

TPT Retirement Solutions

Ethical Investment Framework



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Introduction

TPT Retirement Solutions (TPT) is committed to being a responsible investor, and seeks to integrate environmental, social and corporate governance (ESG) considerations into its investment management processes and ownership practices. Respect for human rights, labour standards, environmental management and anti-corruption¹ are all an integral part of TPT's approach to responsible investment. TPT's approach is outlined in its Responsible Investment Framework.

Some members of TPT may wish to complement the responsible investment approach based on moral or ethical preferences. This Ethical Investment Framework sets out the standard ethical criteria which are applied to TPT's Ethical Funds.

¹ Including international initiatives for companies and investors, such as the UN Global Compact, UNEP-FI, and the UN-backed principles for responsible investments (PRI), which are founded on principles embedded in international conventions such as the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organisation (ILO) core conventions on labour standards, international environmental conventions and the UN Convention against Corruption.

Ethical Investments

Background

The Ethical Investments Framework was adopted by the Investment Committee following consultations with key member organisations.

It serves as an assurance to certain members that investments in TPT's ethical funds do not support companies, products, policies or practices of particular concern to them.

The Framework also serves as high-level direction to asset managers.

Coverage

The Ethical Investment Framework applies to both Defined Benefit (DB) and Defined Contribution (DC) assets. The criteria set out below apply to ethical investments across all asset classes (e.g. equities, corporate bonds, sovereign bonds, private equity, and real estate) and markets, where viable. Ethical solutions for actively managed funds and passively managed public equity funds are well established. Similar solutions for other asset classes are yet underdeveloped, but TPT follows market developments with a view to increasing investment diversification.

Positive selection

Where viable, TPT's ethical funds seek to incorporate ESG business opportunities. This includes investments in companies with best practices concerning human rights, fair working conditions and trade union rights, management of environmental impact, anti-corruption practices, and fair trade policies concerning developing countries.

Exclusion criteria

The Ethical Funds also look to exclude companies with significant business interests in activities that conflict with members' moral and ethical preferences.

They therefore seek to exclude companies involved in the following sectors:

- Adult Entertainment / Pornography
- Alcohol
- Coal mining
- Gambling
- Military equipment
- Oil sands
- Tobacco

Risks

As for all investments, TPT considers the risk and return of the Ethical Funds. Ethical investments (in any particular asset class) are likely to perform differently, either better or worse, than the universe of similar investments. Risk is therefore often considered to be slightly higher as the exclusion of certain companies or types of investment on ethical grounds can limit the ability to diversify within and across asset classes and markets.

Implementation

The Ethical Investment Framework applies to all ethical investments, although expectations are adapted according to the different asset classes and the investment style of the manager. In particular TPT recognises there may be certain exceptions as to how these criteria are applied in passive index-tracking funds.

In order to ensure compliance TPT actively selects those managers that best meet members' requirements in the area of ethical investments. For this purpose, we:

- Annually request Investment Managers to demonstrate how they are seeking to meet the principles set out in this document
- Discuss ethical investments in Manager review meetings
- Annually evaluate the Managers' overall approach to Responsible Investments

TPT provides annual updates on its Ethical Fund investments to the Investment Committee and its members. TPT also commits to inform its members when it breaches the five percent tolerance level in order to agree an appropriate course of action.

Implementation Guidelines

The Ethical Fund seeks to exclude companies with involvement in the following:

Criteria	Definition	Coverage	Revenue threshold
Adult Entertainment /Pornography	Explicit images of sexual behavior that are intended to cause sexual excitement. This includes products labelled 'erotica', 'porn' and 'adult entertainment'.	<p>Covers production, which refers to the publication through print or film of material labelled 'erotica', 'porn' or 'adult entertainment'.</p> <p>Covers distribution, which refers to the sale and retail through media (broadcasting, magazines, internet retail). Active (or direct) distribution designates the distribution of pornographic material through media (e.g. broadcasting, magazines, internet retail). Passive (or indirect) distribution designates the facilitation of distribution (e.g. hotels,telecommunication).</p>	10%
Alcohol	Alcoholic beverages	<p>Covers production, which refers to the fermenting or distilling of alcoholic beverages.</p> <p>Covers distribution, which refers to retail, wholesale or provision of alcoholic beverages, including liquor stores, supermarkets, bars and restaurants</p> <p>Covers services, which refers to the marketing and promotion of alcoholic beverages.</p>	10%
Coal mining	Coal is a heterogeneous mixture of organically derived plant remains which have undergone chemical and physical changes in response to biologic and geologic processes resulting in combustible rocks. Coals are classified on the basis of rank, type and grade (important variables are heat value, sulfur, ash, moisture content, and volatility) and range from anthracite to bituminous/black/hard coal to brown coal/lignite.	Coal mining encompasses Coal Production and Coal Services. Coal Production refers to coal exploration, coal mining (surface and underground mines), as well as the production of coke. Coal Services designate relevant services to Coal Production such as contract drilling.	25%
Gambling	The wagering of money on a game or event such as sports, cards or dice games, gaming machines and lotteries.	<p>Covers production, which refers to the operation or management of any activity involving the wagering of money on a game or event.</p> <p>Covers distribution, which refers to retail of low-risk gambling items such as lottery tickets.</p> <p>Covers services, which refers to the provision of services to and development of platforms for activities involving wagering money (software, gaming machines).</p> <p>Additional services include the marketing or promotion of wagering money on a game or event.</p>	10%

Implementation Guidelines

Criteria	Definition	Coverage	Revenue threshold
Military equipment	Combat equipment and other equipment designed or modified on the basis of military specifications	<p>Covers development and production of military equipment, such as tanks, military aircraft, radar and simulation systems, as well as certain components and subsystems thereof.</p> <p>Covers services, which refers to, among others, maintenance, repair, and logistics services, for military equipment, as well as certain components and subsystems for this equipment.</p>	10%
Oil sands	Oil sands refers to a type of petroleum deposit consisting of a mixture of sand, clay or other minerals, water and bitumen. Bitumen refers to a thick, black and highly viscous liquid or semi-solid type of petroleum.	<p>Covers production, which refers to the various stages and processes employed to extract, upgrade and refine bitumen.</p> <p>Oil sands extraction refers to methods of extracting oil sand, including surface mining and in-situ recovery</p> <p>Surface mining or oil sand mining refers to the practice of removing overlying soil and oil sands from an open pit or burrow to obtain bitumen.</p> <p>In-situ recovery refers to all non- mining methods employed to collect bitumen deposits in oil sands recovery, such as, but not limited to, cyclic steam stimulation (CSS) and steam assisted gravity drainage (SAGD).</p> <p>Upgrading refers to the process of improving the quality of crude oil, reducing the viscosity of bitumen to purify it and convert it into a lighter product with more commercial value.</p> <p>Refining refers to the process of converting crude oil into a commercially viable, ready for use, product.</p> <p>Covers exploration, meaning any investigation, work, or act to determine the presence of oil sands by test drilling, excavation, or other means that results in surface disturbance or that may cause an adverse effect. As a type of involvement. Exploration also covers further stages in the oil sands extraction process, which are prior to the production stage.</p>	10%
Tobacco	Tobacco products such as cigarettes, cigars, snuff, e-cigarette and pipe tobacco.	<p>Covers production, which refers to the production of cigarettes, cigars, snuff, pipe tobacco, e-cigarettes and vaping products.</p> <p>Covers distribution, which refers to retail or wholesale of tobacco products, including supermarkets. Covers services, which refers to the marketing and promotion of tobacco products.</p>	10%

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EIF.GFI.0821