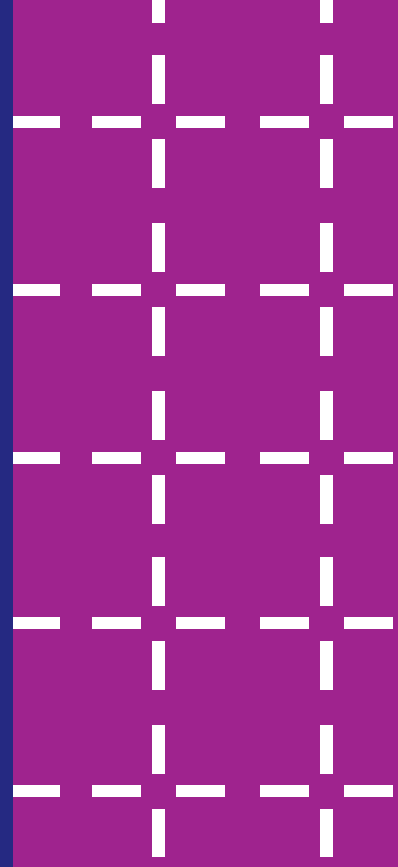


Responsible Investment Framework



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Introduction

TPT Retirement Solutions (TPT) is committed to being a responsible investor. Responsible Investment is commonly defined as an approach which seeks to integrate environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices.

TPT believes that certain ESG factors can impact financial performance and that it is part of our fiduciary duty to incorporate this information into our investment decisions. We believe that this helps to reduce investment risk and it may enhance long-term portfolio returns.

This view is expressed formally as a statement in TPT's Investment Beliefs. Responsible Investment therefore 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. Our approach to Responsible Investment is summarised in our Responsible Investment Principles.

This approach is applicable to both our Defined Benefit and our Defined Contribution Investments and is reflected in the Statement of Investment Principles (SIP) for both strategies.

In order to formalise the activities that TPT undertakes to demonstrate its commitment to being a responsible investor, it has put in place a Responsible Investment Framework. This Framework covers the key activities undertaken by TPT in managing the assets of the scheme and ultimately allows us to communicate our approach to both key suppliers and our members.

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



Fund Manager Selection and Monitoring

TPT’s Responsible Investment Framework applies to all of its investments although we tailor our expectations according to the different asset classes and the investment styles of our managers (e.g. active or passive strategies).

TPT incorporates its expectations on ESG including climate change in the manager selection process to ensure that we understand the extent to which ESG is integrated into the investment philosophy and process. We also incorporate specific requirements for ESG capabilities and reporting into our operational due diligence and into the Investment Management Agreements we put in place which are tailored according to the particular mandate.

The Investment Management Team (IMT) discusses the approach of TPT’s incumbent managers to stewardship, climate change and ESG risks as part of the manager monitoring process and requires its managers to report back on their Responsible Investment activities on a regular basis.

Each manager’s approach is assessed using TPT’s Responsible Investment Manager Rating System. Four areas are scored: Values, Stewardship, RI Integration and RI Reporting and Transparency. The scoring is then translated into an A, B, C or D rating (with A being the highest possible rating and D being the lowest). TPT has a small number of mandates for which it is not possible to reflect its Responsible Investment policy and for these managers we assign an ‘n/a’ rating.

TPT reports these ratings on a quarterly basis to the Investment Committee as an integrated part of its manager monitoring dashboard.

A guide to the ratings is provided in the table below.

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

Voting and Engagement

The following section describes in more detail TPT's approach to being a good steward of the assets held in its portfolios.

As a substantial investor in both UK and non-UK listed companies, TPT 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.

Voting

1.1 TPT aims to vote its shares in all markets where practicable. In the normal course of events, it delegates this activity to its investment managers.

1.2 That said, TPT retains the right (where possible) to direct its investment managers to vote in a particular way that it believes is in the best interest of its members. TPT 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 TPT to better implement the commitments set out within this Framework. The Trustee Board delegates judgement on these matters to the IMT. Where the

IMT exercises its right in this way, it will inform the Investment Committee of its decision, together with the reasons for it.

1.3 TPT expects its investment managers to exercise its voting rights, on behalf of TPT, in line with this document 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. TPT expects its investment managers to use these guidelines when voting in markets outside the UK. In some cases where TPT deems the Investment Manager to have voting policies that better reflect TPT'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 policy when feasible.

1.4 TPT has an active securities lending programme which can sometimes prevent it from voting all of its shares. Our managers or TPT may choose to recall or restrict the amount of stock lent in case of a contentious vote or a vote relating to TPT's engagement activities. This decision will be considered on a case-by-case basis with counsel from the relevant investment manager(s).

1.5 TPT's investment managers are required to submit data on a quarterly basis regarding their recent voting activities. This includes provision of rationale behind voting dissent and shareholder resolutions' voting.

1.6 Where an investment manager intends to vote at variance with this policy, the manager is asked to inform TPT as far in advance as possible to afford the best possible chance for the IMT to review the

1.7 appropriateness of that manager's voting intentions on behalf of TPT. In extreme cases, the continued appointment of an investment manager who fails to comply with best practices and fails to give a satisfactory explanation to the IMT, may be reviewed.

Voting and Engagement

Engagement

1.1 TPT's approach to engagement applies to equity and corporate bond holdings and consists of four elements:

1.1.1 Engagement by investment managers. TPT delegates primary responsibility for its corporate engagement activities to its investment managers. TPT 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 TPT, and the amount of time corporate entities have available for single investors. TPT expects its managers to engage on environmental, social and governance matters where they are considered material and relevant to the investment case. It also expects its managers to respond to specific requests the TPT might have.

1.1.2 Joint engagements with investment managers. There may be occasions when engagement topics identified by TPT overlap with the engagement efforts of its investment managers. In these situations, TPT will seek to undertake joint engagement activities with investment managers. TPT believes that by having both an asset owner and an investment manager at the table to talk about an issue, significant weight is added to the discussion.

1.1.3 Collaborative engagements. TPT 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, TPT will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its Responsible Investment Framework.

As part of its efforts in this area, TPT is committed to joining collaborative engagements through its association with organisations such as the PRI, 30% Club, Investors Policy Dialogue on Deforestation (IPDD) and the Institutional Investors Group on Climate Change (IIGCC). This list is not considered to be exhaustive.

1.1.4 Direct engagements. On occasions, an issue may arise where TPT believes it is necessary to directly engage with companies on particular ESG related issues.

1.2 TPT's engagement activities will include written, oral and electronic communication and personal meetings with a company's senior policy makers. TPT's corporate engagement priorities are based on an understanding of where material ESG risk lies in the portfolio and our RI commitments. TPT asks its investment managers to report back on their engagement activities on a periodic basis. Where possible and appropriate, the information provided by investment managers to TPT on engagement activities is made available on TPT's website or as part of TPT's annual update on Responsible Investment.

The use of voting and engagement within TPT's Ethical Framework

TPT recognises the value of voting and engagement as tools for influencing corporate ethics and behaviour in addition to protecting the financial value of investments. On behalf of members and employers with an interest in Ethical Investment, TPT will undertake a dialogue with the relevant investment managers to ensure that the voting and engagement they undertake on behalf of TPT is consistent with its Ethical Investment Framework. This is used to enhance the ethical impact of companies operating in the UK and overseas.

Climate Change

Human activity has negatively contributed to the changes in the atmosphere, ocean, cryosphere¹ and biosphere, inducing weather and climate extremes, e.g. heatwaves, droughts and hurricanes. Climate and nature sustain life and intrinsically the wider economy. More than half of the world's GDP is connected with nature (the World Resources Institute).

Nature loss as well as climate change pose systemic risks with the potential for damaging financial assets and sectors.

TPT is taking action to tackle the risks of climate change through a commitment to net zero by 2050. We support the objectives of the Paris Agreement, the Convention on Biological Diversity and the international standard guidelines on climate and biodiversity set at the United Nations Conference of the Parties (COP). The Intergovernmental Panel on Climate Change (IPCC) maintains that “limiting global warming to 1.5°C would require rapid, far-reaching and unprecedented changes in all aspects of society”.

Investors can play a part by reducing emissions in their investment portfolio and supporting the required real economy changes, e.g. investments in climate solutions.

Climate considerations are an integral part of TPT's Responsible Investment (RI) Principles and set our RI and stewardship approach in portfolio construction and monitoring, advocacy and reporting. Investments in thermal coal, oil sands and arctic drilling activities are not aligned with an ambition for net zero emissions. Whilst investments in these activities are a very small part of our portfolio, we are committed to reaching net zero in an equitable way and ensuring these activities are phased out in a manner consistent with our objectives. It is our preference to allocate members' capital to asset managers that we believe can help us achieve net zero and are part of collaborative initiatives, for example, the Net Zero Asset Managers Alliance.

TPT's Climate Action Plan details our road map to net zero². We use the Net Zero Investment Framework (NZIF) as a reference for setting metrics and methodologies for decarbonising our investment portfolio as well as allocating investment in climate solutions. TPT's net zero journey is shaped by six commitments:

1. Be active in influencing the transition to a low carbon economy including reaching net zero within our operations.	2. Achieve net zero by 2050, with a decrease in our carbon intensity of at least 25% by 2025 and 50% by 2030.
3. Increase our investment in climate solutions to at least 6% of return-seeking assets by 2030.	3. Continue to build a rigorous approach to incorporating climate change risks and opportunities into the way we invest members' assets.
5. Work together with companies, governments and standard-setters and disinvest when no alternatives are possible.	6. Regularly report back to members and wider stakeholders including through TCFD reporting.

TPT is a member of the Institutional Investors Group for Climate Change and part of the Global Steering Group of the Paris Aligned Investment Initiative. Due to the interdependence of climate change with nature and society, we are a signatory of Climate Action 100+, the Investor Statement on Just Transition (World Benchmarking Alliance) and a supporting investor of the Investors Policy Dialogue on Deforestation (IPDD) initiative. This means that TPT is a part of the public discourse on climate change risks and opportunities and can influence change collaboratively.

¹ The cryosphere is the part of the Earth's climate system that includes solid precipitation, snow, sea ice, lake and river ice, icebergs, glaciers and ice caps, ice sheets, ice shelves, permafrost and seasonally frozen ground.

² TPT is committed to not make use of offsets or avoided emissions.

Human Rights

TPT supports the International Bill of Human Rights, international norms related to human rights and the UN Guiding Principles on Business and Human Rights. TPT has developed an approach to ensure that human rights are considered throughout the investment and stewardship process, particularly when appointing third-party investment managers as they select underlying securities in our investment portfolio.

Our approach

TPT believes that a responsible approach to investment can enhance long-term portfolio returns. As part of this approach, we are committed to taking environmental, social, and governance (ESG) risks into account in the way we manage our investments.

TPT holds a diversified portfolio of assets across sectors and markets in order to provide retirement benefits to over 400,000 members across the UK. As an organisation that was formed in 1946 to provide benefits to social workers through the Social Workers Pension Fund, we trace our roots to the period of history in which the Universal Declaration of Human Rights¹ was adopted. We continue to share the values of and encourage respect for, the International Bill of Human Rights and the international norms related to human rights.

Whilst governments have obligations to respect, protect and fulfil human rights and fundamental freedoms, we expect companies to follow the guidance of the UN Guiding Principles on Business and Human Rights (UNGPs)². The UNGPs are a set of guidelines for States and companies to prevent, address, and remedy human rights abuses committed in business operations.

TPT periodically reviews its portfolio to understand where value might be threatened due to human rights contraventions of human rights and if concerns arise, as outlined in our RI Principles, our preference is to engage with rather than exclude companies or sectors. Our approach is driven by our Responsible Investment Framework.

We expect our investments to be managed in line with our RI Principles. We expect human rights to be regularly reported within our managers' RI approaches.

We actively engage with the wider investment community and policymakers on human rights. As part of this, TPT is an active member of organizations supporting advancement in this area such as The Investor Alliance for Human Rights.

1 <https://www.ohchr.org/sites/default/files/Documents/Publications/Compilation1.1en.pdf>

2 https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

Controversial Weapons

TPT recognises that the Defence sector poses particular risks to the value of 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, TPT does not invest in companies involved in certain controversial weapons.

Background

International Humanitarian Law seeks to protect persons who are not participating in hostilities and restricts those means of warfare that have indiscriminate effects and causes disproportionate harm. The rest of this section covers weapons that are banned under specific international legal instruments that the UK government has signed to enforce this principle.

These are the Biological and Toxin Weapons Convention, the Chemical Weapons Convention, the Convention on Certain Conventional Weapons, the Convention on Cluster Munitions and the Mine Ban Treaty¹.

It also covers nuclear weapons in countries that are not party to the Non-Proliferation Treaty². The treaty classifies state- parties in two categories: nuclear-weapon states – consisting of the United States, Russia, China, France, and the United Kingdom – and non-nuclear-weapon states.

While the international instruments referred to above do not explicitly address financing, mandatory financing prohibitions have been introduced in a number of countries and voluntary financing restrictions are implemented across Europe.

Exclusion

To the best of its ability, TPT does not invest in companies involved in the following:

1. Anti-personnel mines
2. Biological weapons
3. Chemical weapons
4. Cluster munitions
5. Nuclear weapons in countries not party to the Non-Proliferation Treaty

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

Implementation

The purpose of this stance is to avoid making investments in activities that are deemed by international conventions as unacceptable by either prohibiting or restricting their use. Total avoidance of these companies may not however always be practicable from an implementation perspective, partly because of the range of asset classes and investment strategies in which TPT invests and in particular the use of derivatives in the portfolio.

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

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

Monitoring

Annually, TPT will update its list of publicly and privately listed companies which should be excluded and carries out an audit of holdings to verify adherence.

For those investment managers who do not manage equity or corporate bond mandates, or where TPT does not have the ability to direct which assets are held, a comply or explain approach will be taken.

¹ Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (Biological and Toxin Weapons Convention), entry into force 26 March 1975, UK signature date 10 April 1972

Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention), entry into force 29 April 1997, UK signature date 15 Jan 1993

Convention on Cluster Munitions, entry into force 1 August 2010, UK signature date 3 December 2008

Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Mine Ban Treaty), entry into force 1 March 1999, UK signature date 18 September 1997

Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (Convention on Certain Conventional Weapons), entry into force 2 December 1983, UK signature date 10 April 1982

² Treaty on the Non-Proliferation of Nuclear Weapons (Non-Proliferation Treaty), entry into force 5 March 1970, UK signature date 1 July 1968

Stewardship and Communication

Stewardship and Active Ownership

TPT believes that it should act as a responsible owner of the assets in which it invests. An important part of this is making sure that we use the rights we have as shareholders in companies to influence corporate strategy through voting and engagement.

TPT expects its managers to engage on environmental, social and governance matters where they are considered material and relevant to the investment case. 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.

From time to time, TPT directly participates in collaborative engagements which are well aligned with its ESG priorities. As an asset owner with relatively fewer resources available for engagement, we prefer to focus our efforts on industry engagements at the policy and regulatory level rather than at the investee/corporate level.

Responsible investment is different from ethical investment

It is important to note that our commitment to being a responsible investor is an approach which we believe helps manage risk and return, and as such it should not be confused with ethical investment.

Ethical investment is a specific style of investment which screens out certain companies or activities based on moral preferences.

For members that wish to reflect ethical concerns in their pension investments, please see TPT's Ethical Investment Framework.

Codes and industry initiatives

TPT supports industry-wide initiatives to promote Responsible Investment and Stewardship and is a signatory to the Principles for Responsible Investment (PRI) and the Montreal Pledge.

TPT 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 and whether they are signatories. TPT does not insist the investment managers publicly support the UK Stewardship Code but it will seek from its investment managers how they demonstrate their support for the code (for asset classes where it is appropriate).

TPT also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support TPT's work in this regard we are members of the Institutional Investors Group on Climate Change (IIGCC), PLSA and the UK Sustainable Investment and Finance Association (UKSIF). More information on all of these organisations is available here¹.

Communicating and reporting

TPT provides regular updates on how it implements this Framework to the Investment Committee. It also publishes information on its website as part of its annual update on Responsible Investment.

TPT also shares information on its Responsible Investment activities via regular member and employer reporting channels.

¹ Principles for Responsible Investment: www.unpri.org

FRC Stewardship Code: <https://www.frc.org.uk/investors/uk-stewardship-code> UKSIF: www.uksif.org

PLSA: www.plsa.co.uk

The Montreal Carbon Pledge: www.montrealpledge.org/

Get in touch

If you would like to contact us about our Responsible Investment Framework, please feel free to, via:



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tpt.org.uk/how-we-invest/responsible-investing



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