, adopted from the MSCI's recommendations. The RI Framework includes the criteria for companies to be included in this list, which was reviewed on 14 October 2021.</p>
Governance Factors		
<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 TPT's implementation of this policy in the future.</p>

Policy	Has the policy been followed?	Evidence
Engagement (1/2)		
<p>The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that investment managers are best placed to engage with invested companies on ESG matters, given their knowledge of the company and the level of access they have to company management. This is a pragmatic approach because of the number of stocks owned by the Trustee, and the amount of time corporate entities have available for single investors. The Trustee expects its managers to engage on ESG matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests the Trustee might have.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has delegated the responsibility for its corporate engagement activities to AB in a manner consistent with the SIP. However, they will continue to monitor AB on an annual basis, considering both the funds' performances against their respective benchmarks and other prevailing circumstances.</p>

Policy	Has the policy been followed?	Evidence
Engagement (2/2)		
<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 efforts in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, the PLSA and the Institutional Investors Group on Climate Change (“IIGCC”). This list is not considered to be 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. TPT scored highly across a majority of the modules, including its RI goals and objective. This report is published on the TPT website.</p>
Codes and industry initiatives		
<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
Non-financial matters		
<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>TPT 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 TPT's Ethical Funds to address moral or ethical preferences that have been highlighted to TPT 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.</p>

Policy	Has the policy been followed?	Evidence
Compliance		
<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 DC SIP. The Trustee will review the DC SIP annually and without delay after any significant change in investment policy and in addition, the default strategy and funds after any significant change in the demographic profile of members invested in these funds.</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 Trustee’s view on stewardship and financially material risks such as ESG, including climate change.</p> <p>The SIP was updated on the 14th October 2021 to reflect the fact that the Property fund has resumed trading and to make reference to the new benchmark that the cash fund has adopted.</p> <p>The Trustee Board approved a set of Responsible Investment Principles in Q1 2021, these principles supplement the investment beliefs.</p>

Overview of the Trustee's voting and engagement policies

Summary of TPT's policies

The Trustee has delegated all aspects of monitoring the behaviour of the investee companies to the individual investment managers who are, in the Trustee's 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 TPT'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 TPT'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 TPT?

A majority of TPT'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 in DB Section

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 TPT’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).

The Pensions Trust
Year ended 30 September 2021

	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%	0.5%	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%	11.1%	3.6%	22.9%	7.9%	16.3%

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.

Company:	Frasers Group plc
Date:	29 September 2021
Resolutions:	<ul style="list-style-type: none"> • 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 & adopt the report and accounts.
LGIM Vote:	Voted against the resolution.
Rationale:	<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 TPT'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**).

The Pensions Trust
Year ended 30 September 2021

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?	<p>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.</p>
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.

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

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 TPT’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.

Company:	Hitachi Ltd.
Date:	23 June 2021
Resolutions:	<ul style="list-style-type: none"> • To re-elect and elect directors to the board.
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 TPT'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**).

The Pensions Trust
Year ended 30 September 2021

How many meetings were you eligible to vote at over the year to 30/09/2021?	22
How many resolutions were you eligible to vote on over the year to 30/09/2021?	219
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?	80.0%
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?	2.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	86.0%
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

Company:	Masimo
Date:	May 2021
Resolutions:	<ul style="list-style-type: none"> • Advisory to Ratify Named Executive Officers' Compensation.
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 TPT’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.

Company:	Alibaba Group
Date:	17 September 2021
Resolutions:	<ul style="list-style-type: none"> For the election of Director Joseph C. Tsai
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

TPT 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 TPT'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**).

The Pensions Trust
Year ended 30 September 2021

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%

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.

Company:	Barclays
Date:	5 May 2021
Resolutions:	<ul style="list-style-type: none"> • Approve Market Forces Requisitioned Resolution
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.

Sands Capital Management

Voting

TPT 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 TPT'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**).

The Pensions Trust
Year ended 30 September 2021

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%

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.

Company:	Amazon.com Inc
Date:	June 2021
Resolutions:	<ul style="list-style-type: none"> • Report on Political Contributions
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.

Voting behaviour in DC Section

Amundi

Voting

TPT's investments in the DC section are through pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. Additionally, for the DC section, selection and monitoring of underlying managers is delegated to AllianceBernstein ("AB") through the target date fund investment structure. Therefore, engagement with underlying managers is performed by AB. As standard, AB monitors these managers' policies against AB's own policies. However, AB have committed to formally reviewing TPT's policies and actively consider these policies with respect to how underlying managers are utilised. Additionally, AB aims to improve alignment with TPT's policies, where possible, over time (**see table below**).

The Pensions Trust
Year ended 30 September 2021

	Global Multi-Factor Equity	Index Equity Global Low Carbon	Index MSCI World SRI	Index MSCI Emerging Markets	Index MSCI Emerging Markets SRI	Index FTSE EPRA NAREIT Global
How many meetings were you eligible to vote at over the year to 30/09/2021?	1502	1499	391	2739	292	386
How many resolutions were you eligible to vote on over the year to 30/09/2021?	17600	20076	5520	25520	2997	4260
What % of resolutions did you vote on for which you were eligible?	97.0%	95.0%	95.0%	93.0%	97.0%	97.0%
Of the resolutions on which you voted, what % did you vote with management?	80.3%	80.4%	82.1%	79.5%	73.7%	81.0%
Of the resolutions on which you voted, what % did you vote against management?	19.0%	19.2%	16.9%	17.5%	21.8%	19.0%
Of the resolutions on which you voted, what % did you abstain from?	1.23%	0.4%	1.0%	3.0%	4.6%	0.1%
In what % of meetings, for which you did vote, did you vote at least once against management?	67.0%	77.0%	76.0%	54.0%	63.0%	72.0%
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?	Amundi uses the ISS Proxyexchange platform to send its voting instructions. Analysis from ISS, Glass Lewis, and Proxinvest is available to more efficiently identify problematic resolutions, while retaining complete autonomy from their recommendations.					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-	-	-	-	-	-

Most significant votes

Amundi determines a selection of the most important environmental and social shareholder proposals.

Company:	Apple Inc.
Date:	23 February 2021
Resolutions:	<ul style="list-style-type: none">• Improve Principles of Executive Compensation Program
Amundi Vote:	Voted for the resolution.
Rationale:	Amundi considers that the level and evolution of compensation should not be susceptible of forming the basis for hostile reactions harmful to the company, its image and therefore its development. The analysis of the pay equity ratio contributes to the assessment of this acceptability.

BlackRock

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 TPT'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).

	Blackrock AB GLB EQ
How many meetings were you eligible to vote at over the year to 30/09/2021?	1352
How many resolutions were you eligible to vote on over the year to 30/09/2021?	18117
What % of resolutions did you vote on for which you were eligible?	99.0%
Of the resolutions on which you voted, what % did you vote with management?	92.0%
Of the resolutions on which you voted, what % did you vote against management?	7.0%
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?	36.0%
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?	We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, we work with proxy research firms who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0.0%

Most significant votes

BlackRock determine their engagement priorities based on their observation of market developments and emerging governance themes and evolve them year over year as necessary. The team's key engagement priorities include:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism
- Human capital management

Company:	Johnson & Johnson
Date:	22 April 2021
Resolutions:	<ul style="list-style-type: none"> • Item 2: Advisory Vote to Ratify Named Executive Officers' Compensation • Item 4: Report on Government Financial Support and Access to COVID-19 Vaccines and Therapeutics
BlackRock Vote:	BlackRock voted FOR Item 2 and AGAINST Item 4
Rationale:	<p>BIS voted for item 2 because they believe the company has taken appropriate steps to incentivize current executives and to set compensation plans that are performance based.</p> <p>BIS voted against item 4 as the company already leads on transparency with regard to access to medicine and BlackRock have confidence the company will continue to provide disclosure as the distribution of the vaccines continues.</p>

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 TPT’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 Equity Index	Diversified Fund	Global Equity Market Weight (30:70) Index - 75% GBP Hedged
How many meetings were you eligible to vote at over the year to 30/09/2021?	271	1083	8069	4558
How many resolutions were you eligible to vote on over the year to 30/09/2021?	4604	15852	85465	52402
What % of resolutions did you vote on for which you were eligible?	99.6%	99.5%	99.0%	99.2%
Of the resolutions on which you voted, what % did you vote with management?	93.9%	83.8%	80.9%	83.5%
Of the resolutions on which you voted, what % did you vote against management?	6.1%	16.0%	18.9%	16.1%
Of the resolutions on which you voted, what % did you abstain from?	0.0%	0.1%	0.3%	0.4%
In what % of meetings, for which you did vote, did you vote at least once against management?	8.9%	73.1%	71.0%	65.0%

<p>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>	<p>LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. 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.</p>			
<p>What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)</p>	1.11%	11.2	12.4%	10.8%

Most significant votes

In determining significant votes, LGIM’s Investment Stewardship team takes into account 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.

Company:	Frasers Group plc
Date:	29 September 2021
Resolutions:	<ul style="list-style-type: none"> • 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 & adopt the report and accounts.
LGIM Vote:	Voted against the resolution.

Rationale:	<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>
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Vanguard

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 TPT'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 30/09/2020?	4640
How many resolutions were you eligible to vote on over the year to 30/09/2020?	47248
What % of resolutions did you vote on for which you were eligible?	99.4%
Of the resolutions on which you voted, what % did you vote with management?	95.4%
Of the resolutions on which you voted, what % did you vote against management?	4.6%
Of the resolutions on which you voted, what % did you abstain from?	0.1%
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?	
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-

The above table shows the voting engagements that Vanguard undertook for the period 1st October 2019 to 30th September 2020. Please note that Vanguard were not in a position to provide engagement figures specific to the funds relevant for TPT. As such, the figures shown in the table above reflects the voting

engagements undertaken by Vanguard across all their holdings for the 12-month period to 30th September 2020.

However, the Trustees did not believe it to be relevant because as of 22nd April 2021, TPT no longer held any positions with Vanguard that carried any voting rights.

Final Remarks

Overall, Trustee has demonstrated key actions for TPT 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, TPT 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.

TPT Retirement Solutions
Verity House
6 Canal Wharf
Leeds
West Yorkshire
LS11 5BQ
Email enquiries@tpt.org.uk
Website www.tpt.org.uk



Pension Scheme Registration Number 10170418