The ITB Pension Funds
Annual Report & Financial Statements
2023/2024

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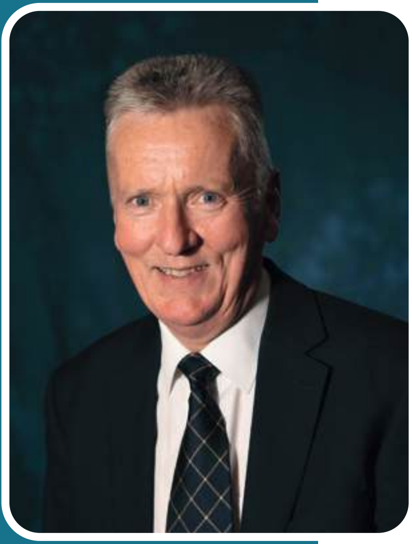


Chair's Review

Against the backdrop of perhaps the most turbulent times in recent history, the past year has proven to be transformational for the ITB Pension Funds.

The lingering impact of Brexit, the horror of various conflicts around the world, the ill-judged 2022 mini budget and the resultant challenging financial and economic landscape wouldn't normally herald good times for pension schemes! The rather perverse impact, however, was a surge in long term interest rates and gilt yields, which moved the valuation of pension liabilities downwards and generally had a positive effect on the overall funding position for many pension schemes.

This was indeed the case for the ITB Pension Funds, and my report will highlight not only the many achievements of the past year but more importantly how circumstances have changed dramatically for the better and the positive future that now awaits the ITB Pension Funds, its Employers and all our Members.

FUNDING AND INVESTMENTS

Defined Benefit (DB) Actuarial Valuations

Actuarial Valuations are aimed at monitoring the ongoing financial health of the Funds.

The valuations are conducted by the Scheme Actuary, the Government Actuary's Department (GAD), who advises the Trustee Directors on assumptions about factors such as long-term interest rates, membership mortality and the expected return on the Funds' assets, to estimate the funding position of the Funds and whether any further contributions are required to provide all the current and future benefits due to be paid.

In the past year, Annual Funding Updates were carried out by GAD and showed a surplus of £26m in the Open Fund and £40m in the Closed Fund.

DB Section Investments

To meet regulatory requirements the Trustee Directors completed an annual review of the effectiveness of the investment consultant in meeting its objectives in advising the Funds.

The Closed Fund investment strategy was changed shortly after the year-end. Equity holdings were reinvested in cash, government gilts, and high-quality corporate bonds in line with the Open Fund investment strategy and to reduce risk.

The most significant development relating to our DB Investments was made because of the improved funding position of the Open Fund and positive changes to Insurers' pricing. This led to a review of buy-in pricing by insurance providers, the alignment of our Liability Driven Investment (LDI) portfolio to providers' changed approach to pricing and the decision to proceed with a final buy-in of all remaining liabilities. A shortlist of buy-in providers was agreed and selection interviews held. This resulted in the Funds contracting with Just Group during the summer of 2023, meaning that all Open Fund DB benefits have now been insured, providing security for both Members and Employers. A revised investment strategy was implemented for the remaining Open Fund assets to align with likely future need.

Subsequent to the final buy-in transaction, Trustee Directors initiated a project to achieve buy-out and wind-up of the Open Fund DB Section. The project includes consideration of winding up the Closed Fund in tandem and the transfer out and wind-up of the Open Fund DC Section.

The Defined Contribution (DC) Section

With most active involvement by ITB Employers and Members now in the DC Section, the Trustee Directors maintain an active focus on ensuring members have access to diverse, sustainable and secure investment options. A DC Investment Strategy Review was completed during the year, with one change made in line with the Trustee Directors' policy of reducing exposure to climate change risk. This resulted in the L&G Multi-Asset Fund being replaced by the L&G Future World Multi-Asset Fund.

DC Section Developments

The ITB DC section is a regulated Master Trust and is subject to active scrutiny by The Pensions Regulator (TPR). This requires constant dialogue by the parties and I am pleased to report this continues to be constructive and positive. As part of the regulatory process, the Trustee submitted a successful Master Trust Supervision Report in June 2023. It is pleasing to report that TPR remain satisfied the Funds continue to meet the high standard set for Master Trusts.

A key additional engagement with TPR related to the proposed transfer out of the DC Section to another regulated Master Trust. Trustee Directors held detailed discussions on the intended process and received constructive feedback from TPR on their initial plans.

Other developments within the DC Section included in March 2024 the transfer out of the scheme of 90 DC deferred members, who had no other benefits within the Funds, to arrangements in their own name.

Finally, the Annual Value for Members assessment of the DC Section was completed, with the independent investment adviser concluding that members receive very good value for money.

Employers' Covenant

Given the importance of the strength of the Employers' covenant in formulating decisions about many aspects of the ITB's work, we are advised by an independent firm of professional covenant advisers, BTG Advisory, to advise on covenant strength and to report to us on each Employer's financial position and business prospects.

Together with the Trustee Directors, BTG work hard to understand the issues confronted by our sponsoring Employers and their ability to manage their funding responsibilities as they react to an evolving economic and business environment. During the past year, in accordance with new requirements, this work was extended to include an independent overview of the Employers' exposure to, and management of, climate related risks. During the past year it is pleasing to report that the Employer covenant was reassessed as Strong.

Constructive discussions continued with the Department for Education in relation to government policy towards Industry Training Boards and to keep each other up to date with developments.

Trustee Directors and Advisers

The business experience and skills of my colleagues on the Trustee Board makes a very positive contribution to decision making on the many varied and complex issues we have to deal with. I remain grateful for the support and input of my fellow Trustee Directors, who have done much to contribute to the success of The ITB Pension Funds over the years.

I am therefore delighted that six of our Trustee Directors have been reappointed for a further three-year term. Maurice Alston was reappointed as the Closed Fund Pensioners' Trustee Director, Robert Tabor was reappointed as the Member Nominated Trustee for Lantra, Richard Capewell as the Employer Nominated Trustee for Lantra and Peter Sparkes as the Member Nominated Trustee for CITB. Joanna Woolf continues as Cogent's Employer Nominated Trustee and David Lewis as ECITB's Member Nominated Trustee. Crucially, this leaves ITB with a stable and experienced Board that has all the skills to meet the challenges and demands related to the important work ahead.

In the same way that Trustee Directors add value to the work of ITB, our professional advisers make a substantial and positive contribution. So, it is good news that Matt Gurden, Deputy Government Actuary with the Government Actuary's Department, has been appointed as our new Scheme Actuary on Martin Clarke's retirement in October 2023. Martin provided clear strategic guidance for many years and undoubtedly improved the lot of everyone involved with ITB. My sincere thanks are due to Martin and it was with great sadness to receive the news of his death in June 2024 following a short illness.

Governance

The ITB Trustee Directors have long regarded the subject of governance as a high priority. We regularly review the skills and knowledge of individual Trustee Directors and arrange and deliver a large number of training sessions throughout the year to improve skills and knowledge.

Governance is led by our Board, supported by our Management Panel and Investment Committee and skilfully guided by Mayer Brown our legal adviser. A number of issue specific Working Groups adds to the scrutiny of the work and output of ITB.

A new Equality, Diversity and Inclusion policy was introduced in October 2023 and now forms the basis for the work of the Board and appointment of Trustee Directors.

In addition, we value the quality of advice and service we receive from our professional advisers. We review our advisers regularly to ensure that quality and value for money are maintained and Trustee Directors remain satisfied that this is the case.

It is also important to us that Employers feel engaged with governance and we held another successful training day for them in November 2023, where plans for buy-out and wind-up of The Open Fund DB Section and transfer out of the DC Section were discussed.

Protection of members' interests is key for the Trustee and with vulnerable savers increasingly being targeted by fraudsters ITB has initiated increased member communication activity. Our new Member Communications Working Group leads on this subject and a revised format Newsletter is issued twice a year and has been well received by Members.

Climate Change

Significant regulatory requirements around governance and disclosure of climate change risks for pension schemes remain high profile. As a result, the Trustee Directors continue to undertake a range of training initiatives and evaluate the Funds' exposure to climate related risks. A range of climate risk metrics have been set, with the target of increasing the percentage of listed equity and corporate bond investments which have greenhouse gas emissions reduction targets in line with the Science Based Targets Initiative (SBTi), and the Trustee monitors them and progress towards achieving the targets.

To this end, a second climate change report in compliance with the Task Force on Climate-related Financial Disclosures (TCFD) was issued in October 2023. The new TCFD report highlighted progress towards the target of increasing the percentage of listed equity and corporate bond investments which have set an SBTi net zero target from circa 30% currently to 75% by 2030. The ITB Open Fund DB section increased the proportion from 30% to 38%, the Open Fund DC section from 25% to 31% and the Closed Fund from 36% to 41%. These encouraging figures suggest good progress towards achieving all the regulatory requirements related to climate change.

Outlook

There is no doubt the world remains an uncertain place and where change seems constant. Despite such challenging circumstances, the Trustee Directors feel a milestone has been reached by ITB.

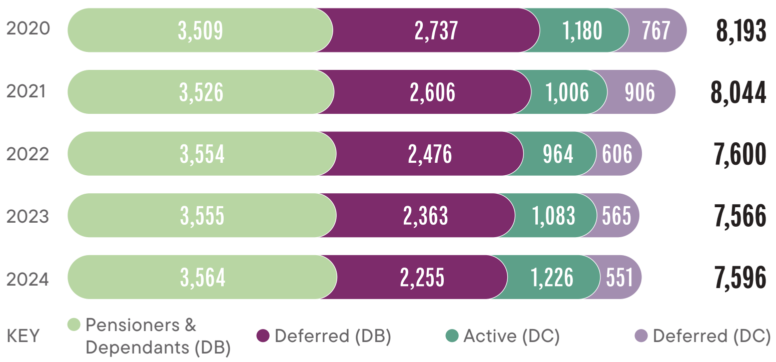
The recent final buy-in means all of the Fund's liabilities are now secured by insurance policies, except for any arising from GMP Equalisation or unexpected directions. This in turn means all ITB Members will receive their full pension benefits as they arise and all risk has been removed for Employers. It will also allow the ITB Pension Funds to be wound-up and closed down in an orderly way that meets the reasonable hopes and expectations of all stakeholders. A perfect outcome for any pension scheme!

A lot of complex and detailed work remains to get to this point, but with our stable and experienced Trustee Board, industry leading professional advisers and a talented staff I am more confident than ever that ITB will deliver on its promise to Employers and Members within the next two years.

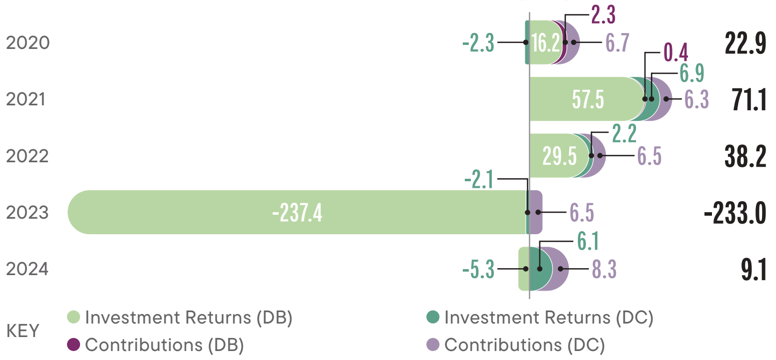
Five Year Summary

OPEN FUND – DEFINED BENEFIT (DB) AND DEFINED CONTRIBUTION (DC)

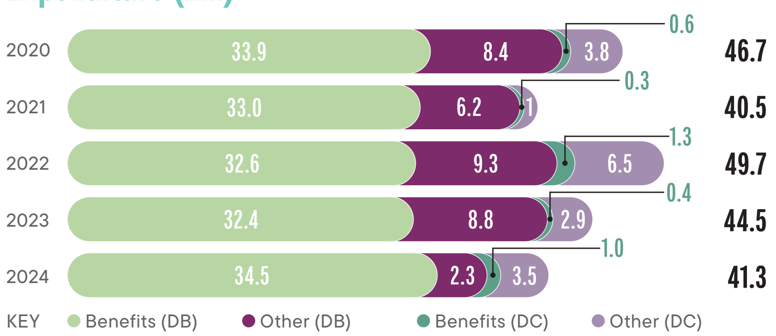
Membership



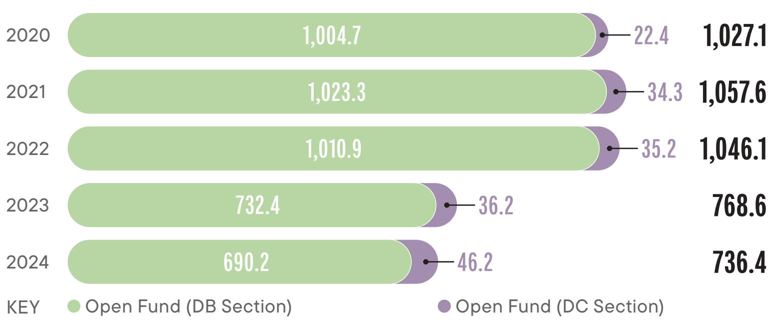
Contributions and Investment Returns (£m)



Expenditure (£m)

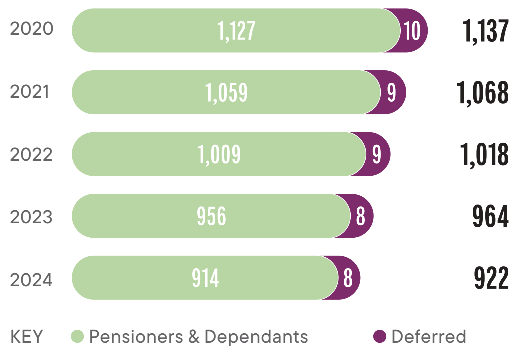


Fund Value (£m)

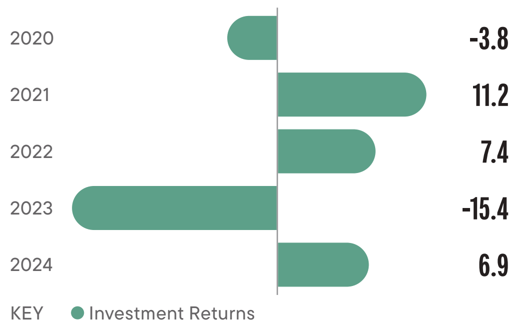


CLOSED FUND

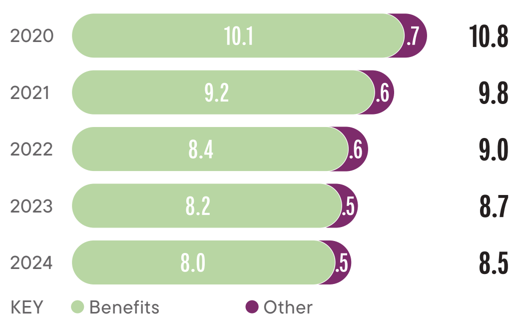
Membership



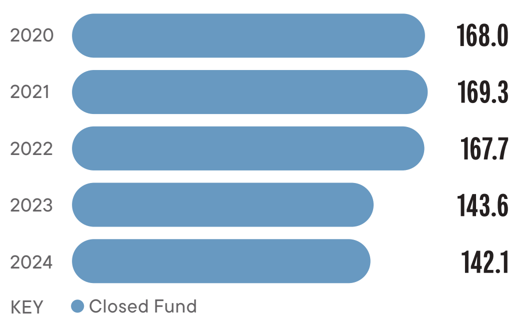
Investment Returns (£m)



Expenditure (£m)



Fund Value (£m)



Trustee Directors

EMPLOYERS' TRUSTEE DIRECTORS

David Birtwistle
(Employers' Deputy Chair)
Nominated by Enginuity
Pensions & Reward Consultant

Richard Capewell
Nominated by Lantra
Retired Trustee of Lantra

John Dearden
(to 6 September 2024)
Nominated by RTITB Limited
Retired Chief Executive of RTITB Limited (formerly CAPITB Limited)

Terry Lazenby, MBE
Nominated by Engineering Construction ITB
Retired Chair of ECITB

Newell McGuiness
(Chair)
Nominated by Scottish Electrical Charitable Training Trust
Retired Managing Director of SELECT

Peter Rogerson, OBE
Nominated by Construction ITB
Retired Deputy Chair of Construction ITB

Joanna Woolf
Nominated by Cogent Skills Limited
Chair of Cogent Skills

Following her nomination by RTITB Limited, Laura Nelson (Managing Director of RTITB Limited) was appointed as an Employer Trustee Director on 4 October 2024.

MEMBERS' TRUSTEE DIRECTORS

Marie Rowlands

Nominated by Enginuity

Financial Controller

David Lewis

Nominated by Engineering Construction ITB

Levy Manager

Martin McManus

Nominated by Cogent Skills Limited, RTITB Limited and Scottish Electrical Charitable Training Trust

Policy & Standards Manager

Peter Sparkes

Nominated by The trades union Unite for Construction ITB

IT Services Manager - Technology and Change

Robert Tabor

(Members' Deputy Chair)

Nominated by Lantra

Commercial Director and Deputy Chief Executive

PENSIONERS' TRUSTEE DIRECTORS

Maurice Alston

Nominated by Closed Fund Pensioners and Deferred Members

Retired – formerly Senior Training Adviser for Chemical and Allied Products ITB

Peter Austin

Nominated by Open Fund Pensioners and Deferred Members

Retired – Formerly Principal Training Adviser for Construction ITB

Officers and Advisers

OFFICERS

Mike Thorpe FCA
Chief Executive

Gareth Pryce ACA
Funds' Accountant

Simon Robinson DipCII
Pensions Administration Manager

ADVISERS

Actuary

Matt Gurden FIA Government Actuary's Department
(from 1 November 2023)

Martin Clarke FIA Government Actuary's Department
(to 31 October 2023)

Independent Auditors

PricewaterhouseCoopers LLP

Covenant Adviser

BTG Advisory LLP

Investment Adviser And Performance Monitor

Lane Clark & Peacock LLP

Solicitors

Mayer Brown International LLP

Investment Managers

BlackRock Investment Management (UK) Ltd

Fidelity International

Insight Investment Management (Global) Ltd
(to 30 January 2024)

Just Retirement Ltd

Legal & General Investment Management

Pension Insurance Corporation PLC

Schroder Investment Management (Luxembourg) S.A.

Custodians

JP Morgan Chase Bank NA
(to 6 February 2024)

The Bank of New York Mellon (International) Ltd

DC Section Administrator

Legal & General Assurance Society Ltd

Participating Employers

The Participating Employers comprise two Statutory Training Boards, CITB and ECITB, and five companies, which are charities or commercial enterprises and, along with some wholly-owned subsidiaries, are the Successor Bodies that have replaced former Statutory Training Boards.

The Participating Employers at the scheme year-end, each of which must be a Statutory Training Board or a Successor Body to a Training Board, are shown below.

Cogent Skills Limited

Participating Subsidiaries:

Cogent Skills Services Limited

Cogent Skills Training Limited

Science Industry Assessment Service Limited

Construction ITB

Engineering Construction ITB

Enginuity

Participating Subsidiary:

Excellence, Achievement and Learning Limited

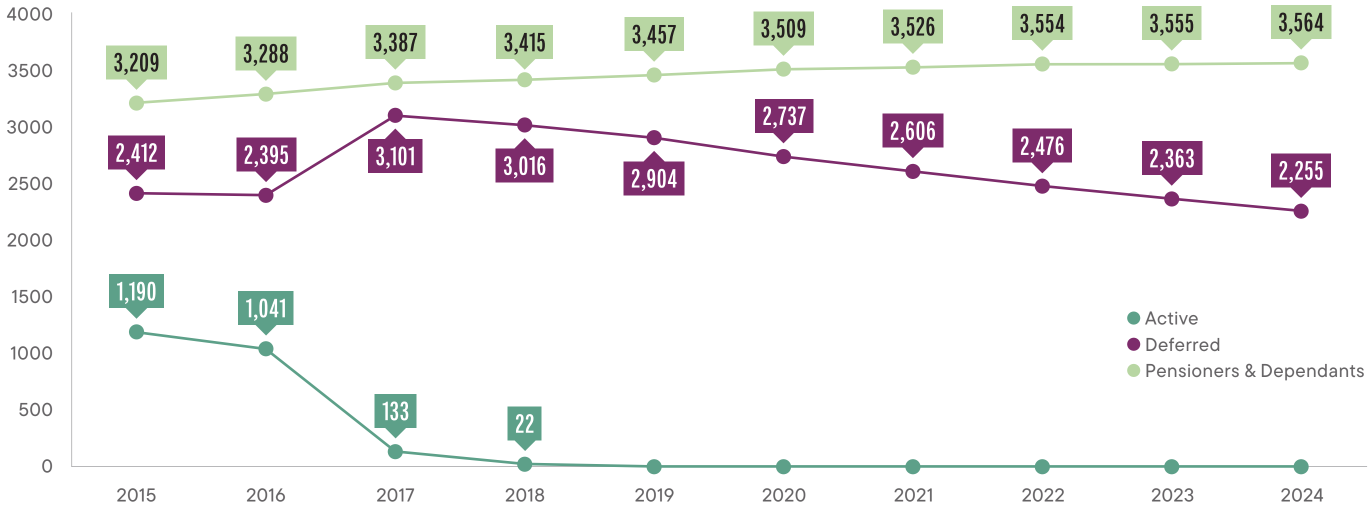
Lantra

RTITB Limited

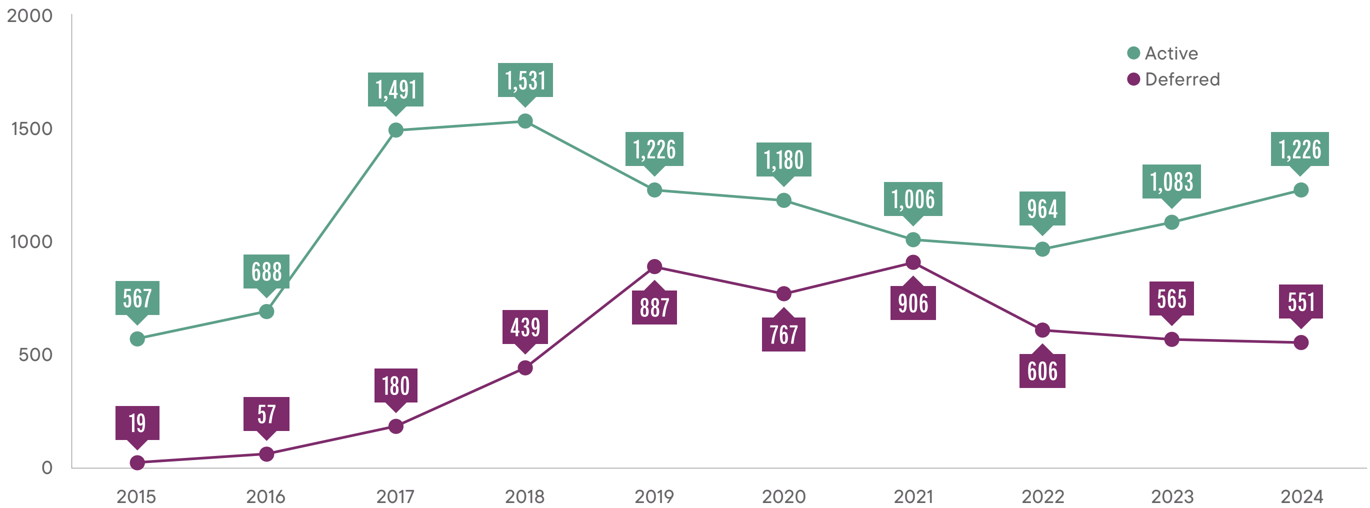
Scottish Electrical Charitable Training Trust

Membership

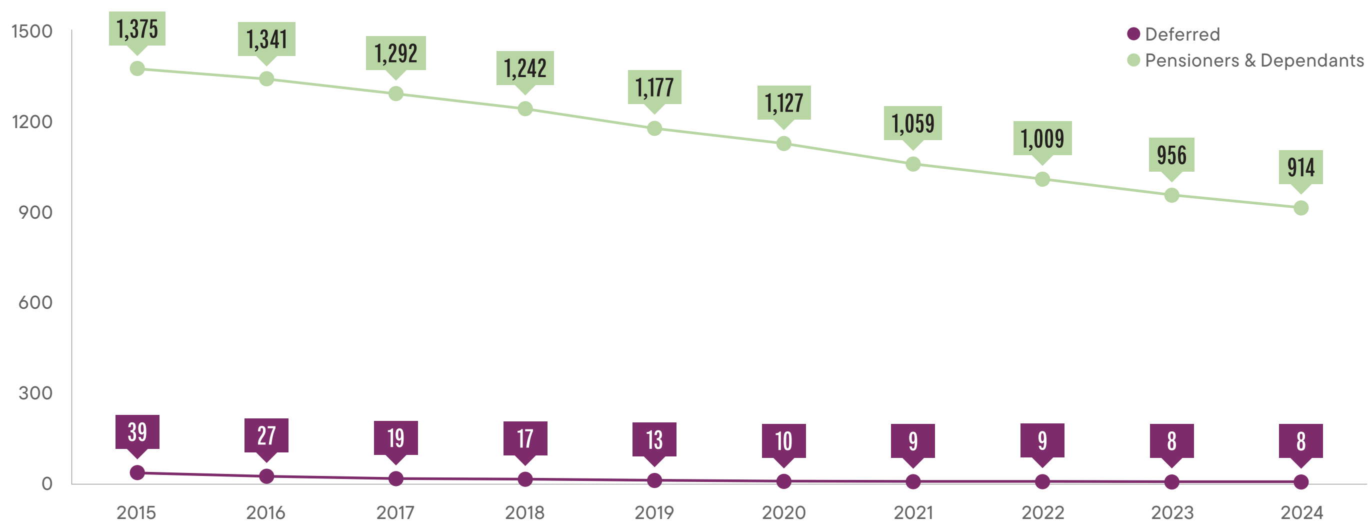
OPEN FUND DB SECTION



OPEN FUND DC SECTION



CLOSED SECTION



Trustee Director's Report

The Trustee Directors present their annual report on the ITB Pension Funds, together with the audited financial statements for the year ended 31 March 2024.

FUNDS CONSTITUTION

The ITB Pension Funds is a trust-based pension scheme which is governed by a corporate trustee, ITB Pension Trustee Limited ("the Trustee").

The ITB Pension Funds is set up under a Trust Deed and Rules and consists of the Open and Closed Funds. It is administered by the Trustee's Directors, comprising Member nominated (including Pensioner nominated) directors and Employer nominated directors. It is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004.

The assets of the Funds are separate from those of the Participating Employers and are held in trust by the Trustee, to apply them for paying pensions and other benefits in accordance with the Trust Deed and Rules.

FUNDS STRUCTURE

The Open Fund consists of four separate sections:

- the original section of the Open Fund, known as the 'Old Section'
- the 'New Section', which was introduced on 1 September 2003
- the '2007 Section', which was introduced on 1 January 2007, and
- the 'DC Section', which was introduced on 1 April 2012.

Employees of Participating Employers may join the Open Fund subject to eligibility conditions and elections made by Employers. Employers' elections also determine the benefits received by members. Between 6 April 2016 and 1 July 2018, each of the Employers elected not to offer any further DB benefits following which only the DC Section of the Open Fund remained open to eligible employees.

The Closed Fund has no Participating Employers paying contributions. It is predominantly invested in an insurance policy intended to match its liabilities.

FUTURE OF THE FUNDS

Following achieving full buy-in of members' Open Fund DB Section's benefits in July 2023, the Trustee Directors now intend to pursue a buy-out and wind-up of the Funds in the short to medium term.

The wind-up process for the Open Fund DC Section was commenced in July 2024 and it is expected that all DC members' accrued benefits will be transferred to an alternative master trust by the end of 2025.

The Trustee Directors have targeted a buy-out and wind-up of the DB Sections of the Funds by the end of 2026.

DIVERSITY AND INCLUSION

The Trustee Directors believe that a culture which is inclusive and supports diversity is essential to the long-term success of the Funds and will better enable it to respond to stakeholder needs.

The Trustee Directors are committed to embedding diversity and inclusion across all their work, with all people treating each other with respect, regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, as set out in the Equality Act 2010.

MANAGEMENT OF THE FUNDS

Responsibility for managing the Funds rests with the Trustee Directors, who normally meet at least four times a year.

The Trustee Directors have agreed an operational business plan to support their governance arrangements and to ensure that the necessary actions, events and reviews are undertaken to achieve their objectives.

The Trustee Directors are supported by the professional advisors and other organisations listed on page 9, each of whom has a written agreement with the Trustee. During the year, Mr M Clarke retired from the Government Actuary's Department and resigned his position as Scheme Actuary. In his statement on leaving office, 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 Scheme. His colleague Mr M Gurden was appointed as Scheme Actuary in his place.

Appointment and Removal of Trustee Directors

Subject to the Funds having at least three Employers, the Trustee's Directors comprise:

- Trustee Directors nominated by Employers, with each main Employer nominating one Trustee Director.
- Trustee Directors nominated by Members, with the members of the smallest three main Employers, ranked according to s75 Defined Benefit liabilities as at 31 March 2019, nominating one joint Trustee Director, and the members of the other main Employers nominating one Trustee Director each. Nomination is by a ballot, except where the Employer recognises a trade union for negotiating terms and conditions of service in which case the trade union concerned will nominate the Trustee Director.
- Trustee Directors nominated by Pensioners, with the Open Fund's deferred members (except any who are active members of the DC Section) and pensioners nominating one Trustee Director and members of the Closed Fund nominating one Trustee Director.

Under this governance structure the number of Employer nominated Trustee Director positions matches the combined number of Member and Pensioner nominated Trustee Director positions. As at 31 March 2024 there were seven Employer, five Member and two Pensioner Trustee Director positions.

More details about the Trustee Directors in office can be found on pages 7 and 8.

In compliance with a 2015 legislative requirement for a majority of directors to be "non-affiliated", all new Trustee Director appointments and any reappointments, are made through an open and transparent process (OTP). Further details about this can be found in the Chair's Annual Governance Statement on page 23. Unless the Trustee Board decides otherwise, a Trustee Director can only be appointed, or reappointed, if the non-affiliation conditions will be met for the duration of the Trustee Director's appointment term.

All Trustee Directors are appointed for a term of three years but may resign at any time and will automatically vacate office upon ceasing to fulfil the eligibility qualifications or, becoming bankrupt or of unsound mind. A Trustee Director's appointment may be terminated if, in the opinion of the Trustee Directors, the individual concerned has been guilty of misconduct, or is otherwise unfit or unable to carry out his or her duties.

The Trustee Directors recognise that research shows diverse groups to be more effective at making decisions and that a diverse and inclusive approach is important to the Trustee Board having the right mix of knowledge, skills and experience to be able to understand and meet the needs of members. As and when there are Trustee Director nominations, and re-nominations, the Trustee Directors encourage Employers, members and trade unions to identify diverse candidates who will help the Trustee Board to fulfil its diversity and inclusion aspirations, while guided to nominate solely on the basis of the candidate's assessed capability for the role.

Changes to the Trustee Directors since 1 April 2023

The following appointments and reappointments have been made since 1 April 2023, through an OTP, for three-year periods:

Date	Name	Change	Position	Process
1 April 2023	Peter Rogerson	Reappointment	Construction ITB, Employers' Trustee Director	Renominated by Construction ITB
4 April 2023	Maurice Alston	Reappointment	Closed Fund Pensioners' Trustee Director	Re-appointed following a nomination process in which he was the sole nominee
15 April 2023	Richard Capewell	Reappointment	Lantra, Employers' Trustee Director	Renominated by Lantra
6 October 2023	David Lewis	Reappointment	Engineering Construction ITB Members' Trustee Director	Re-appointed following a nomination process in which he was the sole nominee
10 October 2023	Joanna Woolf	Reappointment	Cogent Skills, Employers' Trustee Director	Renominated by Cogent Skills
1 April 2024	Robert Tabor	Reappointment	Lantra Members' Trustee Director	Re-appointed following a nomination process in which he was the sole nominee
9 April 2024	Peter Sparkes	Reappointment	Construction ITB, Members' Trustee Director	Re-appointed following a nomination process in which he was the sole candidate nominated by Unite the Union
3 July 2024	Terry Lazenby	Reappointment	Engineering Construction ITB Employers' Trustee Director	Renominated by ECITB
1 October 2024	Newell McGuiness	Reappointment	Scottish Electrical Charitable Training Trust Employers' Trustee Director	Renominated by SECTT
4 October 2024	Laura Nelson	Appointment	RTITB Limited's Employer Trustee Director	Nominated by RTITB Limited

John Dearden resigned as RTITB Limited's Employer Trustee Director on 6 September 2024.

MEETINGS AND COMMITTEES

The Trustee Board has delegated responsibilities for certain matters to the following three Committees:

1. Investment Committee

The Investment Committee establishes guidelines and policies on investment matters, including the setting of overall investment objectives and strategic asset allocations. It monitors the performance of the Funds' investments and generally reviews all investment matters. It has the power to take certain investment decisions including which entities are appointed to provide investment management, custody and advisory services to the Trustee. It also has oversight and management of responsibilities for climate-related risks and opportunities, and investment stewardship including voting policy. The Investment Committee met six times during the year.

2. Management Panel

The Management Panel carries out research, investigation and monitoring of non-investment matters for the Trustee. Its duties include review of the risk management strategy and administrative operational matters. It also oversees the annual administrative expenditure budget, manages the conflicts of interest policy, monitors the financial standing of Participating Employers and decides upon disability pension applications. The Management Panel met twice during the year.

3. Salaries Committee

The Salaries Committee has responsibility for making decisions on the staff resource employed by the Funds, including salary and remuneration matters. It held two meetings during the year.

Additionally, there are three Working Parties:

Guaranteed Minimum Pension (GMP) Equalisation Working Party

The GMP Equalisation Working Party reports to the Management Panel. Its remit is to carry out a project to rectify inequalities arising from differences between Post May 1990 GMP benefits between males and females. Although there were no matters that required the Working Party to hold a formal meeting during the year, it continued to exercise informal oversight over the project's progress and to provide updates to the Trustee Board.

Investment Governance Working Party

The Investment Governance Working Party considers how to address environmental, social and governance (ESG) issues when making investments, including the approach to climate-related risks and opportunities. The Party reviews the Funds' Task Force on Climate-Related Financial Disclosures (TCFD) report, oversees compliance with ESG-related regulatory requirements and addresses investment stewardship matters, including whether voting rights are being exercised in accordance with the Trustee's voting policy. The Party reports to the Investment Committee and met three times during the financial year.

Communications Working Party

The Communications Working Party reports to the Management Panel. Its remit is to review member communications, the diversity and inclusion policy, and to implement improvements where necessary. The Party met twice during the year.

MEMBERSHIP

The membership for the year to 31 March 2024 was as follows:

Open Fund DB Section	31 March 2023	Additions	Leavers, Retirements & Transfers	Deaths	31 March 2024
Deferred Members	2,363	0	(101)	(7)	2,255
Pensioners	2,900	87	0	(76)	2,911
Dependants	655	43	(5)	(40)	653
TOTAL	**5,918**	**130**	**(106)**	**(123)**	**5,819**

Open Fund DC Section	31 March 2023	Additions	Leavers, Retirements & Transfers	Deaths	31 March 2024
Active Members	1,083	296	(150)	(3)	1,226
Deferred Members	565	150	(161)	(3)	551
TOTAL	**1,648**	**446**	**(311)**	**(6)**	**1,777**

Closed Fund	31 March 2023	Additions	Leavers, Retirements & Transfers	Deaths	31 March 2024
Deferred Members	8	0	0	0	8
Pensioners	636	0	0	(45)	591
Dependants	320	25	0	(22)	323
TOTAL	**964**	**25**	**0**	**(67)**	**922**

As at 31 March 2024 there were 15 life assurance only members (2023: 10 members), who are additional to the DC Section membership reported in the table above.

DC Section active members additions and leavers includes auto-enrolment opt-outs.

PENSION INCREASES

Open Fund (Old Section) and Closed Fund

The rules require pensions to be increased as if they were 'official pensions' to which the Pensions (Increase) Act 1971 applied (since incorporated into s59 Social Security Pensions Act 1975).

The level of increase is currently determined by reference to the annual rise in the Consumer Prices Index (CPI) at the end of the previous September each year, with any increase being applied from the first Monday on or following the beginning of the new tax year. This year the level of CPI increase was 10.1% and was payable from 10 April 2023.

Open Fund New and 2007 Sections

Under the rules the level of New and 2007 Sections pension increase is currently determined by reference to the annual rise in the Retail Prices Index (RPI) at the end of the previous September each year, with any increase being applied from the first Monday on or following the beginning of the new tax year. This year the level of RPI increase was 12.6% and was payable from 10 April 2023 subject to any applicable maximum increase limits, as set out in the table below:

Pensions in Payment - Increase Methods (all ITB Sections)

	Closed Fund & Open Fund (Old Section)	Open Fund (New Section) & Open Fund (2007 Section)	The State
Before State Pension Age the Scheme increases total pension by:	In line with annual up-rating orders issued by the Government	RPI* subject to a maximum in one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter	Nil
After State Pension Age the Scheme increases Excess over GMP by:**	In line with annual up-rating orders issued by the Government	RPI* subject to a maximum in one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter	Nil
The GMP is increased as follows: 6 April 1978 to 5 April 1988 by:**	Nil	Nil	In line with annual up-rating orders issued by the Government.
6 April 1988 to 5 April 1997:	Lesser of 3% and the annual up-rating orders issued by the Government	Lesser of 3% and the annual up-rating orders issued by the Government	Any excess over 3% of the annual up-rating orders issued by the Government

*RPI = Retail Prices Index **GMP=Guaranteed Minimum Pension

Preserved Pensions – Increase Methods (all ITB Scheme Sections)

Annual increases to preserved pensions for the Closed Fund and Open Fund (Old Section) are in line with annual up-rating orders issued by the Government as described above.

Preserved pensions for the Open Fund (New Section) and Open Fund (2007 Section) are increased by the lower of (a) 5% to the extent that the pension is attributable to pensionable service which accrued before 6 April 2005 and 2.5% (or other such percentage as shall be specified for the purposes of section 51 of the 1995 Act) to the extent that the pension is attributable to pensionable service which accrued on or after 6 April 2005 and (b) an amount which is in line with the RPI over the 12 months to the preceding 30 September.

The rate of increases for preserved pensions in the Open Fund (New Section) and Open Fund (2007 Section) shall not be less than the increases necessary to comply with the revaluation requirements set out in Chapter II of Part IV of the Pension Schemes Act 1993.

Contracting-Out – Current Position

The introduction of the new state pension system in April 2016 brought an end to the ability for defined schemes to contract members out of the additional state pension.

Prior to that, from 6 April 1978, all members of the ITB Pension Funds (DB Section) were contracted out of the Second Tier of the State Pension, known as the State Second Pension (S2P, formerly called SERPS). DC members participated in S2P as they and their Participating Employers paid full rate National Insurance contributions.

A requirement of contracting-out was that an occupational pension scheme had to provide its members with pension benefits which were broadly equivalent to the S2P pension that members would have accrued had they not been contracted-out. This was known as a Guaranteed Minimum Pension (GMP). GMPs do not accrue for post 5 April 1997 Pensionable Service, but members remained contracted out and still receive benefits broadly equivalent to the S2P pension.

Where applicable, on attaining State Pension Age members were advised by the Department of Work and Pensions (DWP) of the amount of GMP to be paid by the Funds as part of their total pension. The DWP also confirmed that subsequent cost of living increases on the GMP would be payable by the DWP by making the necessary addition to members' basic State Pensions. Spouses' GMPs for members who reached State Pension Age before 6 April 2016 are inflation protected by the State from the date their State Pension becomes payable.

From April 2016 the Government has applied full indexation to the GMPs for members of 'official pensions' reaching State Pension Age after 5 April 2016. In accordance with the Funds' rules this approach also applies to all members of the ITB Pension Funds (DB Section) with a GMP entitlement reaching State Pension Age after 5 April 2016. The effect of this approach is that the full GMP benefit for affected members will be increased in line with annual uprating orders issued by the Government.

TRANSFER VALUES

In accordance with guidance from The Pensions Regulator, transfer value calculations under the ITB Pension Funds (DB Section) use a method and basis determined by the Trustee Directors, after taking advice from the Scheme Actuary, to be consistent with the relevant legislation and the rules of the ITB Pension Funds (DB Section) and do not include discretionary benefits.

Transfer values paid under the ITB Pension Funds (DC Section) equal the value of a member's DC account as at the date of disinvestment. The Trustee Directors do not accept transfers into the DB Section. However, members of the DC Section may apply to the Trustee Directors for the acceptance of transfer values from similarly approved schemes.

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 is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee Directors and the Participating Employers and set out in the Statements of Funding Principles, which are available to members on request.

Legislation requires trustees to determine which actuarial funding method to use. Differences between the permissible actuarial funding methods arise solely in relation to the treatment of active members in the defined benefit sections. As there are no active members in the Closed Fund or Open Fund defined benefit section, it has not been necessary to decide which permissible method to use.

VALUATION RESULTS

Full actuarial valuations are usually undertaken once every three years to assess the extent to which assets, excluding the buy-in policies, are sufficient to meet future liabilities, excluding those liabilities covered by the buy-in policies.

The results of the most recent full actuarial valuations of the Open Fund and the Closed Fund, and a comparison to their previous full actuarial valuations, are shown as follows:

	Open Fund		Closed Fund	
	31 March 2022	31 March 2019	31 March 2021	31 March 2018
Assets (excluding buy-in policy)	£543.9 million	£507.2 million	£75.5millon	£75.5million
Technical Provisions Liabilities	£519.1 million	£485.9 million	£34.2million	£36.6million
Surplus	£24.8 million	£21.3 million	£41.3million	£38.9 million
Funding level	105%	104%	221%	206%

Assumptions used to determine the technical provisions are set out in full in the Annex to the Statement of Funding Principles. A summary of these assumptions is set out below along with an update on the estimated funding position of each Fund as at 31 March 2023:

Open Fund Actuarial Valuation

Significant Actuarial Assumptions

Discount rate for determining the technical provisions (or, equivalently, the expected return on the assets):

The overall discount rate assumed for the valuation is based on consideration of the expected rates of return on the Fund's assets and the yields available, at the valuation date, on government bonds (gilts). The expected nominal return on the assets is assumed to be the redemption yields on gilts plus a prudent margin of 0.15% a year to allow for expected returns on the Fund's assets exceeding those from gilts. An inflation risk premium of 0.25% is also deducted.

Future Retail Price Inflation (RPI)

An implied RPI curve for future RPI is determined by comparing the annually compounded redemption yield from nominal gilt yield curves minus 0.25% for an inflation risk premium, and index-linked gilt yield curves.

Future Consumer Price Inflation (CPI)

CPI increases are assumed to be 0.9% a year less than RPI increases up to 2030 and in line with RPI from 2030.

Pension increases

These are assumed to be in line with the provisions under the Fund's rules, with the assumption for future CPI or RPI as appropriate, allowing for any caps and floors.

Mortality (post-retirement)

Assumed to be in line with 85% of the S3NMA, S3NFA_H and S3DFA tables published by the UK actuarial profession. Ill health pensioners are assumed to experience the same rates of mortality as under the unadjusted S3IM/FA tables.

Mortality Improvements

Longevity improvements are assumed to be in line with the 2021 Continuous Mortality Investigation (CMI) projection model using a smoothing factor of 7.5 and a 1.5% long term improvement per year.

Estimated Funding position at 31 March 2023

The table below shows the Scheme Actuary's estimates of the funding position at 31 March 2023:

Assets	**£377.8million**
Liabilities	**£352.3million**
Funding surplus	**£25.5million**
Funding level	**107%**

The funding position remained broadly similar over the year to 31 March 2023. The expected value of the liabilities reduced significantly during the year, largely because the expected return on assets was assumed to be higher at the 2023 funding update. This reduction was partially offset by higher than expected pension increases awarded in April 2023. The asset value reduced by a similar amount to the liabilities in line with the investment strategy that the asset value should change broadly in line with the expected value of the liabilities due to changes in market conditions.

Closed Fund Actuarial Valuation

Significant Actuarial Assumptions

The largest part of the Closed Fund's liabilities is insured in a buy-in policy. Therefore, the key assumptions relate to the differences between the Fund's liabilities and the terms of the buy-in policy, and to the provisions for insurer insolvency and future expenses:

Differences between the Fund's liabilities and the terms of the buy-in policy

It is prudently assumed that increases in CPI pension payments made by the Fund will be at the same rate as the RPI increases to most of the payments received from the buy-in policy.

Provisions for insurer insolvency

The technical provisions include a provision for insurer insolvency, calculated as the expected present value of three years' worth of benefit payments received from the insurer and assuming an insolvency in the year after 31 March 2021.

Future expenses

The technical provisions include a provision for the Fund's expenses of £850,000 a year, increasing in line with RPI each year until 2030. An allowance has also been made for closure expenses of £5 million associated with winding-up expenses and insurance provisions likely to be purchased on wind-up.

Other assumptions

Other assumptions which are less significant to the results of the valuation include:

Net discount rate (or, equivalently, the expected return on the assets net of any pension increase)

The overall discount rate assumed for the valuation is derived based on consideration of the expected rates of return on the Fund's assets and the yields available, at the valuation date, on government bonds (gilts).

a) Real rate of return

The expected return on assets in excess of increases in RPI is assumed to be the annually compounded real redemption yields on index-linked gilts calculated by reference to gilt yield curves. The resultant average real rate of return used in the valuation is around minus 2.4% a year.

b) Nominal rate of return

The expected nominal return on assets is not as significant for determining the technical provisions. The assumed rate is the annually compounded redemption yields on fixed interest gilts calculated by reference to gilt yield curves minus an allowance for an inflation risk premium of 0.25% a year. The resultant average nominal rate of return used in the valuation is around 0.85% a year.

Discretionary increases

The calculation of the technical provisions does not include any allowance for any discretionary benefits, including benefits arising from the distribution of surplus, which may be awarded by the Trustee in future.

Post-retirement mortality

Assumed to be in line with 100% of the S3NMA, S3NFA_heavy and S3DFA base tables published by the UK actuarial profession. Longevity improvements are assumed to be in line with the 2020 CMI core projection model (with a 1.5% long term improvement). Ill-health pensioners are assumed to experience the same rates of mortality as normal-health pensioners.

Estimated Funding position at 31 March 2023

The table below shows the Scheme Actuary's estimate of the funding position at 31 March 2023:

Assets (excluding buy-in policy)	**£71.4million**
Technical Provisions Liabilities	**£31.9million**
Surplus	**£39.5million**
Funding level	**224%**

The fall in the funding level over the year to 31 March 2023 was mainly due to a lower than expected investment return on assets.

INVESTMENT REPORT

The Trustee Directors are responsible for determining the Funds' investment strategy and have prepared Statements of Investment Principles (SIPs) for the Open and Closed Funds, as required by the Pensions Act 1995. The SIPs are available on the Funds' website, along with the SIP Implementation Statement which is included on pages 37 to 54 of this Report. There were no significant departures from the stated principles during the year under review.

Open Fund - DB Section

Investment Strategy

At the start of the financial year, the Open Fund had a key long-term investment strategy objective to complete a buy-in of all DB liabilities by 2028. This objective was achieved in July 2023 through the purchase of a buy-in policy with Just for £293m which insured all remaining, previously uninsured, Open Fund DB Section deferred and pensioner member liabilities. Following this transaction, the investment objectives were revised to:

- Invest in suitable assets that will match the cost of current and future benefits.
- Invest the remaining assets with appropriate diversification to generate modest capital growth with a low volatility relative to annuity pricing and ongoing expenses.
- Minimise long-term costs through a simple and low-cost investment strategy which maximises returns whilst having regard to the other overall investment objectives.

To achieve these investment objectives the majority of the Fund's assets are invested in buy-in policies, which broadly match the cost of current and future benefits. The remaining assets have been invested as follows:

- To pay ongoing expenses, around £8m of cash is being held in the Fund's bank account or a Fidelity managed liquidity fund.
- 70% of the remaining liquid assets have been invested in a pooled index-linked Government bond fund and 30% in a pooled corporate bond fund, both managed by BlackRock. These investments are expected to produce a combined performance return which is broadly aligned with changes in annuity pricing.

To fund the July 2023 purchase of the buy-in with Just, the Open Fund fully disinvested from the Liability Driven Investment (LDI) and corporate bond assets managed by Insight and from the Legal & General Low Carbon Transition Global Equity Fund.

Investment Performance

The total performance of the Open Fund DB Section (excluding the buy-in policies) after investment manager fees has been broadly in line with benchmark over one, three and five years to 31 March 2024, as is shown below:

	1 year (%)	3 Years (% pa)	5 Years (% pa)
Fund return	-7.5	-12.9	-6.5
Benchmark return	-7.4	-12.9	-6.4
Relative	-0.1	0.0	-0.1

Open Fund – DC Section

Open Fund DC Section members' contributions are invested with Legal & General (L&G) in the funds chosen by members either by direct selection or through one of the three ITB lifestyle strategies that are available: Cash, Annuity or Drawdown.

Contributions of those members who do not nominate a specific investment choice, are invested in a default fund, which is the ITB Drawdown lifestyle strategy. This strategy targets income drawdown at retirement and, up until 15 years to target retirement age, is invested in L&G's Low Carbon Transition Global Equity Fund (70%, split equally between currency hedged and unhedged) and the L&G Multi Asset Fund (30%). Once a member reaches 15 years to target retirement date, an automatic gradual switch to a lower risk investment strategy is commenced until, by the target retirement date, there is a 75% allocation to the L&G Multi Asset Fund and 25% to the L&G Cash Fund. Further information about the default fund can be found in the Chair's Annual Governance Statement on page 23.

During the year, the Trustee Directors undertook a review of the DC Section's investment strategy and decided that to improve the Environmental, Social and Governance (ESG) characteristics of the DC section's investments, the L&G Future World Multi-Asset Fund should replace the L&G Multi-Asset Fund in the default fund arrangements and added to the self-select investment fund range. This change was implemented after the year-end in May and June 2024.

The full range of funds in which DC Section members were invested at the year-end is shown below:

	31 March 2024 Fund Value (£000'S)	31 March 2024 % of Total DC Funds	Performance Benchmark	Performance Target	TER*
Index-Tracking Bond Funds:					
Over 5 Years Index-Linked Gilts Index Fund	110	0.2	FTSE Actuaries UK Index-Linked Gilts (Over 5 Years) Index	To track the index	0.28%
Over 15 Years Gilts Index Fund	55	0.1	FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index	To track the index	0.28%
AAA-AA-A Corporate Bond Over 15 Years Index Fund	31	0.1	iBoxx £ non gilts (ex BBB) Over 15 Years Index	To track the index	0.32%
Index-Tracking Equity Funds:					
Low Carbon Transition Global Equity Index Fund (Currency Unhedged)	10,452	22.7	Solactive L&G Low Carbon Transition Global Index	To track the index	0.26%
Low Carbon Transition Global Equity Index Fund (Currency Hedged)	10,413	22.6	Solactive L&G Low Carbon Transition Global Index - GBP Hedged	To track the index	0.29%
Global Equity Market Weights 30:70 Index Fund (75% GBP Currency Hedged)	1,497	3.3	Composite of 30/70 distribution between UK and overseas, 75% £ hedged	To track the index	0.34%
Ethical Global Equity Fund	753	1.7	FTSE4 Good Global Index	To track the index	0.50%
HSBC Islamic Global Equity Fund	109	0.2	Dow Jones Islamic Titans 100 Index	To track the index	0.55%
Other Funds:					
Multi Asset Fund	21,007	45.7	Composite Index	To provide long-term investment growth	0.33%
Cash Fund	1,579	3.4	7 day LIBID	CAPS Pooled Pension Fund median	0.29%
TOTAL FOR ALL FUNDS	**46,006**	**100.0**			

* The TER is the Total Expense Ratio. It includes the annual management charge, custody fees and other legal expenses but excludes transaction costs.

All the above funds were available to members as self-select investment options except for the Low Carbon Transition Global Equity Index Fund (Currency Hedged) which is held in the lifestyle strategies only.

The performance of members' funds is reported in the Chair's Annual Governance Statement, on page 24.

CLOSED FUND

Investment Strategy

Most of the Closed Fund's liabilities have been insured through a buy-in insurance policy with Pension Insurance Corporation and the receipts from this policy are intended to cover most of the benefits to members. The remaining assets of the Closed Fund form the "Reserve Assets".

No changes were made to the Closed Fund's objectives during the year, which are:

- To hold suitable assets to match the cost of current and future benefits.
- To hold the Reserve Assets in suitable assets of appropriate diversification, which will generate additional capital growth to meet further benefit enhancements.
- To achieve low volatility of the Reserve Assets relative to annuity pricing.
- To minimise the long-term costs of the Closed Fund by implementing a simple and low-cost investment strategy and maximising the return whilst having regard to the previous point.

Shortly prior to the year-end, the Trustee Directors decided to protect the Fund's funding position by fully disinvesting the Fund's equity allocation and reinvesting the proceeds into cash, gilts, and high-quality corporate bonds. Implementation of these changes took place after the year-end, in May 2024.

Asset Allocation – Reserve Assets

The target asset allocation for the Reserve Assets throughout the year to 31 March 2024 was as follows:

Asset class	Target asset allocation
Global equities	15%
Corporate bonds	15%
Index-linked government bonds	70%

The actual asset allocation as at 31 March 2024 was 17% global equities, 15% corporate bonds and 68% index-linked government bonds.

Investment Performance

The performance of the Closed Fund Reserve Assets, after investment manager fees, over one, three and five years to 31 March 2024 is shown below:

	1 year (%)	3 Years (% pa)	5 Years (% pa)
Fund return	4.4	0.0	1.6
Benchmark return	4.3	-0.5	1.0
Relative	0.1	0.5	0.6

RESPONSIBLE INVESTMENT

Stewardship

The Trustee Directors recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attached to investments, protect and enhance the long-term value of investments. The Trustee Directors have an effective system of governance in relation to stewardship and seek to appoint managers that have strong stewardship policies and processes and who undertake engagement activity. The Trustee Directors monitor the voting and engagement activities that the Funds' investment managers carry out on the Trustee's behalf, engage with the managers regarding expectations in relation to stewardship, and encourage improvements in their stewardship practices. The Trustee Directors review this approach periodically, and at least triennially.

The Trustee Directors have selected three priority ESG themes to provide a focus for monitoring managers' voting and engagement activities. The themes are reviewed annually, and currently are Climate Change (Environmental); Diversity and Inclusion (Social) and Executive Pay (Governance). Each of these priority themes has been communicated to the Funds' investment managers.

Exercise of Investment Rights

The Trustee Directors have delegated to the investment managers the exercise of rights attached to investments, including voting rights. The Association of Member Nominated Trustees (AMNT) Red Lines has been adopted as the Open Fund's voting policy. Investment managers are expected to vote in line with this policy where appropriate or explain why if they have not.

Climate change

The Trustee Directors believe that climate change represents a material risk over both the short and longer term that should be reduced where practical to do so. The Trustee Directors assess and manage climate related risks and opportunities as described in the following documents which have been published on the Funds' website, **www.itb-online.co.uk**:

- ***Statement on Governance on Climate Change Risks and Opportunities***
  The Statement defines the roles and responsibilities of the Trustee Directors, the Scheme Actuary, the investment adviser, the covenant adviser, the legal adviser and the investment managers in relation to climate-related risks and opportunities.
- ***Climate Related Risk Beliefs***
  A description of the Trustee Directors' key beliefs around climate related risks.
- ***Task Force on Climate-Related Financial Disclosures (TCFD) Report***
  The Report sets out the activities and approach

taken to understand and reduce the risks to the Funds arising from climate change and considers the implications of a range of climate change scenarios.

The Trustee Directors have set a climate target to increase the percentage of listed equity and corporate bond investments which have Science Based Target initiative (SBTi) targets to 75% by 2030. Progress towards this target was reviewed in February 2024 and concluded to be satisfactory based on the proportion of equity holdings with SBTi-aligned targets having increased by an average of 5% over 12months, and credit holdings by an average of 2%.

Specific metrics have been agreed to monitor the Funds' climate-related investment risks. The most recent review of the climate metrics of each manager's investments, in February 2024, reported Scope 1 and 2 carbon emissions to have remained broadly unchanged and data quality to have improved. Although Scope 3 emissions had worsened, the underlying data for this measure is less reliable due to the extensive use of estimations.

To address climate change risks the Defined Benefit Sections and the Defined Contribution Section lifestyle strategies invest in equity funds which seek to reduce their exposure to carbon emissions over time. During the year, the Trustee Directors decided to switch the DC Section lifestyle strategies' holdings in the L&G Multi-Asset Fund to the L&G Future World Multi Asset Fund. This change is expected to improve the carbon emissions of the multi asset allocation and was implemented after the year-end in May and June 2024.

Other Environmental, Social and Governance (ESG) and ethical matters

The Trustee Directors have considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Open and Closed Funds and their members.

The Trustee Directors expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) and seek to appoint managers that have appropriate skills and processes to do this. From time to time there is a review of how the managers are taking account of these issues in practice.

The Trustee Directors encourage their managers to improve their ESG practices, although they have limited influence over managers' investment practices where assets are held in pooled funds and the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

The Trustee Directors do not generally take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, within the DC Section the Trustee Directors recognise that some members may wish for ethical matters to be reflected in their investments and therefore have made available the L&G Ethical Global Equity Index Fund as an investment option to members.

MANAGEMENT AND CUSTODY OF INVESTMENTS

The Trustee Directors have delegated management of investments to the professional investment managers listed on page 9. These managers, which are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in accordance with agreed mandates, which are designed to ensure that the objectives and policies set out in the Statements of Investment Principles are followed.

The Open Fund's segregated assets were fully realised as part of the investment restructuring during the year but, prior to this, had been held and safeguarded by a custodian, JP Morgan Chase Bank. The custodian of the pooled funds managed by BlackRock is The Bank of New York Mellon whose appointment is under a tripartite agreement with BlackRock. For other pooled funds, the custodian of the underlying assets is appointed by the pooled fund's investment manager. Mayer Brown International holds the title deeds to the property held as a fixed asset by the Open Fund. Master policy documents for insurance policies are held by the Trustee Directors.

The Trustee Directors have considered the nature, disposition, marketability, security and valuation of the Funds' investments and consider 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

There were no employer-related investments in the year (2023 – none).

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The 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 Funds during the Funds year and of the amount and disposition at the end of the Funds year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Funds 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 Funds will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Funds 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 Funds 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 ITB Pension Funds website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's Responsibilities in Respect of Contributions

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

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

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

FINANCIAL STATEMENTS AND AUDIT

The financial statements included in this Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under section 41(1) and (6) of that Act.

FINANCIAL DEVELOPMENT DURING THE YEAR

The financial statements of the Funds for the year ended 31 March 2024 are set out on pages 61 to 85. During the year, the net assets of the Funds fell from £912m to £878m, primarily due to decreases in the market value of bonds and insurance policies.

CONTACT

If members have a query or wish to make their views known to the Trustee Directors on any aspect of the ITB Pension Funds they should in the first instance write to the ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ or email pensions@itbpen.com.

The Trustee Directors' Report was approved by the Trustee Directors on 31 October 2024 and signed on its behalf by:

D N McGuiness
Chair

D Birtwistle
Deputy Chair

Chair's Annual Governance Statement

FOR THE YEAR ENDED 31 MARCH 2024

INTRODUCTION

This statement has been prepared by the Trustee Directors to demonstrate how the Funds have complied with the governance standards introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It covers the scheme year to 31 March 2024 and seven key areas relating to the Open Fund Defined Contribution Section (DC Section):

1. Investment strategy relating to the DC default investment arrangement
2. Performance of the DC Section investments
3. Financial transactions made within the DC Section
4. Charges and transaction costs within the DC Section
5. The Trustee Directors' compliance with knowledge and understanding requirements
6. Appointment of Trustee Directors
7. Membership engagement

Where applicable, this statement also applies to the Additional Voluntary Contribution (AVC) arrangements.

1. DC DEFAULT INVESTMENT ARRANGEMENT

The DC Section is invested in funds offered by Legal & General Assurance Society Limited (L&G).

Members who join the DC Section and who do not choose an investment option are placed into a default arrangement called ITB Drawdown, which is a lifestyle strategy that targets income drawdown at retirement and automatically switches investments to a progressively lower risk investment strategy from 15 years before retirement.

The Trustee Directors are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement. A detailed description of the investment principles applicable to the default arrangement, and the Trustee Directors' objectives and policies in relation to it, is set out in a Statement of Investment Principles ("SIP") which covers both the DB and DC sections of the Open Fund. The DC Section of the latest Open Fund SIP, dated 18 January 2024, is reproduced in the schedule to this statement.

The objective of the ITB Drawdown default arrangement, as stated in the SIP, is to grow members pots materially above inflation whilst they are far from retirement, and then to gradually reduce investment risk as members become close to retirement, targeting an allocation which the Trustee Directors consider appropriate for a member intending to drawdown in retirement.

A full review of the DC Section default arrangement's investment strategy is undertaken at least once every three years. The most recent review, carried out in November 2023, concluded that the ITB Drawdown lifestyle strategy remained appropriate for achieving the default arrangement's objective. Based on advice from the DC Section's investment consultant, an outcome of the review was to better address financially material environmental, social and governance ("ESG") factors by replacing the Legal & General ("L&G") Multi-Asset Fund with the L&G Future World Multi-Asset Fund. This change was implemented after the year-end in May and June 2024.

The strategy review took into account that the Trustee Directors were considering moving the Open Fund's DC members to an alternative master trust, and that this may occur in 2025/26. As a result, it was decided not to make extensive changes to the DC default arrangement's investment strategy due to the implementation costs and the potentially short timescale over which members would be able to realise any benefit from those changes.

In July 2024 the Trustee Directors agreed to commence a wind-up of the Open Fund's DC Section. The transfer of DC members to an alternative master trust is expected to take place before the default fund strategy is next scheduled for review, in November 2026.

The Investment Committee has reviewed the performance of funds in the default arrangement at each quarter end during the year through a comparison of their investment returns against benchmark targets and by obtaining explanations for any variances. This enabled the Committee to conclude that the funds have been performing broadly as expected, consistent with the Trustee Directors' targets and other objectives.

The DC Section default arrangement invests in four funds, and the table below shows the underlying invested asset allocation of each, on a look-through basis, at 31 March 2024:

	Cash Fund	Multi Asset Fund	Low Carbon Transition Global Equity Index Fund	Low Carbon Transition Global Equity Index Fund (Currency hedged version)
Cash	100.0%	0.2%	-	-
Corporate bonds	-	24.2%	-	-
Government bonds	-	21.6%	-	-
Listed equities	-	40.4%	100.0%	100.0%
Private equity*	-	2.5%	-	-
Infrastructure*	-	4.6%	-	-
Property*	-	6.0%	-	-
Forestry*	-	0.5%	-	-
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The following table shows the DC Section default arrangement's underlying asset allocation at 31 March 2024, on a look through basis, for members of different ages who have selected a target retirement age of 65:

	Asset allocation for a member who has selected a target retirement age of 65 and at the 31 March 2024 was aged:		
Asset class	50 years old, or less %	55 years old %	65 years old %
Cash	0.1	0.1	25.1
Corporate bonds	7.3	12.7	18.1
Government bonds	6.5	11.3	16.2
Listed equities	82.1	68.7	30.3
Private equity*	0.7	1.3	1.9
Infrastructure*	1.4	2.4	3.5
Property*	1.8	3.2	4.5
Forestry*	0.1	0.3	0.4

* Exposures are through shares in listed infrastructure / global Real Estate Investment Trusts (REITs) / Private Equity management companies.

Asset allocations for DC Section default arrangement members who have selected a target retirement age other than 65 years old are as follows:

- 15 years or more before selected target retirement age: As shown for '50 years old, or less' in the table above.
- 10 years before selected target retirement age: As shown for '55 years old' in the table above.
- At selected target retirement age: As shown for '65 years old' in the table above.

2. INVESTMENT PERFORMANCE

The return on investments (net of charges and transaction costs) for periods ended 31 March 2024 of the self-select investment funds in which member assets were invested during the year was as follows:

Fund	1 year %	5 Years Annualised %
Over 5 Years Index-Linked Gilts Index Fund	-7.9	-6.8
Over 15 Years Gilts Index Fund	-4.8	-8.3
AAA-AA-A Corporate Bond Over 15 Years Index Fund	3.2	-4.8
Low Carbon Transition Global Equity Index Fund	22.9	N/A
Global Equity Market Weights 30:70 Index Fund (75% GBP Currency Hedged)	19.8	9.9
Ethical Global Equity Index Fund	23.6	14.0
HSBC Islamic Global Equity Index Fund	32.1	17.3
Multi Asset Fund	8.7	4.3
Cash Fund	5.0	1.5

The net investment returns for the three lifestyle funds for periods ended 31 March 2024 are shown in the following table. These have been calculated based on an assumed target retirement age of 65, for members who were aged 25, 45 and 55 at the start of the period that the performance figures cover.

Age of member at start of period	Drawdown (default strategy) Lifestyle		Cash Lifestyle		Annuity Lifestyle	
	1 year net return %	5 year net return %pa	1 year net return %	5 year net return %pa	1 year net return %	5 year net return %pa
25	19.6	8.3	19.6	8.3	19.6	8.3
45	19.6	8.3	19.6	8.3	19.6	8.3
55	15.3	6.2	15.3	6.2	12.9	2.8

The Trustee Directors have had regard to statutory guidance in putting together the information about investment returns.

3. FINANCIAL TRANSACTIONS

This section explains how, during the scheme year, the Trustee Directors monitored that core financial transactions of the DC Section were processed promptly and accurately. Core financial transactions include the investment of contributions, transfers out, fund switches, and payments out, both to and in respect of members. These transactions are undertaken on the Trustee Directors' behalf by the Funds' DC platform provider, L&G, under a policy to administer the Funds' DC Section.

The Trustee Directors worked closely with the participating employers to help them understand their responsibilities as regards contributions and sharing information about members. Staff at the ITB Pension Funds (the Funds Office) were in regular communication with the employers about the detail of their obligations in respect of the DC Section. The Funds Office was notified by the participating employers of the various percentages of employer and employee contributions due and performed reconciliations to help ensure the correct payments were deducted. All contributions deducted from members' pay by the participating employers were paid to L&G within the legislative requirements. L&G invested the contributions in funds within 24 hours following receipt of contributions, well within the period expected by The Pensions Regulator.

The Trustee Directors obtained and reviewed administration reports each quarter which showed L&G's performance against service level agreements (SLAs) for processing all core financial transactions. The SLAs are comprehensive and cover the processing of joiner and contribution files, allocating contributions to investments, investment switches, issuing maturity and leaver packs, timescales for processing benefit payments and issuing quotes for events like retirement, ill health and transfers, and customer enquiries.

The Trustee Directors also reviewed the AAF 01/20 Assurance Reports on Internal Controls issued during the year by L&G Investment Management and by L&G Assurance Society Ltd. These reports provide independent assurance on the strength of the systems and controls operated by the investment manager and the administrator of the DC funds.

To monitor whether contributions had been processed accurately, staff at the ITB Pension Funds reconciled contributions information reported by L&G's quarterly administration reports to summaries supplied by the participating employers. Any identified errors were rectified quickly and processes at L&G and the employers were reviewed to help prevent further similar errors. There were no contributions paid into the DB Section AVC arrangements during the year.

The staff at the ITB Pension Funds liaised with the administrator each month about the service levels to identify any systemic administration issues that might affect members' interests. Transfers out, fund switches and payments out, both to and in respect of members, were processed by L&G on behalf of the Trustee. The promptness of processing these transactions was monitored by the Trustee Directors through the service level performance reporting each quarter. The accuracy of processing these transactions was monitored by the Funds Office, which reconciled L&G's advance notice of the transactions to separate fund accounting reports.

The Trustee Directors' review of L&G's quarterly SLA performance identified no substantive issues during the scheme year. Joiner and contribution files processing and the allocation of contributions to investments were all completed within the SLA throughout the year. SLA performance for payments processing and the servicing of member enquiries is shown in the table on the following page.

Overall, the SLA performance for the above activities was broadly consistent to the previous financial year. For the relatively small number of cases where SLAs were missed, the delays did not extend beyond a period which was likely to cause significant adverse implications for the affected members.

L&G has processes in place to help meet the SLAs, for example the dedicated L&G contributions team performs a daily contribution data reconciliation for all contribution payments received. L&G also performs daily automatic reconciliations of investment fund units purchased and sold within its fund reconciliation process controls. These reconciliations ensured that all units purchased and sold were recorded against a member's record.

	Payments processing		Servicing of requests / enquiries	
	Percentage processed within SLA	Average delay for payments that missed the SLA (days)	Percentage processed within SLA	Average delay for cases that missed the SLA (days)
June 2023 quarter	100%	0.0	97%	2.0
September 2023 quarter	94%	8.0	98%	2.0
December 2023 quarter	85%	11.0	98%	4.5
March 2024 quarter	88%	8.0	99%	1.0

The Trustee Directors reviewed the DC Section's governance processes and internal controls each quarter and were satisfied that they were consistent with The Pensions Regulator's DC Code of Practice No. 13 for the period it was applicable prior to being consolidated into The Pensions Regulator's General Code. Work is being completed to check if any changes are needed to the DC Section's governance processes and internal controls to comply with the General Code. Based on an initial review, it is expected that there will be no significant changes required.

Overall, the Trustee Directors have concluded that core financial transactions relating to the DC Section and AVCs were processed accurately and promptly during the scheme year.

4. CHARGES AND TRANSACTION COSTS

The Trustee Directors are required to report on charges and transaction costs for the investment options available to DC Section and AVC members and to assess the extent to which those charges and transaction costs represent good value for members. The relevant statutory guidance has been taken into account when preparing this section of the Statement.

Annual Charges

The level of annual charges (as measured by the total expense ratio (TER), which includes L&G's platform fee of 0.20% pa, but not transaction costs) for the lifestyle options, including the current default arrangement, varies according to the mix of assets, which begins to change when members are 15 years from retirement. For each of the three lifestyle options, Table 1 below shows the annual charge when a member is more than 15 years to retirement and at five-yearly intervals within the period from 15 years to retirement.

Table 1: Annual charges for lifestyle options

Period to Retirement:	More than 15yrs %pa	15 Yrs %pa	10 Yrs %pa	5 Yrs %pa	0 Yrs %pa
Drawdown Lifestyle *(Default Option)*	0.29	0.29	0.30	0.32	0.32
Annuity Lifestyle	0.29	0.29	0.30	0.30	0.29
Cash Lifestyle	0.29	0.29	0.30	0.32	0.29

The annual charges for the self-select funds were as shown below in Table 2.

Table 2: Annual charges for self-select funds

Fund	%pa
Over 5 Years Index-Linked Gilt Fund	0.28
Over 15 Years Gilts Index Fund	0.28
AAA-AA-A Corp Bond Over 15 Years Index Fund	0.32
Global Equity Market Weights 30:70 Index Fund	0.34
Low Carbon Transition Global Equity Index Fund	0.26
Ethical Global Equity Index Fund	0.50
HSBC Islamic Global Equity Index Fund	0.55
Multi Asset Fund	0.33
Cash Fund	0.29

Transaction costs

The following types of transaction costs are borne by members:

1. Explicit costs: These are directly charged to or paid by the fund, e.g. taxes, levies and broker commissions.
2. Implicit costs: These reflect the theoretical value that is lost to the market during the process of buying and selling, for example differences between selling and buying prices (spreads). Implicit costs may vary depending on market liquidity and the size of transaction. They are calculated on the 'slippage' basis, as recommended by the Financial Conduct Authority, under which a negative implicit cost can arise when the actual price paid ends up being lower than the mid-market price at the time of placing an order.

Information provided by the Investment Manager, L&G, on the annual average transaction costs for the lifestyle options (including the default arrangement) is set out in Table 3 below, and for the self-select funds it is set out in Table 4 below. Where aggregated transaction costs resulted in a negative value, a nil percentage has been reported.

Table 3: Transaction costs for lifestyle options

	Year to 31 March 2024				
Period to Retirement:	More than 15yrs %pa	15 Yrs %pa	10 Yrs %pa	5 Yrs %pa	0 Yrs %pa
Drawdown Lifestyle *(Default Option)*	0.03	0.03	0.03	0.03	0.02
Annuity Lifestyle	0.03	0.03	0.03	0.03	0.02
Cash Lifestyle	0.03	0.03	0.03	0.03	0.00

	Annual Average* to 31 March 2024				
Period to Retirement:	More than 15yrs %pa	15 Yrs %pa	10 Yrs %pa	5 Yrs %pa	0 Yrs %pa
Drawdown Lifestyle *(Default Option)*	0.03	0.03	0.03	0.03	0.02
Annuity Lifestyle	0.03	0.03	0.03	0.04	0.04
Cash Lifestyle	0.03	0.03	0.03	0.03	0.00

Table 4: Transaction costs for self-select funds

Fund	Year to 31 March 2024 %pa	Annual Average* Total %pa
Over 5 Years Index-Linked Gilt Fund	0.04	0.08
Over 15 Years Gilts Index Fund	0.00	0.06
AAA-AA-A Corp Bond Over 15 Years Index Fund	0.00	0.00
Global Equity Market Weights 30:70 Index Fund	0.06	0.05
Low Carbon Transition Global Equity Index Fund	0.01	0.02
Ethical Global Equity Index Fund	0.00	0.00
HSBC Islamic Global Equity Index Fund	0.00	0.02
Multi Asset Fund	0.02	0.03
Cash Fund	0.00	0.00

* The Annual Averages have been provided by the investment manager, L&G. They are based on the average costs over the 5 years to 31 March 2024 or, where data was available for fewer than 5 years, the average costs over the maximum number of years up to 31 March 2024 for which data was available.

Impact of all costs and charges

Table 5 below has been prepared in accordance with statutory guidance and provides an illustrative example of the cumulative effect of the member borne costs and charges as set out in Tables 1 to 4 above. It covers the most popular funds, the funds with the highest and lowest expected return and the funds with the highest and lowest total charges.

Table 5: Projected pension pot in today's money

Fund Choice														
	"Most Popular"		"Most Popular, age 50, retiring at 65"		"Popular"		"Popular" and "Lowest Expected Return"		"Lowest Cost"		"Highest Expected Return"		"Highest Cost"	
	Default Fund Growth Phase		Default Fund at Age 50 Retiring at 65		Multi Asset		Cash		Low Carbon Transition Global Equity		Over 5-Year Index-Linked Gilts		Islamic Global Equity	
Yrs	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £
1	24,104	24,047	24,085	24,028	23,816	23,753	23,404	23,354	24,227	24,177	24,638	24,574	24,227	24,126
3	37,828	37,590	37,667	37,426	36,677	36,419	35,080	34,881	38,330	38,119	40,038	39,754	38,330	37,902
5	52,079	51,563	51,548	51,024	49,668	49,121	46,408	46,000	53,146	52,686	56,854	56,215	53,146	52,213
10	90,145	88,467	86,944	85,254	82,718	81,030	73,274	72,103	93,553	92,022	105,980	103,700	93,553	90,468
15	131,967	128,372	120,285	116,861	116,602	113,162	98,185	95,955	139,270	135,917	167,200	161,840	139,270	132,545
20	177,916	171,521	N/A	N/A	151,342	145,517	121,283	117,749	190,994	184,896	243,491	233,025	190,994	178,826
25	228,399	218,178	N/A	N/A	186,959	178,099	142,699	137,664	249,515	239,549	338,564	320,184	249,515	229,731
30	283,864	268,627	N/A	N/A	223,475	210,908	162,557	155,861	315,726	300,533	457,042	426,900	315,726	285,723
35	344,801	323,178	N/A	N/A	260,913	243,945	180,970	172,488	390,638	368,583	604,687	557,562	390,638	347,308
40	411,753	382,163	N/A	N/A	299,297	277,213	198,042	187,682	475,394	444,516	788,679	717,543	475,394	415,047

Notes

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 £17,433 – the median pot size as at 31 March 2024.
3. Inflation is assumed to be 2.5% each year.
4. It is assumed the current average level of contributions of £6,280pa is made each year.
5. There are no charges levied on contributions.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund or arrangement are as follows:
   Default Fund Growth Phase: 1.9% above inflation
   Default arrangement at Age 50 and retiring at 65: between 0% and 1.9% above inflation
   Multi Asset: 0.5% above inflation
   Global Equity Low Carbon Transition: 2.5% above inflation
   Over 5 Year Index-Linked Gilts: 4.5% above inflation
   Islamic Global Equity: 2.5% above inflation
   Over 15 Years Gilts: 2.5% above inflation
   Cash: 1.5% below inflation

Version 5.0 of AS TM1, issued by the Financial Reporting Council, and effective from 1 October 2023, has been used in the calculation of the projected growth rates.

Value for money

It is an objective of the Trustee Directors that members receive value for money, as small differences in charges can have a major impact on the size of members' pension funds by the time they retire.

To meet this objective, the Trustee Directors carry out a value for members assessment of the DC arrangements each year on the basis of information and advice from the investment consultant. The assessment compares the fees borne by DC Section members with other pension schemes that have similar investment arrangements and are of a similar size. It also considers whether fee levels are being justified by the services and benefits received in exchange, which include scheme governance and management, investment, administration and communications services. The assessment recognises that the only charges borne by members are the charges deducted from the funds (i.e. the TERs shown above, plus transaction costs), while the charges for all other services are borne by the participating employers.

The Trustee Directors' assessment carried out during 2023/24 covered the year ending 31 March 2023 and concluded that overall, members were receiving very good value for money. The assessment found that member borne fees were competitive and justified the service levels being received, the standard of which had improved. Governance processes were formalised and consistent, and the self-select funds and lifestyle strategies were concluded to be providing members with a clear and appropriate range of investment options.

The latest value for members assessment, covering the year ending 31 March 2024, was completed after the year-end and concluded that members had continued to receive very good value for money.

Other costs and charges borne by employers are kept as low as possible by rigorous budgetary control. The charges borne by members are well below the government 'charge cap' of 0.75% pa in respect of default funds.

There are no performance-based fees being charged for any of the DC Section funds.

5. TRUSTEE DIRECTORS' KNOWLEDGE AND UNDERSTANDING

The Trustee Directors are expected to meet the requirements for knowledge and understanding set out in s247 of the Pensions Act 2004, which are to be conversant with key documents relating to the Funds, and to have knowledge and understanding of pensions and trust law and the principles of funding and investment. This section describes the policies and programmes in place to ensure the knowledge and understanding requirements are met, and specific steps taken during the year.

The Trust Deed & Rules provide for the Funds to be governed by a board of 14 Trustee Directors, consisting of seven Employer, five Member and two Pensioner Trustee Directors. All Trustee Director positions were filled during the year.

Each Trustee Director serves for a fixed three-year term and can be re-appointed following each term. As at 31 March 2024, the average period of service of each Trustee Director was 9 years with 5 Trustee Directors having been in office for 5 years or less, whilst 4 Trustee Directors, including the Chair and the Employers' Deputy Chair, had been in office for 10 years or more. There is a wide spectrum of experience and, therefore, the training programme both keeps the experienced Trustee Directors up to date with pension developments and gives newer Trustee Directors a basis, in line with the minimum requirements, on which to develop their knowledge and experience.

The training programme comprises the following elements:

- New Trustee Directors attend an induction programme that introduces the Trust Deed and Rules, Statement of Investment Principles, Statement of Funding Principles and other Funds policy documents, for example the Funds' Conflicts of Interest policy. All new Trustee Directors complete this programme and attend training arranged by the legal adviser covering the key legal principles relating to defined benefit and defined contribution schemes.
- Every year, each Trustee Director completes a training needs self-assessment. The Funds Office uses this, and any other feedback provided by the Trustee Directors on their knowledge and skills, to identify areas where training is required. In the latest self-assessment exercise, some Trustee Directors fed back that they needed to improve their personal skills and knowledge in certain specific areas. However, there was no single subject matter where a significant training gap existed which applied across the entire Trustee Board.
- Trustee Directors can access a secure website which has a resource library containing all the key governance documentation for the Funds including the Trust Deed & Rules, Annual Report & Financial Statements, Statements of Investment Principles and Statements of Funding Principles. Trustee Directors are encouraged to maintain a good working knowledge of these documents. The website also includes copies of Trustee training presentations and links to training events and relevant information published by The Pensions Regulator, including its online learning programme called the Trustee Toolkit, which all Trustee Directors have completed.
- 5 Trustee Directors are members of the Investment Committee, and 6 Trustee Directors are members of the Management Panel. Trustee Directors who are not members of the Investment Committee or Management Panel are invited, by rotation, to attend meetings of each to improve their knowledge and understanding of the matters that they deal with. During the year, an invited

Trustee Director was present at three of the Investment Committee's meetings, and at one Management Panel meeting.

- The papers for quarterly Trustee meetings include legal updates specifically prepared for the Funds, with the legal advisers present to discuss any questions raised by the Trustee Directors.
- From time to time, formal training sessions for the Trustee Directors are held at the conclusion of quarterly Trustee meetings. Sessions held during the year addressed equality, diversity and inclusion, the buy-in insurer's role and the buy-out process, and cyber security.
- Trustee Directors individually attend other training events which are relevant to their personal training needs, and which may address topics in which they have a specific interest. Trustee Directors attended events provided by the Pensions Management Institute ("PMI") and the Pensions and Lifetime and Savings Association ("PLSA"), including the PLSA Annual Conference, and PMI training events which covered topics including DC governance, pension dashboards, investment management and the gender pensions gap.
- The Scam Module of the Trustee Toolkit is completed by Trustee Directors to increase their awareness of pension scams and understand the processes that the Regulator expects to be in place to protect Fund members from being scammed.
- An annual Trustee training seminar took place in April 2023. Topics covered included investment performance, climate related investment risks, bond credit spreads, pensions dashboards, The Pension Regulator's guidance on supporting DC members, GMP equalisation and recent mortality trends.

All training needs and training received are logged on a central training register that is used by the Funds Office to identify relevant subjects for training, which are then delivered within the framework described above. Each new Trustee Director is required to complete the Trustee Toolkit and other training to meet the minimum requirements for knowledge and understanding.

The combined training, knowledge and understanding of the Trustee Directors, together with the available advice, enables the Trustee Directors to properly exercise their functions. The Trustee Board benefits from its directors having many years of experience and training as described above. Several of the Trustee Directors are current or former senior executives with substantial experience of financial, managerial and governance matters. This includes a former HR Director with substantial pensions knowledge and a former Chief Engineer and Technology Director of a major oil company. Several Trustee Directors have also had substantial involvement with other pension schemes or pensions industry bodies.

The performance and effectiveness of the Trustee board is assisted by an operational business plan against which progress is monitored each month. Any planned actions which are not achieved on time are highlighted for further action to be taken, if required.

Trustee Directors are nominated by participating employers, or employee members, deferred members, and pensioners of participating employers. This ensures detailed knowledge of the participating employers is available to the Trustee Directors, which is useful for interpreting and understanding advice on employer covenant strength, subject to managing conflicts of interest.

The Trustee Directors believe that a culture which is inclusive and supports diversity is essential to the long-term success of the Funds and will better enable it to respond to stakeholder needs. As and when there are Trustee Director nominations, and re-nominations, the Trustee Directors encourage employers, members and trade unions to identify diverse candidates who will help the Trustee Board to fulfil its diversity and inclusion aspirations, while guided to nominate solely on the basis of the candidate's assessed capability for the role.

The Trustee Directors' combined knowledge and understanding is enhanced by the support of the Funds Office whose employees include a Chief Executive who is a Chartered Accountant with 9 years' experience in life insurance and 17 years' experience in the pension industry, a Funds Accountant who is also a Chartered Accountant and has 26 years' experience in the pension industry, and a Pension Administration Manager who has a CII Diploma and 35 years' experience in the pension industry.

The Trustee Directors also have access to actuarial advice from the Government Actuary's Department, investment advice from LCP and legal advice from Mayer Brown International. The actuarial and legal advisers normally attend each Trustee meeting, and the investment adviser attends each Investment Committee meeting. This independent professional support further enhances the combined knowledge that enables the Trustee Directors to properly exercise their functions.

6. APPOINTMENT OF TRUSTEE DIRECTORS

As a relevant multi-employer scheme under the 2015 Regulations the Funds are subject to a requirement, under Regulation 22, for a majority of the Trustee Directors, including the Chair, to be "non-affiliated". For a Trustee Director to be "non-affiliated", he or she must be appointed through an open and transparent process (OTP); must be independent of the Funds' service providers; and must not have been in office for longer than prescribed periods. The Funds' Trust Deed & Rules reflect the requirement of Regulation 22, such that a person cannot be appointed as a Trustee Director unless he or she is non-affiliated for the entire three-year term of office, without the Trustee exercising a discretion under the Trust Deed & Rules in particular cases.

In relation to the Funds' compliance with the non-affiliation requirements:

- All Trustee Directors have been appointed through an OTP.

- None of the Trustee Directors is (or has in the last five years been) a director, manager, partner or employee of any undertaking which provides advisory, administration, investment or other services for the ITB Pension Funds, or any undertaking which is connected to a service provider.
- None of the Trustee Directors receive any payment or benefit from any undertaking which provides advisory, administration, investment, or other services for the ITB Pension Funds, or any undertaking which is connected to a service provider. Neither do any of the Trustee Directors have any obligations to any such service provider that conflict with their obligations as a Trustee Director.
- None of the Trustee Directors has (since the 2015 Regulations came into force) served for more than 10 years, with no single period in office being more than 5 years.

All Trustee Directors, including the Chair, therefore met the requirements of Regulation 22 during the year and so were (and still are) non-affiliated.

To support compliance with Regulation 22, new Trustee Directors are appointed through the following processes:

- Members' Trustee Directors are nominated and selected by members or by trade unions which represent them, much as would apply under the Member Nominated Trustee legislation (s241 of the Pensions Act 2004). The Trustee Board is satisfied that this meets the OTP requirement.
- Employers' Trustee Director appointments are made through reasoned decisions, based on relevant and appropriate criteria, and made through due process, with both the process and the ultimate decision being clearly communicated to interested parties. Employers' Trustee Directors are selected by employers and, to ensure that the OTP requirement is met, the Trustee stipulates that employers should follow certain ground rules when selecting candidates:
  - Employers must determine the constituency from which Trustee Directors will be selected and the process used to make the selection, which must involve a panel of at least three individuals.
  - Notice as to these matters must be given to people in the constituency and to the employer's active members (the "interested parties").
  - The selection must take account of candidates' fitness and propriety to act as Trustee Directors.
  - The Chair of the Trustee must be consulted as to the proposed appointment.
  - Notice as to the final decision must be given to the interested parties.
  - The employer must confirm to the Trustee that the ground rules have been followed.

During the scheme year and over the longer-term, the Trustee Directors have monitored compliance with the conditions as to independence and term of office.

As regards non-affiliated Trustee appointments and reappointments during the scheme year, the OTP requirement was met as follows.

Name	Position	Process	OTP requirement compliance
Peter Rogerson	Construction ITB, Employers' Trustee Director	Renominated by Construction ITB.	The ground rules were followed in making the selection.
Maurice Alston	Closed Fund Pensioners' Trustee Director	Re-appointed following a nomination process in which he was the sole nominee.	Nomination and selection was by the Closed Fund Pensioner members.
Richard Capewell	Lantra, Employers' Trustee Director	Renominated by Lantra.	The ground rules were followed in making the selection.
David Lewis	Engineering Construction ITB Members' Trustee Director	Re-appointed following a nomination process in which he was the sole nominee.	Nomination and selection was by members of Engineering Construction ITB.
Joanna Woolf	Cogent Skills, Employers' Trustee Director	Renominated by Cogent Skills.	The ground rules were followed in making the selection.

7. MEMBERSHIP ENGAGEMENT

The Funds' website (**www.itb-online.co.uk**) includes a "feedback" button and contact details to enable members of the Funds to make their views known to the Trustee Directors. This website is a useful resource for members looking for further information about their pension arrangement including guidance about contributions and how salary sacrifice arrangements operate, benefits available at retirement, investment choices and how to make changes to them.

Members can also find the following documents on the Funds' website:

- The DC Scheme Member Booklet which provides practical information about all aspects of DC Scheme membership.
- The Annual Report and Financial Statements, including this Chair's Annual Governance Statement and the Statement of Investment Principles Implementation Statement.

- Members' newsletters, hard copies of which are posted to all members every six-months.
- The Funds' Climate Change Report which describes the activities and approach taken by the Trustee Directors to understand and reduce risks related to climate change.

Comprehensive guidance and support for DC Section members about their pension is also provided by L&G's website for the Funds' DC Section members which can be found at **https://www.legalandgeneral.com/workplace/i/itb/**. The website includes a link to L&G's secure 'Manage Your Account' online portal where members can manage their investments, obtain annual pension statements, and view their contributions payments and current investment valuations. Through this application members can communicate directly with the L&G administration team.

Engagement with members also takes place through communications with the Pensioners' Association and informally through the Members' Trustee Directors, who frequently discuss pensions matters with workplace colleagues and provide feedback to the Trustee.

The Trustee's Communications Working Party reviews member communications and implements improvements where necessary. The Party had input to the Members' Newsletters that were posted to all DC Section members in July 2023 and January 2024. A further communication about the changes to the default fund, lifestyle and self-select fund range, as described earlier in the 'DC Default Investment Arrangement' section of this Statement, was posted to all DC Section members in March 2024.

The Trustee Directors believe that the above arrangements are appropriate for the DC Section, having regard to the size, nature and demographic of the membership.

The contact details of the Funds are as follows:

The ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ

Telephone: **01923 226264**

E-mail: **pensions@itbpen.com**

Website: **www.itb-online.co.uk**

Signed by the Chair on behalf of the Trustee

Signed: DNMcGuiness

Dated: 31 October 2024

David Newell McGuiness (Chair of the Trustee)

Chair's Annual Governance Statement Schedule

DC SECTION OF INVESTMENT PRINCIPLES – 18 JANUARY 2024

WHAT IS THE TRUSTEE'S OVERALL INVESTMENT OBJECTIVE?

The Trustee recognises that members of the Defined Contribution Section may have differing investment needs. These needs may change during the course of a member's working life and members may have differing attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances.

The Trustee's investment objective is, therefore, to make available a range of pooled investment funds which serve to meet in general the varying investment needs and risk tolerances of the members of the Defined Contribution Section.

WHAT ARE THE AIMS AND OBJECTIVES OF THE DEFAULT ARRANGEMENT?

For members who join the Scheme and who do not choose an investment option, the Trustee makes available a default arrangement called ITB Drawdown. This is a lifestyle strategy that targets income drawdown at retirement and automatically switches investments to a progressively lower risk investment strategy from 15 years before retirement.

The Trustee's objective in relation to the default arrangement is to grow members pots materially above inflation whilst they are far from retirement, and then to gradually reduce investment risk as members become close to retirement, targeting an "at retirement" allocation which the Trustee considers appropriate for a member intending to drawdown in retirement.

WHAT RISKS DOES THE TRUSTEE CONSIDER AND HOW ARE THESE MEASURED AND MANAGED?

The Trustee has considered risk for the Defined Contribution Section from a number of perspectives, including, but not limited to, those set out below:

Risk of Inadequate Long-Term Returns

As members' benefits are crucially dependent on the investment returns achieved, it is important that investment vehicles are available which can be expected to produce adequate real returns over the longer term.

Risk of Deterioration in Investment Conditions Near Retirement

For a given amount of money the level of pension secured for a member will depend upon investment conditions at retirement. A sharp deterioration in these conditions in the period just prior to retirement will have a substantial impact in the benefits provided. To protect against this, the Trustee has made a lifestyle strategy, the ITB Drawdown, which targets drawdown at retirement.

Risk of Lack of Diversification and Unsuitable Investments

Within each fund available to members the holdings should be adequately diversified. To achieve this, the Trustee has selected funds which invest in a suitable diversified range of holdings. The Trustee's policy is to make available to members funds which, in normal circumstances, should prove easy to buy and sell.

Risk from Excessive Charges

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive then the value of members' accounts will be reduced unnecessarily. The Trustee has, therefore, looked closely at the terms and conditions of the investment manager and are comfortable that the charges applicable to the Open Fund are in line with market practice and assess regularly whether these represent good value for members.

Investment Manager Risk

This is the risk that the investment manager fails to meet its investment objective. The Trustee monitors the investment manager on a regular basis.

Climate Risk

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change (e.g. extreme weather). We seek to appoint investment managers who will manage this risk appropriately, and from time-to-time review how this risk is being managed in practice.

Other Environmental, Social And Governance (ESG) Risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Open Fund's investments which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time-to-time review how these risks are being managed in practice.

Other Risks

The Trustee recognises that there are other, non-investment, risks within the Defined Contribution Section. Unlike the Defined Benefit Section, these risks fall generally on the individual Defined Contribution Section members rather than on the membership generally and/or the sponsoring employer. Examples of these risks include longevity risk (the risk that insurers expect members to live longer, which increases the cost of securing a pension), and knowledge/understanding risk (the risk that members make inappropriate investment choices, given their circumstances).

Some of the risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk. In particular consideration is given to focus on ESG / climate change focussed investments; the next Section describes the changes that were made to address climate change risk following a review of the strategy in 2020.

WHAT ARE THE INVESTMENT STRATEGY ARRANGEMENTS?

The Trustee has provided to members a range of investment options, having regard to the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns. Following a review of the strategy in 2020, the Trustee decided to address the potential impact of climate change on members' Defined Contribution investments by changing the equity component of the Open Fund's Defined Contribution lifestyle investment strategies to equity funds which seek to reduce their exposure to carbon emissions over time. The full range of funds that is available is set out below.

Current Fund Range

Manager	Fund name	Benchmark	Target
L&G	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	Composite of 30/70 distribution between UK and overseas, 75% GBP Hedged	To track the benchmark
L&G	Ethical Global Equity Index Fund	FTSE4Good Global Equity Index	To track the benchmark to within +/- 0.50% pa for two years in three
L&G	Low Carbon Transition Global Equity Index Fund Unhedged	Solactive L&G Low Carbon Transition Global Index	To track the benchmark
HSBC	Islamic Global Equity Index Fund	Dow Jones Islamic Titans 100 Index	To track the benchmark
L&G	Multi Asset Fund	ABI UK – Mixed Investment 40%-85% Shares Pension Sector	To provide long-term investment growth through exposure to a diversified range of asset classes
L&G	AAA-AA-A Corporate Bond (Over 15 Years) Fund	iBoxx £ Non-Gilts (ex BBB) Over 15 year Index	To track the benchmark to within +/- 0.50% pa for two years in three
L&G	Over 5 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts (Over 5 Years) Index	To track the benchmark to within +/- 0.25% pa for two years in three
L&G	Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index	To track the benchmark to within +/- 0.25% pa for two years in three
L&G	Cash Fund	7 Day LIBID	To match the CAPS Pooled Pension Fund median.

It is for each member to decide on their required strategic allocation to each of the available investment funds. The fund range offered also includes three "lifestyle" strategies that automatically combine the investments in proportions that vary according to the proximity to retirement age. Each of the three lifestyle strategies targets a different investment option for members at retirement; income drawdown, a cash lump-sum or the purchase of an annuity. If a member does not choose an investment option, their account will be invested into the default lifestyle option, which targets income drawdown at retirement.

The lifestyle strategies are designed to offer some protection against the risks described above.

Default option

The Open Fund also has three lifestyle strategies, and the default investment option is a lifestyle strategy which targets income drawdown at retirement. The default option provides an automated investment switching facility, following a pre-selected investment strategy, which will move the funds into lower risk investments as retirement approaches.

Until 15 years prior to each member's selected retirement age, the lifestyle strategy invests:

- 35% in the L&G Low Carbon Transition Global Equity Index Fund GBP Hedged,
- 35% in the L&G Low Carbon Transition Global Equity Index Fund Unhedged; and
- 30% in the L&G Multi Asset Fund.

Fifteen years prior to each member's selected retirement age, automatic monthly switches commence.

The investment split at each member's target retirement age would be as follows:

- 75% in the L&G Multi Asset Fund; and
- 25% in the L&G Cash fund.

The table below outlines how the proportion of portfolio holdings changes in the 15 years up to retirement under the strategy.

Years to Retirement	Global Equities (GBP Hedged) (%)	Global Equities (Unhedged) (%)	Multi-Asset (%)	Cash (%)
15 or more	35.00	35.00	30.00	0.00
14	32.75	32.75	34.50	0.00
13	30.50	30.50	39.00	0.00
12	28.25	28.25	43.50	0.00
11	26.00	26.00	48.00	0.00
10	23.75	23.75	52.50	0.00
9	21.50	21.50	57.00	0.00
8	19.25	19.25	61.50	0.00
7	17.00	17.00	66.00	0.00
6	14.75	14.75	70.50	0.00
5	12.50	12.50	75.00	0.00
4	10.00	10.00	75.00	5.00
3	7.50	7.50	75.00	10.00
2	5.00	5.00	75.00	15.00
1	2.50	2.50	75.00	20.00
0	0.00	0.00	75.00	25.00

WHAT DID THE TRUSTEE CONSIDER IN SETTING THE OPEN FUND'S DEFINED CONTRIBUTION SECTION INVESTMENT STRATEGY ARRANGEMENTS?

In determining the investment arrangements for the Defined Contribution Section the Trustee took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken. The main risks considered were inflation risk (the risk that a member's investments fail to keep pace with inflation over the longer term), conversion risk (the risk of a deterioration in the terms available for converting funds into pension at retirement - applicable to the annuity lifestyle), capital risk (the risk of a fall in the amount of cash available to take at retirement), and climate risk (the risk of a fall in the value of investments caused either by direct impacts of changes to the global climate or policy changes to mitigate the effects of climate change);

- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within other investment options offered to members;
- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustee's policy regarding investments in illiquid assets in the DC default arrangement, is set out below. Illiquid assets means assets that can't easily or quickly be sold or exchanged for cash, and where assets are invested in a collective investment scheme this includes any such assets held by the collective investment scheme. The default includes an allocation to diversified growth funds ("DGFs") via pooled funds (a type of collective investment scheme), that may include an allocation to illiquid assets if the DGF manager chooses to do so. As at 30 June 2023 the exposure to the illiquid assets of direct property was around 0.8% of the DGF allocation. Members invested in the default and aged between 50 and 65 assuming a target retirement age of 65, have exposure to illiquid assets via the DGF allocation.

The Trustee's policy is to have exposure to DGFs with discretion to invest in illiquid assets within the default because the Trustee's assessment is that, when compared to many other asset classes, illiquid assets offer members a potentially greater level of diversification and hence better risk management in the overall asset allocation. The Trustee also believes that long-term net risk-adjusted investment returns of the default may be improved by investing in illiquid assets.

The Trustee intends to consider the illiquid assets exposure further with the support of its investment advisers when it next reviews the default strategy.

Some of the Trustee's key investment beliefs are set out below.

- In deciding upon the funds to offer to members (including the structure of the default), the Trustee's primary asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity and credit are the primary rewarded risks;
- risks that are typically not rewarded should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- climate change risk is likely to have a material impact on financial markets and therefore is a risk that should be explicitly managed where appropriate;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management (which includes a range of rules-based portfolio construction strategies), where available, is usually better value; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustee has a process for identifying, assessing and managing climate related risks and opportunities, and this is documented in the Trustee's "Statement on Governance of Climate Related Risks and Opportunities". This statement also documents additional investment beliefs of the Trustee regarding climate change and its impact on the investments of the Fund.

APPOINTMENT OF INVESTMENT FUND PROVIDER

The Trustee has appointed one main provider to provide the funds in which the Defined Contribution Section invests. The provider offers funds managed internally and by third party investment managers.

The provider's primary role is to maintain the funds in which the Defined Contribution Section invests. The provider is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Statement of Investment Principles Implementation Statement

FOR THE YEAR ENDED 31 MARCH 2024

OVERVIEW

This statement is the annual Implementation Statement of the ITB Pension Funds for the year to 31 March 2024 and covers both the Open Fund and the Closed Fund. The purpose of this statement is to:

- Provide details of any reviews of the Funds' Statements of Investment Principles ("SIPs") during the year and of any changes made to them.
- Provide an update on how, and the extent to which, the Trustee Directors have adhered to the SIPs during the year.
- A description of the voting behaviour by, or on behalf of, the Trustee Directors during the year.

1. SIP REVIEWS AND CHANGES

The SIPs set out the policy of the Trustee Directors on matters governing decisions about the Funds' investments. The Open and Closed Funds each have their own SIP:

Open Fund SIP

As noted in the 2023 Statement, following a review undertaken in the 2022/23 financial year, the Open Fund SIP was updated in April 2023 to reflect:

- The Trustee Directors' belief that strong investment stewardship policies help to manage environmental, social and governance ("ESG") risks and will protect and enhance the long-term value of investments.
- Prioritisation of three stewardship themes: climate change (environmental); diversity and inclusion (social) and executive pay (governance).
- Adoption of the Association of Member Nominated Trustees ("AMNT") Red Lines as the Open Fund's voting policy and an expectation that investment managers will vote in line with this policy where appropriate.
- Updated investment manager governance processes in relation to investment stewardship policies and processes, including ESG.
- ITB Pension Trustee Limited being appointed as the sole Trustee of the Fund.

A further review of the Open Fund SIP was undertaken in the year following a buy-in of the remaining uninsured DB Section pension liabilities in July 2023. This resulted in the Open Fund SIP being updated to reflect:

- The majority of the Fund's Defined Benefit (DB) Section assets being invested in buy-in policies with two insurance companies, which broadly cover all the Open Fund's liabilities.
- Around £8m of the remaining DB Section assets being held in liquidity funds, to meet the cashflow requirements of the Open Fund.
- 70% of the excess remaining assets over £8m being invested in government bonds, and 30% in corporate bonds.
- Revisions to the DB Section's overall investment objectives, as set out in the next section of this Statement.

Concurrent to the above changes, the Trustee's policy on investment in illiquid assets within the DC and AVC sections was added to the Open Fund's SIP. This noted that a small exposure to illiquid assets exists within the DC Section's default investment strategy and the Trustee Directors' assessment that, in comparison to many other asset classes, illiquid assets offer a potentially greater level of diversification, better risk management and improved long-term net risk-adjusted investment returns.

Closed Fund SIP

As noted in the 2023 Statement, the Closed Fund's SIP was updated in April 2023 with the same changes that were made to the Open Fund's SIP at that time, as described above.

A review of the Closed Fund SIP undertaken during the year concluded that it remained appropriate, and no changes were required.

The Trustee Directors have, in their opinion, followed the Funds' SIPs during the year. The following pages of this Statement provide detail and commentary about how and the extent to which they did this.

2. OPEN FUND SIP

1. Objectives

The overall investment objectives at the start of the 2023/24 financial year for the DB Section were as follows:

- To limit the risk of the assets failing to meet the liabilities over the long-term, in particular in relation to the Open Fund's ongoing funding target.
- To run a "self-sufficient" investment strategy so that there is only a small risk that the Open Fund would require additional contributions as a result of adverse market circumstances or because of better than assumed mortality experience.
- To target a complete buy-in of all the Open Fund's DB liabilities by 2028.
- To consider the appropriateness of additional buy-in exercises to provide full protection with regards to the pensioner liabilities, in line with the long-term targets of the Open Fund.

In July 2023 a buy-in was transacted with Just Retirement which covered the DB Section's previously uninsured pension liabilities, thereby achieving the third of the above objectives five years ahead of the target, securing a high level of protection for the DB Section's pension liabilities and significantly reducing any risk of additional contributions being needed due to adverse market circumstances or better than assumed mortality experience.

Following the buy-in transaction, the fourth objective listed above also ceased to be relevant and the DB Section moved to a simple, low-cost investment strategy in which the non-buy-in assets are invested to align with annuity pricing after meeting future expenses. Full details are shown below:

DB Section

SIP investment objectives	How the SIP investment objectives are being met
1. Invest in suitable assets that will match the cost of current and future benefits.	Following the July 2023 buy-in transaction, substantially all current and future benefits are expected to be covered by the Fund's buy-in policies with Just and Pension Insurance Corporation ("PIC").
2. Invest the remaining assets with appropriate diversification to generate modest capital growth with a low volatility relative to annuity pricing and ongoing expenses.	The remaining assets have been invested as follows: • Around £8m has been invested in cash and liquidity funds to pay ongoing expenses. • 70% of the remaining liquid assets have been invested in a pooled index-linked government bond fund and 30% in a corporate bond fund. These investments are expected to produce a combined performance return which is broadly aligned with changes in annuity pricing.
3. Minimise long-term costs through a simple and low-cost investment strategy which maximises returns whilst having regard to the other overall investment objectives.	The core investment strategy comprises just three investments: a liquidity fund managed by Fidelity and two pooled bond funds managed by BlackRock. Efficiencies are achieved due to investment holdings being pooled rather than segregated and because both investment managers also manage assets for the Closed Fund.

Defined Contribution (DC) Section

There were no changes to the DC Section's objectives during the year.

SIP investment objectives	How the SIP investment objectives are being met
To make available a range of pooled investment funds which serve to meet in general the varying investment needs and risk tolerances of the members of the DC Section.	DC Section members have been provided with access to a range of investment options to meet their investment needs and enable appropriate diversification. This includes three lifestyle strategies and nine self-select funds which cover all major asset classes.

Members who join the DC Section and who do not choose an investment option are placed into a default arrangement called ITB Drawdown which is a lifestyle fund that targets income drawdown at retirement. The fund aims to grow members pots above inflation whilst they are far from retirement and then, from 15 years before the member's target retirement age, to gradually reduce investment risk to a level considered appropriate for a member intending to drawdown benefits in retirement.

The default arrangement's investment strategy was reviewed in November 2023 and concluded to be appropriate, subject to changes being made to the multi-asset fund allocation and which have been implemented since the year-end. Further information about this is provided in section 3 below.

2. Risks

A wide range of risks is considered when deciding how to invest the assets, as set out in Appendix A of the SIP.

A risk register is maintained to identify, manage and monitor key risks associated with the Open Fund, including investment risks. The register has been reviewed at quarterly meetings of the Funds' executive team, at Trustee Committee meetings during the year and at a full Trustee Board meeting. The investment risks in the register were updated to reflect that following the latest buy-in transaction, there was a significant reduction to the risks associated with investment strategy implementation and of an unacceptable deterioration in funding level due to adverse market conditions or climate change.

Prior to the latest buy-in transaction, DB Section funding risks were managed by monitoring funding levels regularly and assessing the impact of any changes on the investment strategy. Subsequently, the focus has switched to whether the DB Section has sufficient assets to meet future liabilities other than those covered by the buy-in policies. The principal expected future liabilities which buy-in policy income is not expected to meet are the Fund's administration expenses, GMP rectification and equalisation liabilities and any new liabilities which could potentially arise from the outcome of the Virgin Media versus NTL Pension Trustees II court case. There is regular monitoring of events which may impact on the amount of future liabilities and, when required, assessments of the implications for the investment strategy.

The Liability Driven Investment ("LDI") strategy that had been used to protect the DB Section's funding level against adverse movements in inflation and interest rates was fully disinvested during the year to fund the latest buy-in transaction. The Open Fund's buy-in policies fully protect against funding level risks arising from changes in inflation and interest rates, as well as member longevity change risks.

The risk of the DB Section's buy-in insurers failing to pay benefits has been mitigated by the selection of reputable insurers, ongoing monitoring of their financial strength, regulatory oversight of the insurers and, in the unlikely event of an insurer failing, eligibility for compensation from the Financial Services Compensation Scheme.

For the DC Section, the risk of inadequate returns is managed by using funds which invest in equities and are expected to provide positive returns above inflation over the long-term. Funds investing in equities are used in the default arrangement and are also available within the self-select fund range.

The risk to DC Section members' investments from excessive charges is managed by reviewing whether investment managers' charges are in line with market practice, including an annual assessment of whether the charges represent good value for members. The latest assessment, for the year to 31 March 2023, was considered by the Trustee Directors in August 2023 and concluded that DC Section members were receiving very good value for money.

Currency risk is mitigated in the overall investment strategy to the extent that the Trustee Directors believe it is a risk to which further exposure would be unrewarded.

The nature of some investment risks is such that the Trustee Directors' policy is to understand them and to address them if it becomes necessary, based upon the advice of the Funds' investment adviser or information provided by the Fund's investment managers.

Further information about risks is provided later in this Statement including diversification risk (Section 3), climate risk (Sections 4 and 7), investment manager risk and excessive charges (Section 5), illiquidity/marketability risk (Sections 4 and 6) and environmental, social and governance (ESG) risks (Sections 7 and 8).

3. Investment Strategy

DB Section

The Trustee Directors' investment strategy provides for the Open Fund DB Section's assets to be adequately and appropriately diversified between different asset classes.

The investment strategy in place at the start of the year had a target asset allocation (excluding the buy-in policies) of 5% to global equities, 75% to LDI and 20% to investment grade credit, combined with targeted interest rate and inflation hedge ratios of 100% of technical provisions.

By June 2023, the Trustee Directors believed that there was a high level of certainty of proceeding with a further buy-in which would broadly insure all remaining uninsured pension liabilities. To minimise the risk of the buy-in transaction price increasing by more than the value of the Fund's assets, the Trustee Directors decided to undertake a restructuring of investments to better align changes in the value of the Fund's investments with anticipated movements in the buy-in transaction price. This restructuring took place in June 2023, with the sale of all global equity and credit assets, combined with changes being made to how the LDI assets were invested. It was followed, in July 2023, by the realisation of all LDI assets and the purchase of a buy-in policy with Just.

The investment strategy being followed by the Open Fund DB Section after the buy-in purchase was reflected in an updated SIP that was signed off in January 2024 once all the necessary changes had been agreed. The updated SIP included a revised investment strategy which noted that the majority of the Fund's assets were invested in buy-in policies with the remaining assets invested in accordance with the following benchmark allocation:

- Around 30%, equivalent to £8m, to be held in liquidity funds to meet cashflow requirements.
- The balance of the remaining assets to be invested as below to achieve a low volatility relative to annuity pricing:
  - Corporate bonds 30%
  - Government bonds 70%

The Open Fund DB Section's remaining assets actual allocation is compared to the above target benchmark allocation each quarter. Although the actual allocation is expected to change over time, there had been no material deviations up to the financial year-end.

The results of the Fund's 31 March 2023 annual actuarial funding update were considered by the Trustee Directors during the year. This showed the Fund's estimated funding surplus to have slightly improved over 12 months from £24.8m to £25.5m. The July 2023 buy-in policy acquisition subsequently reduced funding risks significantly and as a result the Trustee Directors decided that no further action was necessary in follow-up to the annual funding update results.

DC Section and DB Section AVC Members

The investment strategy for the Open Fund DC Section and DB Section AVCs is to provide members with a range of investment options, having regard to their long-term expected returns and the variability of those returns. There were no changes to the investment fund range or lifestyle arrangements during the year.

A full review of the DC Section and AVC investment strategy is undertaken at least once every three years. It considers the appropriateness of the DC and AVC default funds and the range of alternative strategies and funds that members may choose from. The most recent review, carried out in November 2023, recognised that the Trustee Directors were considering moving the Fund's DC members to an alternative master trust, and that this may occur in 2025/26. As a result, the review did not propose any extensive changes to the DC investment strategy due to the implementation costs and the likely timescale over which members would realise any benefit from those changes. The key outcomes of the review were:

- For DC members, a default strategy targeting drawdown with a 15-year de-risking phase remained appropriate and for AVC members, a cash targeting default strategy remained appropriate.
- The self-select fund range remained appropriate and provided members with access to a broad range of asset classes without unnecessary duplication.
- In the lifestyle strategies, including the default fund, the Legal & General ("L&G") Multi-Asset Fund should be replaced by the L&G Future World Multi-Asset Fund to better address financially material ESG factors.
- To add the L&G Future World Multi-Asset Fund to the self-select range of investments that members can choose from.

After the year-end, the necessary changes were completed to add the L&G Future World Multi-Asset Fund to the self-select range and to replace the L&G Multi-Asset Fund in the lifestyle strategies.

4. Considerations in setting the investment strategy

The SIP sets out the Trustee Directors' considerations when setting the investment strategy and some of their key investment beliefs.

Following the DB Section buy-in transaction during the year, an investment strategy review was undertaken which considered the future DB Section net cash outflows, other than those being covered by the buy-in policies, and the range of investments most appropriate to ensuring that the cash outflows would be met with a high level of certainty and on a timely basis.

A wide range of risks is considered when setting the investment strategy, including climate risk which the Trustee Directors seek to mitigate appropriately in a manner that is aligned with their beliefs. The Trustee Directors reviewed their climate related risk beliefs during the year resulting in some minor changes, which are reflected in a revised version of the beliefs document that can be found on the Funds' website. Further information about processes for identifying, assessing and managing climate related risks and opportunities is set out in the Trustee Directors' "Statement on Governance of Climate Related Risks and Opportunities", which is also on the Funds' website.

The DC and AVC investment strategy review during the year considered which default strategy would be most appropriate to the membership's age profile, contribution rates and projected pot sizes. The risk and return profile of the DC default strategy was also reviewed to assess how well it met the Trustee Directors' objective to grow member pots materially above inflation whilst they are far from retirement and then to gradually reduce investment risk as members become close to retirement.

A broad range of asset classes was considered during the DC and AVC review, including illiquid assets to which it was decided not to make any specific allocation due to the potentially short timeframe before members will be switched to an alternative master trust, a limited number of viable investment options and high charges.

5. Investment manager and custodian oversight

Third-party investment managers undertake the day-to-day investment activity for the Fund. The DB Section's segregated assets were fully realised as part of the DB Section's investment restructuring during the year but, prior to this, had been held and safeguarded by a custodian. Custody of the BlackRock-managed pooled funds, in which the DB Section's bond assets are held, is the responsibility of Bank of New York Mellon. Custody of other pooled funds is the responsibility of the investment manager of those funds.

The Funds' investment adviser monitors developments at the investment managers and adherence to their mandates on an ongoing basis. The adviser reports its rating for each investment manager to the Trustee Directors quarterly and promptly informs them about any significant updates or events of which it becomes aware, and which may affect a manager's ability to achieve its investment objectives.

There is an annual review of internal control assurance reports issued by the investment managers. The buy-in providers' and pooled funds' annual audited financial statements are also reviewed. Any material matters noted from these reviews are followed-up and the implications assessed.

Investment manager performance return data is provided quarterly by an independent provider and reviewed by the Investment Committee in the context of each manager's benchmark and objectives. A full presentation of investment managers' performance over the year and longer-term was considered by the Trustee Directors in April 2023.

During the financial year, Insight Investment and Legal & General each attended an Investment Committee meeting to provide updates on investment strategy, performance, governance processes and approach to responsible investment, including voting and engagement activities. This provided the Trustee Directors with assurance that their investment allocations were being professionally managed in line with the guidelines set out in the investment management mandates.

Investment managers' fees are kept under review and action is taken if it becomes evident that better value for money may be obtainable elsewhere.

The financial strength of the buy-in providers was monitored quarterly by the Trustee Directors and was concluded to have remained strong and stable throughout the year. Additionally, for Just, further assurance on financial strength and investment stewardship was obtained when it attended an Investment Committee meeting prior to being appointed as the insurer for the latest transaction.

The Investment Committee has reviewed stewardship reporting, including information about climate related risk management, from the Fund's equity and credit investment managers. This is in addition to the climate risk and metrics data provided by the investment adviser, which is covered in section 7.

6. Realisation of investments

The Trustee Directors' policy is to have access to sufficient liquid assets to meet any cash outflows without disrupting the overall investment policy wherever possible.

DB Section

The DB Section's short- and long-term cash flow requirements are reviewed by the Trustee Directors quarterly at Investment Committee meetings. To diversify counterparty risk exposure and enhance returns, any cash that is surplus to near-term requirements is invested in a liquidity fund managed by Fidelity. Cash can be invested and withdrawn from Fidelity's liquidity fund daily.

Towards the end of 2022/23, to improve the overall liquidity of the DB Section's assets, the Trustee Directors agreed to dispose of the illiquid Limited Price Index (LPI) swaps that were held within the LDI portfolio. This was completed during the year through a transfer of the LPI swaps to Just in part settlement of the purchase price for the buy-in policy.

A full realisation of a holding in the Schroder European Property Fund investment has been in progress since 2019 and is close to completion. A small distribution was received from this Fund during the year, leaving an unrealised investment value of around £15,000.

Since August 2023, benefit payments have been broadly covered by receipts from the buy-in policies. The Trustee Directors are effectively locked-in to the buy-in policies as there is no right to surrender the policies if the insurers' financial standing deteriorates. All other significant investments are considered liquid and, under normal market conditions, can be realised within a short timeframe if required.

DC Section

All funds in which DC Section members can invest are traded daily, which enables members to realise and change their investments readily.

The DC Section invests cash that is surplus to near-term requirements to pay expenses in the same Fidelity Liquidity Fund that is used by the DB Section.

7. Financially material and non-financial matters

As part of the ongoing review of the investment managers, the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement is assessed.

The Trustee Directors encourage their managers to improve their ESG practices, although they have limited influence over managers' investment practices where assets are held in pooled funds and the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

In 2022 the approach to responsible investment taken by investment managers and their pooled funds was reviewed. There were no 'red flag' issues of concern arising from the review and the Trustee Directors concluded they were satisfied with the overall results. The next review is scheduled for 2024/25.

The Trustee Directors believe that strong investment stewardship policies help to manage ESG risks and will protect and enhance the long-term value of investments. During the year investment manager governance processes on investment stewardship policies and processes, including ESG, were updated and it was agreed to prioritise three stewardship themes: climate change (environmental); diversity and inclusion (social) and executive pay (governance).

The Trustee Directors seek for their investment managers to engage on climate change in a manner that is aligned with their climate related risk beliefs, and on diversity and inclusion and executive pay on a basis that reflects the relevant rationale statements within the Association of Member Nominated Trustees ("AMNT") Red Lines voting policy recommendations. A review of the stewardship of investments (excluding buy-ins) during the year concluded that the Fund's managers had actively engaged with investee companies on each of the three stewardship priorities in a manner that was broadly aligned with the Trustee Directors' beliefs.

In relation to the buy-in providers, Just's investment stewardship policies and practices were considered, and concluded to be satisfactory, as part of the due-diligence process prior to the signing of the latest buy-in contract. Climate reporting and metrics information from both buy-in providers has also been reviewed during the year and determined to be broadly consistent with the Trustee Directors' beliefs and policies. The Trustee Directors recognise that the non-cancellable nature of the buy-in policy contracts limits their ability to influence the buy-in providers' investment stewardship activities once the contracts have been entered into.

A second Task Force on Climate-Related Financial Disclosures (TCFD) report was published in October 2023, setting out the activities and approach taken to understand and reduce the risks to the Funds arising from climate change. The TCFD report noted the Open Fund DB section to be well positioned to withstand climate shocks under a range of climate change scenarios. Outcomes under an updated set of climate scenarios are being assessed in 2024/25.

To assess and manage climate-related risks and opportunities for the Fund's investments, the Trustee Directors have set a target to increase the percentage of listed equity and corporate bond investments which have Science Based Target initiative (SBTi) targets to 75% by 2030. Progress towards this target was reviewed in February 2024 and concluded to be satisfactory based on the proportion of equity holdings with SBTi-aligned targets having increased by an average of 5% over 12 months, and credit holdings by an average of 2%.

Specific metrics have been agreed to monitor the Fund's climate-related investment risks. The most recent review of the climate metrics of each manager's investments, in February 2024, reported Scope 1 and 2 carbon emissions to have remained broadly unchanged and data quality to have improved. Although Scope 3 emissions had worsened, the underlying data for this measure is less reliable due to the extensive use of estimations.

The Trustee Directors do not generally take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, within the DC Section the Trustee Directors recognise that some members may wish for ethical and other views to be taken into account in their investments and, therefore, have made available the L&G Ethical

Global Equity Index Fund and the HSBC Islamic Global Equity Fund as investment options to members.

8. Voting and engagement

The Trustee Directors believe that engaging with investee companies and exercising voting rights helps to protect and enhance the long-term value of investments.

The exercise of rights attached to investments, including voting rights and engagement activities, has been delegated to investment managers. Listed equity is the principal asset class where voting rights can be exercised. As the Open Fund's listed equities are held exclusively within pooled funds, the Trustee Directors monitor and review how votes are being exercised by the investment managers rather than having any direct involvement in voting or by using proxy voting services.

During the year, the Fund's DB Section fully disinvested from funds with listed equity holdings. The DC Section continues to invest in listed equities through funds managed by Legal & General.

The Trustee Directors have adopted the AMNT Red Lines as the Open Fund's voting policy. A review during the year, which focused on the Trustee Directors' three stewardship priorities, concluded that Legal & General exercised the equity voting rights in its funds in a manner that was broadly aligned with AMNT Red Lines and, where divergences were noted, reasonable justifications existed. Further reviews of Legal & General's reporting on engagement activity concluded that there was extensive engagement activity on climate change, diversity and inclusion and executive pay for the investee companies.

Further information about investment managers' voting behaviour during the year is provided in Section 10.

9. Responsibilities and investment decision making structure

The responsibilities of the Trustee Directors, the investment adviser, the investment managers and the custodian are set out in Appendix C of the SIP.

Investment adviser

LCP is the appointed investment adviser. The performance of LCP against its objectives was subjected to a full periodic assessment by the Investment Committee in November 2022 and a regular annual review in November 2023.

Investment managers and custodian

Investment manager and custodian oversight is described in Section 5.

Investment decision making structure

The Trustee Directors have delegated responsibility for certain investment matters, as set out in the SIP, to an Investment Committee which consists of the Chair of the Trustee Board, the two Deputy Chairs and up to three other Trustee Directors. The investment adviser also attends each Investment Committee meeting. The Investment Committee met six times during the year and completed all the key activities set out in its Business Plan.

In 2021 a three-member Climate Change Risk Working Group was established, which reports to the Investment Committee. The original remit of this Group was to address the requirements of legislation and guidance on climate-related risks, but this was extended in 2022 to include consideration of new DWP guidance on stewardship reporting. To reflect the Group's activities having expanded beyond climate change, it was renamed as the Investment Governance Working Group in May 2023. The Group met three times during the year.

10. Description of voting behaviour during the year:

All Open Fund listed equities are held within pooled funds and the Trustee Directors have delegated the exercise of voting rights to the pooled funds' investment managers. Therefore, the Trustee Directors are not able to direct how votes are exercised and the Trustee Directors themselves have not used any proxy voting services during the year.

Voting data is provided for the following funds that held listed equities during the year:

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (currency hedged and unhedged versions)
- LGIM Multi Asset Fund
- LGIM Ethical Global Equity Index Fund
- LGIM Global Equity (30:70) Index Fund – 75% GBP Currency Hedged
- HSBC Global Asset Management (UK) Limited ("HSBC") Islamic Global Equity Index Fund

The above list includes the equity funds used in the DC and AVC default strategy and the self-select funds which hold equities.

10.1 Managers' voting processes

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures the stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on the custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with LGIM's voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

For more information, please refer to LGIM's policy document which can be found at: **https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf**.

HSBC

The legal right to the underlying votes lies with the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated the execution of this voting to HSBC Global Asset Management (UK) Limited.

HSBC exercises its voting rights as an expression of stewardship for client assets. HSBC has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC uses the leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. HSBC review voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.

10.2 Description of investment managers' voting behaviour over the year

A summary of voting behaviour over the year is provided below:

DB SECTION

Fund name	LGIM Low Carbon Transition Global Equity Index Fund
Total size of fund at end of reporting period	£4,618.2m
Value of Funds' assets at end of reporting period	-
Number of holdings at end of reporting period	2,838
Number of meetings eligible to vote	4,698
Number of resolutions eligible to vote	46,620
% of resolutions voted	99.9%
Of the resolutions on which voted, % voted with management	78.9%
Of the resolutions on which voted, % voted against management	20.8%
Of the resolutions on which voted, % abstained from voting	0.3%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.0%

The Open Fund DB Section fully disinvested from the LGIM Low Carbon Transition Global Equity Index Fund in June 2023 and did not hold any other equity exposures for the remainder of the financial year.

DC SECTION

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	HSBC Global Asset Management (UK) Limited
Fund name	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi Asset Fund	Islamic Global Equity Index Fund
Total size of fund at end of reporting period	£4,618.2m	£1,150.9m	£3,751.7m	£24,623.1m	£3,275.0m
Value of Funds' assets at end of reporting period	£20.9m	£0.8m	£1.6m	£21.1m	£0.1m
Number of holdings at end of reporting period	2,838	1,065	4,692	7,458	108
Number of meetings eligible to vote	4,698	1,167	7,147	9,311	104
Number of resolutions eligible to vote	46,620	16,564	72,082	94,134	1,702
% of resolutions voted	99.9%	99.8%	99.9%	99.8%	96.0%
Of the resolutions on which voted, % voted with management	78.9%	81.3%	80.9%	76.5%	76.7%
Of the resolutions on which voted, % voted against management	20.8%	18.5%	18.6%	23.2%	23.3%
Of the resolutions on which voted, % abstained from voting	0.3%	0.2%	0.5%	0.3%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%	75.0%	61.5%	72.5%	82.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.0%	14.1%	10.7%	14.4%	0%

10.3 Most significant votes

Commentary on the most significant votes over the period, from the selection of the Fund's investment managers who hold listed equities, is set out below. The Trustee Directors' criteria for what is a significant vote will develop over time with input from their investment adviser and investment managers.

For the purposes of this report, the "most significant votes" are selected based on those which the investment managers consider to be significant, and which are most relevant to the Trustee Directors' stewardship priorities which are climate change, diversity and inclusion and executive pay. Commentary has been provided by the investment managers.

LGIM Funds

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

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

Votes were exercised by LGIM in the following funds:

DB Section

- LGIM Low Carbon Transition Global Equity Index Fund, which was held by the DB Section until a full disinvestment in June 2023.

DC Section

- LGIM Low Carbon Transition Global Equity Index Fund (hedged and unhedged versions)
- LGIM Ethical Global Equity Index Fund
- LGIM Global Equity (30:70) Index Fund – 75% Currency Hedged
- LGIM Multi-Asset Fund

Further information is provided below about 6 significant votes that were exercised by LGIM during the financial year. For each vote, the approximate holding in the company, expressed as a percentage of Fund total size, was as follows:

Vote	Company	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund - 75% Currency Hedged	Multi-Asset Fund
1	JP Morgan Chase	0.7%	0.0%	0.5%	0.1%
2	Amazon.com	1.8%	0.0%	1.1%	0.2%
3	Fisher & Paykel Healthcare	<0.1%	<0.1%	<0.1%	<0.1%
4	NVIDIA	1.4%	2.6%	1.0%	0.2%
5	Shell	0.2%	0.6%	2.1%	0.6%
6	Intuit	0.3%	0.4%	0.2%	<0.1%

Vote 1 | Company: JP Morgan Chase & Co. | Date: June 2023

Summary of resolution: Shareholder proposal requesting JP Morgan Chase to issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies necessary to achieve its targets, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

Why this vote is considered to be most significant:

- By LGIM - it pre-declared its intention to support and continues to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
- By the Trustee Directors - It relates to one of the stewardship priorities – Climate change.

JP Morgan Chase management recommendation: Against.

Fund manager vote: For the proposal (Against management).

Rationale: LGIM generally supports resolutions that seek additional disclosures on how companies aim to manage their financing activities in line with their published targets. LGIM believes detailed information on how a company intends to achieve the 2030 targets it has set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.

Outcome of the vote and next steps: Against the proposal (For management).
LGIM will continue to engage with the company and monitor progress.

Vote 2 | Company: Amazon.com, Inc | Date: May 2023

Summary of resolution: Shareholder proposal requesting Amazon to report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report to be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Why this vote is considered to be most significant:

- By LGIM: it pre-declared its vote intention and views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

Amazon.com management recommendation: Against.

Fund manager vote: For the proposal (Against management).

Rationale: LGIM expects meaningful information to be disclosed on the gender pay gap and the initiatives Amazon is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of Amazon's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believes cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

Outcome of the vote and next steps: Against the proposal (For management).
LGIM will continue to engage with the company and monitor progress.

Vote 3 | Company: Fisher & Paykel Healthcare Corporation | Date: August 2023

Summary of resolution: The maximum aggregate annual remuneration payable to non-executive Directors be increased by NZ$295,000 from NZ$1,455,000 to NZ$1,750,000.

Why this vote is considered to be most significant:

- By LGIM: It is as an escalation of LGIM's concerns regarding remuneration. LGIM also considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Fisher & Paykel Healthcare Co. management recommendation: For.

Fund manager vote: Against.

Rationale: The proposed non-executive Directors fee pool increase is substantial. Concerns are highlighted that the level of chair and non-executive Directors fees are higher than New Zealand market capitalisation peers. The proposed increase in the non-executive Directors fee cap would allow the company to increase individual fees which would further contribute to putting non-executive Directors fees at Fisher & Paykel Healthcare well above NZX-listed market capitalisation peers.

Outcome of the vote and next steps: For. LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Vote 4 | Company: NVIDIA Corporation | Date: June 2023

Summary of resolution: To elect Stephen C Neal as a director

Why this vote is considered to be most significant:

- By LGIM: It views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion

NVIDIA management recommendation: For.

Fund manager vote: Against.

Rationale: Mr Neal is the chairperson of NVIDIA's Nominating and Corporate Governance Committee which is responsible for identifying, reviewing and assessing the qualifications of directors and selecting nominees for recommendation to the Board. The vote against Mr Neal's election reflects LGIM's concerns regarding board diversity as:

- NVIDIA's board comprises 10 men and 3 women, which is below LGIM's expectation that a company should have at least one-third women on the board.
- 7 of the 13 directors on NVIDIA's board had served for over 10 years, and a further 3 had served for 5-10 years. This is contrary to LGIM's expectation for a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Outcome of the vote and next steps: For. LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Vote 5 | Company: Shell plc | Date: May 2023

Summary of resolution: To approve Shell's Energy Transition Progress for the year 2022, as disclosed in Shell's Annual Report for the year-ended December 31, 2022 and the Shell Energy Transition Progress Report 2022.

Why this vote is considered to be most significant:

- By LGIM: It is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

Shell plc management recommendation: For.

Fund manager vote: Against.

Rationale: The vote against was not without reservations. LGIM acknowledges the substantial progress made by Shell plc in meeting its 2021 climate commitments and welcomes the leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations which are key areas to demonstrate alignment with the 1.5°C trajectory.

Outcome of the vote and next steps: For. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

Vote 6 | Company: Intuit Inc | Date: January 2024

Summary of resolution: To elect Suzanne Nora Johnson as a director.

Why this vote is considered to be most significant:

- By LGIM: It is as an escalation of LGIM's concerns regarding remuneration. LGIM also considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Intuit management recommendation: For.

Fund manager vote: Against.

Rationale: Ms Johnson has been a director since 2007 and is the Chair of Intuit's Board and its Compensation and Organisational Development Committee. The vote against Ms Johnson's election reflects LGIM's concerns regarding Intuit's remuneration practices for the past year and LGIM's expectation that the Chair of the Committee and the Chair of the Board should have served as a Board director for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.

Outcome of the vote and next steps: For. LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

HSBC Global Asset Management - Islamic Global Equity Index Fund (DC Section)

HSBC regards the votes against management recommendations as the most significant. With regards to climate, HSBC encourages companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chair. HSBC also generally supports shareholder resolutions calling for increased disclosure on climate-related issues.

Vote 1 | Company: Apple Inc | Date: February 2024

Summary of resolution: Shareholder proposal requesting Apple to report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent.

Approx size of holding: 7.9% of total fund size

Why this vote is considered to be most significant:

- By HSBC: Apple Inc. has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

Apple Inc management recommendation: Against.

Fund manager vote: For the proposal (Against management).

Rationale: HSBC voted for the proposal as it believes it would contribute to improving gender inequality.

Outcome of the vote and next steps: Against the proposal (For management). HSBC will likely vote in favour of a similar proposal in future should it see insufficient improvements.

Vote 2 | Company: Visa Inc | Date: January 2024

Summary of resolution: To approve, on an advisory basis, the compensation of Visa Inc's Named Executive Officers, as described in its 2024 proxy statement.

Approx size of holding: 1.6% of total fund size

Why this vote is considered to be most significant:

- By HSBC: Visa Inc. has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Visa Inc management recommendation: For.

Fund manager vote: Against.

Rationale: HSBC voted against the resolution as it considered the quantum of the total pay excessive and there to be an insufficient link between pay and performance.

Outcome of the vote and next steps: For. HSBC will likely vote against a similar proposal in future should it see insufficient improvements.

Vote 3 | Company: Novartis AG | Date: March 2024

Summary of resolution: To re-elect Patrice Bula (Lead Independent Director and Chair of the Governance, Sustainability and Nomination Committee) as a Director.

Approx size of holding: 0.7% of total fund size

Why this vote is considered to be most significant:

- By HSBC: The company has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

Novartis AG management recommendation: For.

Fund manager vote: Against.

Rationale: HSBC has concerns about insufficient gender diversity on the Novartis board. The Novartis Governance, Sustainability and Nomination Committee reviews the composition and size of the Board and because Mr Bula is the Committee's Chair, HSBC voted against his re-election.

Outcome of the vote and next steps: For. HSBC will likely vote against a similar proposal in future should it see insufficient improvements.

3. CLOSED FUND SIP

1. Objectives

The Closed Fund's investment objectives are shown below. There were no changes made to the objectives during the year.

SIP Investment Objectives	Actions taken by the Trustee Directors during the year
The acquisition of suitable assets to match the cost of current and future benefits which the Closed Fund provides.	The majority of the Closed Fund's assets are invested in a buy-in policy with an insurance company which broadly covers all the Closed Fund's liabilities.
The acquisition of suitable assets of appropriate diversification for the remaining assets, known as "the Reserve Assets", which will generate additional capital growth to meet further benefit enhancements.	Excluding cash held for liquidity, all the Reserve Assets are invested in four funds managed by BlackRock, comprising two index-linked gilt funds, a buy and maintain corporate bond fund and an equity fund. The investment allocation between these funds was set to achieve low volatility relative to annuity pricing.
Achieve low volatility of the Reserve Assets relative to annuity pricing.	The Fund remains broadly on track to achieve its objectives.
To minimise the long-term costs of the Closed Fund by implementing a simple and low-cost investment strategy and maximising the return whilst having regard to the previous point.	

2. Risks

The Trustee Directors consider a wide range of risks when deciding how to invest the assets and these are set out in Appendix A of the SIP.

A risk register is maintained to identify, manage and monitor key risks associated with the Closed Fund, including investment risks. The risk register review process is the same as described earlier in this Statement for the Open Fund.

Benefits payable by the Fund are expected to be fully met by the insurance buy-in policy. Funding risk is, therefore, very low as the Trustee Directors do not expect to rely upon the Reserve Assets to meet future payments of benefits.

The risk of the Closed Fund's buy-in insurer failing to pay benefits has been mitigated by the same actions that were described earlier in this Statement for the Open Fund.

The nature of some investment risks is such that the Trustee Directors' policy is to understand them and to address them if it becomes necessary, based upon the advice of the Funds' investment adviser or information provided by the Fund's investment managers.

Further information about risks is provided later in this Statement including diversification risk (Section 3), climate risk (Sections 4 and 7), investment manager risk and excessive charges (Section 5), illiquidity/marketability risk (Sections 4 and 6) and environmental, social and governance (ESG) risks (Sections 7 and 8).

3. Investment Strategy

The Trustee Directors' investment strategy provides for the Closed Fund's assets to be adequately and appropriately diversified between different asset classes.

No changes were made to the target asset allocations for the Reserve Assets during the year. The Trustee Directors review actual and strategic Reserve Asset allocations quarterly and instruct BlackRock to realign the actual asset allocation with the strategy whenever there is a divergence of 2.5% or more for any asset class. This policy resulted in £1.4m being switched into index-linked gilt funds during the year, £0.7m of which came from the equity fund, and the other £0.7m from the buy and maintain credit fund.

The results of the Fund's 31 March 2023 annual funding update were considered by the Trustee Directors during the year. This showed the Fund's estimated funding surplus to have fallen over 12 months from £46.3m to £39.5m. No immediate changes were made to the investment strategy as a result but later in the year the Trustee Directors decided to protect the Fund's funding position by fully disinvesting the equity allocation and reinvesting the proceeds into cash, gilts, and high-quality corporate bonds. Implementation of these changes took place after the year-end and will be reported upon in next year's Statement.

4. Considerations in setting the investment strategy

The SIP sets out the Trustee Directors' considerations when setting the investment strategy and their key investment beliefs.

A wide range of risks and asset classes is considered when setting the investment strategy. The considerations for the Closed Fund on climate risk are the same as those described earlier in this Statement for the Open Fund.

A key consideration when setting the Closed Fund's investment strategy is how the funding surplus is expected to be distributed in future. The needs and objectives of the expected recipients of the funding surplus distribution are considered when determining the level of risk and return to be incorporated into the investment strategy.

5. Investment manager and custodian oversight

The Trustee Directors have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund. Custody of the BlackRock-managed pooled funds, in which most of the Fund's Reserve Assets are held, is the responsibility of Bank of New York Mellon.

The processes and actions in relation to the Trustee Directors' oversight of investment managers, the custodian and the buy-in provider, including internal control assurance, fees, stewardship reporting and performance returns, are the same as those described for the Open Fund earlier in this Statement.

During the financial year, the Investment Committee met with BlackRock to obtain an update on investment strategy, performance, governance processes and investment stewardship, including voting and engagement activities. The meeting provided assurance that BlackRock was aligned with the Trustee Directors' key investment objectives and had the appropriate skills and expertise to operate its investment mandate.

The financial strength of the buy-in provider, Pension Insurance Corporation (PIC), was reviewed by the Trustee Directors quarterly and concluded to have remained stable.

6. Realisation of investments

The Trustee Directors' policy is to hold sufficient cash to meet the likely outgoings of the Fund. Receipts from the insurance buy-in policy met all benefit outgoings during the year.

The Closed Fund is effectively locked-in to the PIC buy-in policy as there is no right to surrender the policy if PIC's financial standing deteriorates. All other investments are considered liquid and, under normal market conditions, can be realised within a short timeframe if required.

The Closed Fund invests cash that is surplus to near-term expense requirements in the same Fidelity Liquidity Fund that is used by the Open Fund.

7. Financially material and non-financial matters

The Trustee Directors expect BlackRock to take account of financially material considerations, including climate change and other ESG considerations, and encourage Blackrock to improve its ESG practices. However, as the Fund's investments with BlackRock are held in pooled funds, this limits the Trustee Directors' ability to directly influence how financially material considerations in investee companies are addressed, including the incorporation of ESG factors.

In relation to responsible investment, ESG governance processes, stewardship priorities, investee company engagement and climate change matters, the actions undertaken to implement the Closed Fund's SIP are broadly the same as those described for the Open Fund earlier in this Statement.

The liabilities in the Closed Fund are fully insured, therefore the risk of Closed Fund members not receiving their pensions due to climate change risks is very low.

8. Voting and engagement

The Trustee Directors believe that engaging with investee companies and exercising voting rights helps to protect and enhance the long-term value of investments.

The exercise of rights attached to investments, including voting rights and engagement activities, has been delegated to the Closed Fund's investment manager, BlackRock. Listed equity is the principal asset class where voting rights can be exercised. As the Closed Fund's listed equities are held in a pooled fund, the Trustee Directors monitor and review how votes are being exercised by BlackRock rather than having any direct involvement in voting or by using proxy voting services.

The Trustee Directors have adopted the AMNT Red Lines as the Closed Fund's voting policy. An ongoing review to determine the extent to which BlackRock's exercise of equity voting rights was aligned with the AMNT Red Lines was suspended in February 2024 when the decision was made to fully disinvest BlackRock's equity allocation.

Further information about BlackRock's voting behaviour during the year is provided in Section 10.

9. Responsibilities and investment decision making structure

The actions undertaken to implement the Closed Fund's SIP are the same as those described for the Open Fund earlier in this Statement.

10. Description of voting behaviour during the year

All Closed Fund listed equities are held within a pooled fund managed by BlackRock and the Trustee Directors have delegated the exercise of voting rights to BlackRock. Therefore, the Trustee Directors are not able to direct how votes are exercised and the Trustee Directors themselves have not used any proxy voting services during the year.

Voting data is provided only for the BlackRock ACS World Low Carbon Equity Tracker Fund.

10.1 BlackRock's voting processes

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believes that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

BlackRock's team, and its voting and engagement work, continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes into account a company's unique circumstances by market, where relevant. BlackRock inform vote decisions through research and engage as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. It welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand the company's thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs vote decisions through research and engages as necessary. If a client wants to implement its own voting policy, it will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy itself, but the client would engage a third-party voting execution platform to cast the votes.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into the vote analysis process and BlackRock does not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that the investment stewardship analysts can readily identify and prioritise those companies where additional research and engagement would be beneficial. Other sources of information used include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of active investors, public information and ESG research.

BlackRock Investment Stewardship prioritises its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. The year-round engagement with clients to understand their priorities and expectations, as well as active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape BlackRock's Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock looks at the sustainable long-term financial performance of investee companies.

10.2 Description of BlackRock's voting behaviour over the year

A summary of voting behaviour over the year is provided below:

Fund name	BlackRock ACS World Low Carbon Equity Tracker Fund
Total size of fund at end of reporting period	£6,687.7m
Value of Funds' assets at end of reporting period	£12.3m
Number of holdings at end of reporting period	849
Number of meetings eligible to vote	927
Number of resolutions eligible to vote	13,623
% of resolutions voted	97%
Of the resolutions on which voted, % voted with management	96%
Of the resolutions on which voted, % voted against management	3%
Of the resolutions on which voted, % abstained from voting	0%
Of the meetings in which the manager voted, % with at least one vote against management	22%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%

10.3 Most significant votes

Commentary on the most significant votes cast by BlackRock over the period is set out below. The Trustee Directors' criteria for what is a significant vote will develop over time with input from their investment adviser and investment managers.

For the purposes of this report, the "most significant votes" are selected based on those which BlackRock considers to be significant, and which are most relevant to the Trustee Directors' stewardship priorities which are climate change, diversity and inclusion and executive pay. Commentary has been provided by BlackRock.

BlackRock ACS World Low Carbon Equity Tracker Fund

BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Vote 1	Company: Dollar Tree Inc	Date: June 2023

Summary of resolution: The Company's shareholders to approve, on an advisory basis, the compensation of Dollar Tree's named executive officers, as disclosed in the proxy statement for the Annual Meeting of Shareholders.

Approx size of holding: 0.06% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The vote was against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Dollar Tree management recommendation: For.

Fund manager vote: Against.

Rationale: Due to the high value of the Executive Chairman's front-loaded pay award, BlackRock was concerned that there was a misalignment between pay and long-term shareholder financial interests.

Outcome of the vote and next steps: For. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assesses whether the company has addressed its concerns.

Vote 2 | Company: Restaurant Brands International (“RBI”) | Date: May 2023

Summary of resolution: Shareholder proposal to report on the reduction of plastic use to reduce the company’s contribution to ocean plastics pollution.

Approx size of holding: 0.05% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The agenda for the 2023 Annual General Meeting (AGM) included a number of items where BlackRock did not support management, as well as several shareholder proposals, which it did not support.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

RBI management recommendation: Against.

Fund manager vote: Against.

Rationale: BlackRock engages with companies in certain sectors on their approach to plastic packaging. Given the impact on long-term shareholder value (such as potential reputational risk related to waste management and increasing customer demand for recyclable packaging), BlackRock appreciates when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Where a matter such as plastic usage is material to a company’s long-term strategy, BlackRock looks for the company’s disclosures to assess risk oversight, and to understand how such impacts and dependencies are managed. Specifically, BlackRock finds it helpful when companies disclose any targets for managing these factors, how they monitor progress against these stated goals, and how these efforts might contribute to process and resource efficiencies.

While BlackRock recognises the importance of transparency on plastic usage for the benefit of shareholders, it also acknowledges that RBI is already taking steps to address this issue, including the disclosure of a number of commitments, such as phasing out intentionally added PFAS from guest facing packaging by 2025 or sooner as well as recycling guest facing packaging in restaurants globally, where commercially viable and where infrastructure is available by 2025. RBI has indicated that it will continue to enhance its disclosures, including providing quantitative information, in future sustainability reports. As a result, BlackRock did not support the shareholder proposal.

Outcome of the vote and next steps: The shareholder proposal was not approved. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assesses whether the company has addressed its concerns.

Vote 3 | Company: Techtronic Industries Company Limited | Date: May 2023

Summary of resolution: To elect Horst Julius Pudwill as Director

Approx size of holding: 0.03% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The vote was against management.
- By the Trustee Directors: It relates to the stewardship priority on Diversity and Inclusion.

Techtronic management recommendation: For.

Fund manager vote: Against.

Rationale: BlackRock did not support the election of the Chairman, Mr. Horst Julius Pudwill, because he also chairs the Nomination Committee, which BlackRock believes should be chaired by an independent director to ensure objectivity, transparency, and independence in the board recruiting process.

Outcome of the vote and next steps: For the resolution. BlackRock will continue engaging with Techtronic as it believes Techtronic would benefit from enhancing its board nomination procedures to support an effective board which takes into consideration the interests of all shareholders and supports the company in delivering durable, long-term financial value creation.

Actuarial Certificates

Government
Actuary's
Department

Actuarial certificate – Schedule of Contributions

Name of scheme: **The ITB Pension Funds - The Closed Fund**

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 31 March 2021 to continue to be met for the period for which the schedule is to be in force.

2. I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles agreed on 28 January 2022

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.

Signature:		Date:	25 February 2022
Name:	Martin Clarke	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Finlaison House 15-17 Furnival Street London EC4A 1AB	Employer:	Government Actuary's Department

Government
Actuary's
Department

Actuarial Certificate – Schedule of Contributions

Name of scheme: **The ITB Pension Funds – The Open Fund**

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 can be expected to continue to be met for the period for which the schedule is to be in force.

2. I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 27 January 2023.

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.

Signature:		**Date:**	1 March 2023
Name:	Martin Clarke	**Qualification:**	FIA
Address:	Finlaison House 15-17 Furnival Street London EC4A 1AB	**Name of Employer:**	GAD

The Schedule of Contributions referred to in this certificate is that dated 1 March 2023

Summary of Contributions
PAYABLE IN THE YEAR

During the year, the contributions payable by the Employers under the Open Fund's Schedule of Contributions were as follows:

	2024 £'000	2023 £'000
Contributions payable under the schedule of contributions		
Employers' normal contributions	6,880	5,418
Employers' life assurance contributions	273	194
Members' normal contributions	451	311
Total contributions payable to the Scheme under the Schedule, as reported on by the Scheme auditors	**7,604**	**5,923**

There were no contributions payable by the Employers under the Closed Fund's Schedule of Contributions in either the current or prior year.

The Summary of Contributions was approved by the Trustee on 31 October 2024 and signed on its behalf by:

D N McGuiness
Chair

D Birtwistle
Deputy Chair

Independent Auditors' Report
TO THE TRUSTEE OF THE ITB PENSION FUNDS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, The ITB Pension Funds's financial statements:

- show a true and fair view of the financial transactions of the Funds during the year ended 31 March 2024, 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 within the Annual Report & Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 31 March 2024; 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 Funds 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 Funds'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 Funds'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 of the information in the Annual Report & Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

In the preparation of the financial statements, the Trustee is responsible for assessing the Funds'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 Funds, 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 Funds and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Funds 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

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

31 October 2024

Independent Auditors' Statement

ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE ITB PENSION FUNDS

STATEMENT ABOUT CONTRIBUTIONS

Opinion

In our opinion, the contributions payable under the Schedules of Contributions for the Funds year ended 31 March 2024 as reported in The ITB Pension Funds's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Funds actuary on 25 February 2022 and 1 March 2023.

We have examined The ITB Pension Funds's summary of contributions for the Funds year ended 31 March 2024 which is set out on page 57.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

31 October 2024

ITB

The ITB Pension Funds
Financial Statements
For the year ended 31 March 2024

Fund Account

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Closed Fund 2024 £'000	Open Fund DB Section 2024 £'000	Open Fund DC Section 2024 £'000	Combined Fund 2024 £'000	Combined Fund 2023 £'000
Employer contributions	5	-	-	7,153	7,153	5,612
Employee contributions	5	-	-	451	451	311
Total contributions		**-**	**-**	**7,604**	**7,604**	**5,923**
Transfers in	6	-	-	211	211	418
Other income	7	-	3	474	477	156
		-	**3**	**8,289**	**8,292**	**6,497**
Benefits paid or payable	8	8,018	34,521	998	43,537	41,020
Payments to and on account of leavers	9	-	645	2,986	3,631	9,601
Other payments	10	-	129	274	403	344
Administrative expenses:						
General administration	11	395	805	132	1,332	1,280
Professional services	11	110	714	73	897	896
Pension fund levy		1	27	3	31	38
		8,524	**36,841**	**4,466**	**49,831**	**53,179**
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		**(8,524)**	**(36,838)**	**3,823**	**(41,539)**	**(46,682)**
NET RETURNS ON INVESTMENTS						
Investment income	12	8,344	36,073	40	44,457	44,018
Change in market value of investments	15	(1,297)	(40,592)	6,157	(35,732)	(298,216)
Investment management expenses	13	(111)	(814)	(50)	(975)	(644)
Taxation	14	-	-	-	-	-
NET RETURNS ON INVESTMENTS		**6,936**	**(5,333)**	**6,147**	**7,750**	**(254,842)**
NET INCREASE/(DECREASE) IN THE FUNDS DURING THE YEAR		**(1,588)**	**(42,171)**	**9,970**	**(33,789)**	**(301,524)**
Opening net assets available for benefits		**143,648**	**732,366**	**36,259**	**912,273**	**1,213,797**
CLOSING NET ASSETS AVAILABLE FOR BENEFITS		**142,060**	**690,195**	**46,229**	**878,484**	**912,273**

The notes on pages 64 to 85 form part of these financial statements.

Statement of Net Assets

(AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2024

	Notes	Closed Fund 2024 £'000	Open Fund DB Section 2024 £'000	Open Fund DC Section 2024 £'000	Combined Fund 2024 £'000	Combined Fund 2023 £'000
INVESTMENT ASSETS						
Bonds		-	-	-	-	267,666
Pooled investment vehicles	*16*	73,971	16,746	46,006	136,723	200,751
Derivative assets	*17*	-	-	-	-	16,120
Insurance policies	*18*	67,805	664,697	-	732,502	462,867
AVC investments	*19*	-	266	-	266	245
Cash		347	6,460	762	7,569	12,189
Other investment balances	*21*	-	501	-	501	1,290
		142,123	**688,670**	**46,768**	**877,561**	**961,128**
INVESTMENT LIABILITIES						
Derivative liabilities	*17*	-	-	-	-	(394)
Amounts payable under repurchase agreements	*21*	-	-	-	-	(50,036)
		-	**-**	**-**	**-**	**(50,430)**
TOTAL NET INVESTMENTS	*15*	**142,123**	**688,670**	**46,768**	**877,561**	**910,698**
TANGIBLE FIXED ASSETS	*24*	-	871	-	871	894
CURRENT ASSETS	*25*	198	1,528	186	1,912	2,657
CURRENT LIABILITIES	*26*	(261)	(874)	(725)	(1,860)	(1,976)
NET ASSETS AVAILABLE FOR BENEFITS		**142,060**	**690,195**	**46,229**	**878,484**	**912,273**

The financial statements summarise the transactions of the Funds and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits that fall due after the end of the scheme year. The actuarial position of the Funds, which does take account of such obligations for the defined benefit sections of the Funds, is dealt with in the Report on Actuarial Liabilities on pages 16 to 18 and these financial statements should be read in conjunction with this report.

The notes on pages 64 to 85 form part of these financial statements.

The financial statements on pages 62 to 85 were approved by the Trustee Directors on 31 October 2024 and signed on its behalf by:

D N McGuiness
Chair

D Birtwistle
Deputy Chair

Notes to the Financial Statements

1. BASIS OF PREPARATION

The financial statements 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 and the guidance set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised June 2018) ("The SORP").

2. ORGANISATION OF THE FUNDS

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

The ITB Pension Funds comprises an Open Fund and a Closed Fund.

The Closed Fund relates to:

- former employees of discontinued Industry Training Boards as at 1 April 1985;
- employees of continuing Boards whose service ceased before 31 March 1982; and,
- certain other employees of those Boards whose service ceased before 31 March 1983 and whose membership was specifically agreed with Government.

The Open Fund provides pension benefits for all other employees and their dependants who are members of the Funds. On 1 April 2012 the Open Fund introduced a defined contribution section and on 18 September 2019 the Open Fund was authorised as a Master Trust scheme for the purposes of The Pension Schemes Act 2017.

The Funds, which are required to be administered as separate ring-fenced sections, are established as a trust under English law.

The contact address for the Funds is on page 87.

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS

FUND ACCOUNT for the year ended 31 March 2023	Notes	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Employer contributions	*5*	-	-	5,612	5,612
Employee contributions	*5*	-	-	311	311
Total contributions		**-**	**-**	**5,923**	**5,923**
Transfers in	*6*	-	-	418	418
Other income	*7*	-	6	150	156
		-	**6**	**6,491**	**6,497**
Benefits paid or payable	*8*	8,172	32,443	405	41,020
Payments to and on account of leavers	*9*	-	7,027	2,574	9,601
Other payments	*10*	-	150	194	344
Administrative expenses:					
General administration	*11*	378	779	123	1,280
Professional services	*11*	108	767	21	896
Pension fund levy		2	32	4	38
		8,660	**41,198**	**3,321**	**53,179**
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		**(8,660)**	**(41,192)**	**3,170**	**(46,682)**
NET RETURNS ON INVESTMENTS					
Investment income	*12*	8,303	35,699	16	44,018
Change in market value of investments		(23,534)	(272,606)	(2,076)	(298,216)
Investment management expenses	*13*	(126)	(491)	(27)	(644)
Taxation	*14*	-	-	-	-
NET RETURNS ON INVESTMENTS		**(15,357)**	**(237,398)**	**(2,087)**	**(254,842)**
NET INCREASE/(DECREASE) IN THE FUNDS DURING THE YEAR		**(24,017)**	**(278,590)**	**1,083**	**(301,524)**
OPENING NET ASSETS AVAILABLE FOR BENEFITS		**167,665**	**1,010,956**	**35,176**	**1,213,797**
CLOSING NET ASSETS AVAILABLE FOR BENEFITS		**143,648**	**732,366**	**36,259**	**912,273**

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS (CONTINUED)

Statement of Net Assets (available for Benefits) at 31 March 2023	Notes	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
INVESTMENT ASSETS					
Bonds		-	267,666	-	267,666
Pooled investment vehicles	*16*	70,813	93,880	36,058	200,751
Derivative assets	*17*	-	16,120	-	16,120
Insurance policies	*18*	72,260	390,607	-	462,867
AVC investments	*19*	-	245	-	245
Cash		632	10,890	667	12,189
Other investment balances	*21*	-	1,290	-	1,290
		143,705	**780,698**	**36,725**	**961,128**
INVESTMENT LIABILITIES					
Derivative liabilities	*17*	-	(394)	-	(394)
Amounts payable under repurchase agreements	*21*	-	(50,036)	-	(50,036)
		-	**(50,430)**	**-**	**(50,430)**
TOTAL NET INVESTMENTS	*15*	**143,705**	**730,268**	**36,725**	**910,698**
TANGIBLE FIXED ASSETS	*24*	-	894	-	894
CURRENT ASSETS	*25*	234	2,165	258	2,657
CURRENT LIABILITIES	*26*	(291)	(961)	(724)	(1,976)
NET ASSETS AVAILABLE FOR BENEFITS		**143,648**	**732,366**	**36,259**	**912,273**

4. ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Contributions

i) Employer normal contributions relating to wages and salaries earned up to the year-end have been included in these financial statements.

ii) Employee contributions, including AVCs, relating to wages and salaries earned up to the year-end have been included in these financial statements.

iii) Life assurance premium funding contributions have been paid to the Funds and are used to fund life assurance cover for members. Contributions received match the premiums paid.

b) Transfers in

Transfers in represent the capital sums receivable in respect of members from other pension schemes of previous employers. They are accounted for when the liability is accepted, which is normally when the transfer payment from the previous pension scheme is received.

4. ACCOUNTING POLICIES (CONTINUED)

c) Benefits payable

i) Pension payments 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 and the date the option is exercised.

iii) Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

iv) Where the Trustee Directors agree, or are 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 benefits receivable from the Funds, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

d) Payments to and on account of leavers

i) Refunds of contributions relating to members who leave the Funds and are entitled to a refund of these, including interest, are recognised in the year of leaving.

ii) Opt-outs are accounted for when the Trustee Directors are notified of the opt-out.

iii) Individual transfers out are accounted for when the member liability is discharged, which is normally when the transfer is paid.

e) Administrative and investment management expenses

i) Administrative and investment management expenses are accounted for on an accruals basis.

ii) Direct expenses are charged to the section to which they relate. Indirect expenses are allocated between the Closed Fund and Open Fund's DB and DC sections in accordance with the basis determined by the Trustee Directors.

f) Investment income

i) Interest earned on bonds is recognised on an accruals basis and includes interest bought and sold on purchases and sales of bonds.

ii) Rental income is recognised when due.

iii) Interest receivable from cash and short-term deposits, and interest payable under repurchase agreements, is accounted for on an accruals basis.

iv) Annuity income is recognised on an accruals basis.

v) Income from pooled investment vehicles is accounted for on an accruals basis when the income distribution is declared.

g) Change in market value of investments

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 during the year, including profits and losses realised on sales of investments during the year. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

h) Valuation of investment assets and liabilities

Investments are valued at fair value determined as follows:

i) Bonds and certain pooled investment vehicles which are traded on an active market are valued at the quoted price which is normally the bid-market price.

ii) Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.

iii) The value of other bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee Directors, normally based on the net asset value advised by the investment manager.

iv) Forward foreign exchange contracts are valued at 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.

v) Exchange traded futures are valued at the difference between exchange settlement prices and inception prices.

vi) Over the counter swap contracts are stated at fair value using pricing models and relevant market data.

vii) Repurchase agreements and reverse repurchase agreements are included at the amount payable or receivable under the agreement. The Funds continue to value, and recognise in investments, the securities that are delivered out as collateral under repurchase arrangements. Cash received is recognised as an asset and the obligation to pay it back is recognised as a liability. Similarly, under reverse repurchase arrangements, cash delivered to the counterparty is recognised as a receivable in other investment assets and the Funds do not recognise the collateral securities received as an asset.

viii) The insurance policies have been valued by the actuary under the assumptions set out in note 18.

4. ACCOUNTING POLICIES (CONTINUED)

i) Currency

The Fund'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.

j) Tangible fixed assets

Tangible fixed assets are initially recorded at cost. Freehold properties are revalued to fair value at least once every three years and the revaluation amount is disclosed in the Fund Account. Depreciation is provided on other tangible fixed assets based on cost, in equal annual instalments over the estimated useful lives of the assets. The depreciation charge is part of administrative expenses. The rates of depreciation are as follows:

Furniture – 10% per annum

Equipment – 20% per annum

k) Critical accounting judgements and estimation uncertainty

The Trustee Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Funds, the Trustee Directors believe 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 Funds' 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) above and within notes 22 and 23.

5. CONTRIBUTIONS

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	6,880	6,880
Other	-	-	273	273
Total Employer contributions	**-**	**-**	**7,153**	**7,153**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	451	451
	-	**-**	**7,604**	**7,604**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	5,418	5,418
Other	-	-	194	194
Total Employer contributions	**-**	**-**	**5,612**	**5,612**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	311	311
	-	**-**	**5,923**	**5,923**

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

Other Employer contributions are payments by Employers to fund life assurance cover for active and life-cover only DC Section members.

Normal contributions receivable by the Scheme during the year, including amounts outstanding at the year-end (see note 25), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

6. TRANSFERS IN

Open Fund - DC Section	2024 £'000	2023 £'000
Individual transfers from other schemes	**211**	**418**

7. OTHER INCOME

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Open Fund DB Section cash transfers	-	-	100	100
Claims on life assurance policies	-	-	374	374
Other	-	3	-	3
	-	**3**	**474**	**477**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Open Fund DB Section cash transfers	-	-	150	50
Other	-	6	-	6
	-	**6**	**150**	**156**

8. BENEFITS PAID OR PAYABLE

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Pensions	8,018	32,613	-	40,631
Commutation of pensions and lump sum retirement benefits	-	1,701	494	2,195
Lump sum death benefits	-	207	504	711
	8,018	**34,521**	**998**	**43,537**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Pensions	8,165	30,659	-	38,824
Commutation of pensions and lump sum retirement benefits	7	1,654	405	2,066
Lump sum death benefits	-	130	-	130
	8,172	**32,443**	**405**	**41,020**

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Individual transfers to other schemes	-	645	2,984	3,629
Refund of contributions	-	-	2	2
	-	**645**	**2,986**	**3,631**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Individual transfers to other schemes	-	7,027	2,570	9,597
Refund of contributions	-	-	4	4
	-	**7,027**	**2,574**	**9,601**

10. OTHER PAYMENTS

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Life assurance premiums	-	-	274	274
Open Fund DC Section cash transfers:				
- Cashflow funding	-	100	-	100
- Contributions funding	-	29	-	29
	-	**129**	**274**	**403**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Life assurance premiums	-	-	194	194
Open Fund DC Section cash transfers:				
- Cashflow funding	-	150	-	150
	-	**150**	**194**	**344**

Open Fund DC Section cash transfers - Contributions funding

The Actuary determined that as at 31 March 2023, RTITB had an Open Fund DB Section Disposable Employer Surplus of £1.2m. RTITB has applied £28,586 of the surplus (2023: £Nil) to payment of its DC Section employer contributions.

11. ADMINISTRATIVE EXPENSES

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
GENERAL ADMINISTRATION:				
Employment costs	247	495	83	825
Office costs	14	28	5	47
General expenses	92	196	30	318
Trustee Directors' honoraria	42	86	14	142
PROFESSIONAL SERVICES:				
Audit fees	30	60	10	100
Legal fees	33	177	51	261
Actuarial fees	44	354	–	398
Other professional services	3	123	12	138
	110	**714**	**73**	**897**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
GENERAL ADMINISTRATION:				
Employment costs	231	483	77	791
Office costs	13	26	4	43
General expenses	93	188	28	309
Trustee Directors' honoraria	41	82	14	137
PROFESSIONAL SERVICES:				
Audit fees	29	55	9	93
Legal fees	34	109	11	154
Actuarial fees	42	547	-	589
Other professional services	3	56	1	60
	108	**767**	**21**	**896**

12. INVESTMENT INCOME

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Income from bonds	-	1,665	-	1,665
Net rents from properties	-	4	-	4
Income from pooled investment vehicles	-	897	-	897
Annuity income	8,315	32,980	-	41,295
Interest on cash deposits	29	1,110	40	1,179
Interest paid under repurchase agreements	-	(583)	-	(583)
	344	**36,073**	**40**	**44,457**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Income from bonds	-	4,819	-	4,819
Net rents from properties	-	24	-	24
Income from pooled investment vehicles	-	3,558	-	3,558
Net interest income on swaps	-	36	-	36
Annuity income	8,290	28,294	-	36,584
Interest on cash deposits	13	208	16	237
Interest paid under repurchase agreements	-	(1,239)	-	(1,239)
Underwriting commission	-	(1)	-	(1)
	8,303	**35,699**	**16**	**44,018**

13. INVESTMENT MANAGEMENT EXPENSES

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Administration, management and custody	66	340	-	406
Advisory	24	438	44	506
Performance measurement service	21	36	6	63
	111	**814**	**50**	**975**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Administration, management and custody	67	270	-	337
Advisory	37	183	21	241
Performance measurement service	22	38	6	66
	126	**491**	**27**	**644**

14. TAXATION

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004. The Scheme is therefore exempt from income tax and capital gains tax. There is no taxation related income in 2024 (2023: £Nil).

15. RECONCILIATION OF INVESTMENTS

The movements in investments during the year were:

Closed Fund	Notes	Value at 1 Apr 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Mar 2024 £'000
Pooled investment vehicles	16	70,813	1,713	(1,713)	3,158	73,971
Insurance policy	18	72,260	-	-	(4,455)	67,805
		143,073	**1,713**	**(1,713)**	**(1,297)**	**141,776**
Cash		632				347
		143,705				**142,123**

Open Fund - DB Section	Notes	Value at 1 Apr 2023 £'000	Purchases at cost & derivative payments £'000	Sales proceeds & derivative receipts £'000	Change in market value £'000	Value at 31 Mar 2024 £'000
Bonds		267,666	40,938	(284,261)	(24,343)	-
Pooled investment vehicles	16	93,880	16,300	(90,457)	(2,977)	16,746
Derivatives	17	15,726	-	(11,395)	(4,331)	-
Insurance policies	18	390,607	292,694	(9,630)	(8,974)	664,697
AVC investments	19	245	-	(12)	33	266
		768,124	**349,932**	**(395,755)**	**(40,592)**	**681,709**
Cash		10,890				6,460
Other investment balances	21	(48,746)				501
		730,268				**688,670**

Open Fund - DC section	Notes	Value at 1 Apr 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Mar 2024 £'000
Pooled investment vehicles	16	36,058	7,402	(3,611)	6,157	46,006
Cash		667				762
		36,725				**46,768**

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 during the year, including profits and losses realised on sales of investments during the year.

There are no direct transaction costs included within the above purchases and sales figures. Costs are borne by the Funds in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

The Funds do not invest in any of the Participating Employers' businesses. Apart from the insurance policies disclosed in note 18, there are no other individual investments in which more than 5% of the total value of the net assets of the Funds is invested.

16. POOLED INVESTMENT VEHICLES

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Equities	12,315	-	23,224	35,539
Bonds	61,656	16,732	196	78,584
Property	-	14	-	14
Diversified	-	-	21,007	21,007
Cash	-	-	1,579	1,579
	73,971	**16,746**	**46,006**	**136,723**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Equities	10,600	20,425	18,197	49,222
Bonds	60,213	73,373	183	133,769
Property	-	82	-	82
Diversified	-	-	16,423	16,423
Cash	-	-	1,255	1,255
	70,813	**93,880**	**36,058**	**200,751**

17. DERIVATIVES - OPEN FUND

All derivative exposures in the Open Fund were disposed of during the year.

	2024 Asset Fair Value £'000	2024 Liabilities Fair Value £'000	2023 Asset Fair Value £'000	2023 Liabilities Fair Value £'000
Swaps	-	-	16,120	-
Futures	-	-	-	(394)
	-	**-**	**16,120**	**(394)**

Swaps

Prior to their disposal, swap contracts had been traded over the counter and had banks as counterparties.

There was no collateral received or provided at 31 March 2024 (2023: £15,630,000 cash collateral received). Collateral is not reported within the Fund's net assets.

Futures

There were no open futures contracts at 31 March 2024 (2023: £394,000 unrealised loss on a June 2023 gilt futures contract).

18. INSURANCE POLICIES

2024	Liability Provision Basis	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
PIC	RPI	67,805	49,023	-	116,828
JRL	CPI	-	65,014	-	65,014
PIC	CPI	-	135,238	-	135,238
PIC	CPI	-	143,542	-	143,542
JRL	CPI	-	271,880	-	271,880
TOTAL		**67,805**	**664,697**	**-**	**732,502**
PERCENTAGE OF NET ASSETS		**47.7%**	**96.3%**	**0.0%**	**83.4%**

2023	Liability Provision Basis	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
PIC	RPI	72,260	46,769	-	119,029
JRL	RPI	-	74,400	-	74,400
PIC	CPI	-	131,383	-	131,383
PIC	CPI	-	138,055	-	138,055
TOTAL		**72,260**	**390,607**	**-**	**462,867**
PERCENTAGE OF NET ASSETS		**50.3%**	**53.3%**	**0.0%**	**50.7%**

The insurance policies are bulk annuity policies (also known as "buy-ins") with Pension Insurance Corporation PLC ("PIC") and Just Retirement Limited ("JRL") which cover benefits payable to Open Fund DB Section and Closed Fund members.

In July 2023 the Open Fund's DB Section acquired a further buy-in policy with Just for £293m and, in light of the consequent increase to the percentage of the Funds' assets invested in buy-in policies, as at 31 March 2024 all buy-in policy values have been calculated by the Funds' Actuary on a consistent basis. The prior year valuations were calculated by PIC and JRL based on the actuarial assumptions selected by each.

19. ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) INVESTMENTS

The Open Fund DB Section has an AVC arrangement into which members' additional contributions have been invested on a defined contribution basis. No contributions have been paid into the DB Section AVC arrangement since Employers ceased to offer further DB benefits between 2016 and 2018.

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

The AVC investments shown in the financial statements relate solely to the Open Fund DB Section and are as follows:

Investment manager	2024 £'000	2023 £'000
Legal & General	**266**	**245**

Members participating in the DB Section AVC arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

20. DEFINED CONTRIBUTION ASSETS

Defined contribution section investments held in the Open Fund are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee Directors. The Fund administrator allocates investment units to members. The Trustee Directors may hold investment units representing the value of employer contributions that have been retained by the Fund that relate to members leaving the Fund prior to vesting.

Defined contribution investment assets allocated to members by the administrator and those not allocated or designated to members (and therefore available to the Trustee Directors to apply as specified in the Fund rules), are as follows:

	2024 £'000	2023 £'000
Allocated to members	46,006	36,058
Not allocated or designated to members	762	667
TOTAL	**46,768**	**36,725**

Defined contribution assets (including those not allocated to members in the table above) are not part of a common pool of assets available to meet defined benefit liabilities. Of the assets not allocated or designated to members, £682,600 (2023: £653,500) is held as a financial reserve to provide capital to meet the costs of a master trust triggering event and is not freely available to the Trustee Directors.

21. OTHER INVESTMENT BALANCES

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
ASSETS:				
Investment revenue receivable	-	501	-	501
NET INVESTMENT BALANCES	**-**	**501**	**-**	**501**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
ASSETS:				
Investment revenue receivable	-	867	-	867
Investment sales proceeds receivable	-	29	-	29
Margin debtor	-	394	-	394
	-	**1,290**	**-**	**1,290**
LIABILITIES:				
Repurchase agreements	-	50,036	-	50,036
	-	**50,036**	**-**	**50,036**
NET INVESTMENT BALANCES	**-**	**(48,746)**	**-**	**(48,746)**

Repurchase agreements

At the year-end, no Scheme assets were held by counterparties (2023: £50,706,000 of bonds in respect of amounts payable under repurchase agreements, due in April and May 2023), nor had any collateral been received (2023: £439,823 of bonds in respect of the difference between the market value of the repurchase agreement and the market value of the bonds held by the counterparty).

22. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

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 within 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 Funds investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Closed Fund				
Pooled investment vehicles	-	73,971	-	73,971
Insurance policies	-	-	67,805	67,805
Cash	347	-	-	347
	347	**73,971**	**67,805**	**142,123**

At 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Open Fund - DB Section				
Pooled investment vehicles	-	16,732	14	16,746
Insurance policies	-	-	664,697	664,697
AVC investments	-	266	-	266
Cash	6,460	-	-	6,460
Other investment balances	501	-	-	501
	6,961	**16,998**	**664,711**	**688,670**

At 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Open Fund - DC Section				
Pooled investment vehicles	-	46,006	-	46,006
Cash	762	-	-	762
	762	**46,006**	**-**	**46,768**

22. INVESTMENT FAIR VALUE HIERARCHY (CONTINUED)

At 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Closed Fund				
Pooled investment vehicles	-	70,813	-	70,813
Insurance policies	-	-	72,260	72,260
Cash	632	-	-	632
	632	**70,813**	**72,260**	**143,705**

At 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Open Fund - DB Section				
Bonds	-	267,666	-	267,666
Pooled investment vehicles	-	93,798	82	93,880
Derivatives	(394)	-	16,120	15,726
Insurance policies	-	-	390,607	390,607
AVC investments	-	245	-	245
Cash	10,890	-	-	10,890
Other investment balances	896	(49,642)	-	(48,746)
	11,392	**312,067**	**406,809**	**730,268**

At 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Open Fund - DC Section				
Pooled investment vehicles	-	36,058	-	36,058
Cash	667	-	-	667
	667	**36,058**	**-**	**36,725**

Investments reported under Level 3 are included at fair value based on values estimated by the underlying investment managers using accepted methodologies and use of market information in the absence of observable market data.

23. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks:

Credit risk: This is 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: This comprises the following:

- **Currency risk**, which 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**, which 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**, which 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 Funds have exposure to these risks because of the investments held to implement the investment strategy, which is described in the investment section of the Trustee Directors' Report. Agreements are in place with each of the Funds' investment managers which specify their investment objectives. The Trustee Directors manage investment risks, including credit risk and market risk, through risk limits set out in these agreements.

The Trustee Directors monitor the implementation of the investment strategy objectives and risk limits through regular reviews of the investment managers and their investment portfolios. Further information on the Trustee Directors' approach to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Funds.

Open Fund Defined Benefit Section and Closed Fund

Credit risk

The Funds are exposed to credit risk from direct investments in pooled investment vehicles and insurance policies and through having cash balances and other investment balances. At the 2023 financial year-end there were further exposures to credit risk from direct investments in bonds, over the counter (OTC) derivatives and repurchase agreements. The Funds are also indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles.

A summary of exposures to credit risk is given in the following table, the notes below which explain how the risks are managed and mitigated.

	Closed Fund		Open Fund	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bonds	-	-	-	267,666
Pooled investment vehicles				
Direct and indirect risk	61,656	60,213	16,746	73,455
Direct risk only	12,315	10,600	-	20,425
OTC Derivatives – LPI swaps	-	-	-	16,120
Insurance policies	67,805	72,260	664,697	390,607
Cash	347	632	6,460	10,890
Repurchase agreements	-	-	-	(50,036)
Other investment balances	-	-	501	1,290
	142,123	**143,705**	**688,404**	**730,417**

Prior to the disposal of all directly held bonds, the credit risk arising on them was mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which were almost entirely rated at least investment grade.

Prior to the disposal of all OTC derivative contracts, a credit risk existed as the contracts were not guaranteed by any regulated exchange and were therefore subject to risk of failure of the counterparty. The credit risk for OTC swaps was reduced by collateral arrangements (see note 17).

For the insurance policies, the insurer default credit risk is mitigated by the protections in place under the regulatory regime for UK insurance companies, which include stringent solvency requirements. It is expected that the Funds would be eligible for compensation from the Financial Services Compensation Scheme should an insurer become insolvent.

Cash and other investment balances are held at financial institutions which are at least investment grade credit rated.

23. INVESTMENT RISKS (CONTINUED)

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled investment manager, the regulatory environments in which the pooled investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee Directors carry out due diligence on the appointment of any new pooled investment managers and monitor any changes to their operating environments.

The Funds are indirectly exposed to credit risks arising from the underlying bond investments held by the pooled investment vehicles, the amount for which is shown in note 16. Pooled investment vehicle managers mitigate credit risk by having a diversified exposure to bond issuers, conducting thorough research on the probability of default of those issuers, and having limited exposure to bonds rated below investment grade. The magnitude of credit risk within each pooled investment vehicle will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bond issuers.

The legal nature of the pooled investment arrangements used by the Funds is as follows:

	Closed Fund		Open Fund	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Qualifying investor alternative investment fund	-	-	-	73,373
Closed ended fund	-	-	14	82
Unit linked insurance contracts	73,971	70,813	16,732	20,425
	73,971	**70,813**	**16,746**	**93,880**

Currency risk

The Funds are subject to currency risk because some of the Funds' pooled investment vehicles are in overseas markets and the Open Fund DB Section has £14,000 (2023: £82,000) invested in a European property fund which is denominated in Euros. The exposure to foreign currencies in the pooled investment vehicles will vary over time, as the manager changes the underlying investments, but is not expected to be a material influence on returns over the long-term.

The Trustee Directors consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists is appropriate. Currency hedging may be used by the pooled investment vehicle managers to mitigate some, or all, of the currency risks.

Interest rate risk

The Funds are exposed to interest rate risk because investments are directly held in cash and insurance policies and indirectly held in bonds through pooled investment vehicles. At the 2023 financial year-end there were further exposures to interest rate risk from direct investments in bonds, Limited Price Index (LPI) swaps and repurchase agreements.

A summary of exposures to interest rate risk is given in the following table, the notes below which explain how the risks are managed and mitigated.

	Closed Fund		Open Fund	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bonds	-	-	-	267,666
Pooled investment vehicles - bonds	61,656	60,213	16,732	73,373
OTC Derivatives – LPI swaps	-	-	-	16,120
Insurance policies	67,805	72,260	664,697	390,607
Cash	347	632	6,460	10,890
Repurchase agreements	-	-	-	(50,036)
	129,808	**133,105**	**687,889**	**708,620**

Interest rate risks in relation to the insurance policies' valuations are fully mitigated as receipts from the policies will cover the future benefit payments to members. This means that if interest rates fall, the value of the insurance policies will rise to match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the insurance policies will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

At the 2023 financial year-end, the Open Fund DB Section directly held bonds, Limited Price Index swap derivatives and repurchase agreements as part of a Liability Driven Investment (LDI) strategy to mitigate the impact of interest rate

23. INVESTMENT RISKS (CONTINUED)

changes on actuarial liabilities and thereby reduce the volatility of the funding level. The LDI strategy was unwound during the year upon the purchase of a further insurance policy which resulted in full insurance cover being achieved for all benefit payment liabilities.

The pooled investment vehicles bond exposures of the Closed Fund at current and prior year-ends, and of the Open Fund DB Section at the current year-end, are held to mitigate interest rate risk volatility relative to annuity pricing, which is an investment objective for both Funds.

Other price risk

Other price risk arises principally in relation to the equities held in pooled investment vehicles. Excluding the insurance policies, the Open Fund DB Section has no targeted allocation to equities (2023: 5%) and the Closed Fund has a target of 15% (2023: 15%). At the year-end the exposures to investments subject to other price risk was as set out below:

	Closed Fund		Open Fund	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Pooled investment vehicles - equities	12,315	10,600	-	20,425

The Funds manage the exposure to overall price movements by investing in global equity funds that invest across a diverse range of companies, sectors and markets.

Open Fund Defined Contribution Section

Credit Risk

The Open Fund Defined Contribution Section (DC Section) is subject to direct credit risk in relation to Legal & General Assurance Society Limited ("L&G") through investment of most of the DC Section's funds in L&G unit linked insurance funds.

L&G is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee Directors monitor the creditworthiness of L&G by reviewing published credit ratings. In the event of default by L&G, the Fund is eligible to compensation from the Financial Services Compensation Scheme.

The DC Section is also subject to indirect credit and market risk (including interest rate risk) arising from the underlying investments held in L&G's funds. Member level risk exposures will be dependent on the funds each member is invested in.

At year-end the Bond, Cash and Multi-Asset funds were exposed to underlying credit risk.

Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by L&G.

The Equity funds are exposed to foreign exchange and other price risks. The Bond funds are exposed to interest rate risk. The Cash fund is exposed to foreign exchange and interest rate risk. The Multi-Asset fund is exposed to foreign exchange risk, interest rate risk and other price risk.

All the DC Section funds have remained liquid and marketable.

24. TANGIBLE FIXED ASSETS

Open Fund - DB Section	Property £'000	Equipment £'000	Total £'000
COST OR VALUATION			
Balance at 1 April 2023	840	636	1,476
Additions	-	4	4
Balance at 31 March 2024	**840**	**640**	**1,480**
DEPRECIATION			
Balance at 1 April 2023	-	582	582
Charge	-	27	27
Balance at 31 March 2024	**-**	**609**	**609**
NET BOOK VALUE AT 31 MARCH 2024	**840**	**31**	**871**
NET BOOK VALUE AT 31 MARCH 2023	**840**	**54**	**894**

Freehold property is included at the open market value at 31 March 2022, estimated by BNP Paribas, Chartered Surveyors. The historical cost of the property was £998,000 (2023 - £998,000).

25. CURRENT ASSETS

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Bank balances	171	722	60	953
DEBTORS:				
Amounts due from employers				
Employer contributions	-	-	117	117
Other debtors	27	99	9	135
External current assets	**198**	**821**	**186**	**1,205**
Interfund balance	-	707	-	707
CURRENT ASSETS	**198**	**1,528**	**186**	**1,912**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Bank balances	209	1,280	245	1,734
DEBTORS:				
Amounts due from employers				
Employer contributions	-	-	5	5
Other debtors	25	112	8	145
External current assets	**234**	**1,392**	**258**	**1,884**
Interfund balance	-	773	-	773
CURRENT ASSETS	**234**	**2,165**	**258**	**2,657**

Contributions due from employers were paid in full to the Scheme within the timescale required by the Schedules of Contributions. £44,591 (2023: £229,216) of the DC Section bank balance is not designated to members and is held by the Trustee Directors to pay the ongoing administration costs of the DC Section.

26. CURRENT LIABILITIES

2024	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Unpaid benefits	4	2	16	22
External other current liabilities	217	872	42	1,131
Interfund balance	40	-	667	707
CURRENT LIABILITIES	**261**	**874**	**725**	**1,860**

2023	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Unpaid benefits	14	46	16	76
External other current liabilities	179	915	33	1,127
Interfund balance	98	-	675	773
CURRENT LIABILITIES	**291**	**961**	**724**	**1,976**

27. RELATED PARTY TRANSACTIONS AND CONTINGENT ASSET

Related Party Transactions

The Trustee Directors received fees of £142,694 (2023: £135,878) for their services to the Funds and were reimbursed for any expenses that they incurred during the performance of their duties.

Contributions received and pensions paid in respect of Trustee Directors who are members of the Funds have been in accordance with the Scheme Rules. During the year, contributions were received in respect of 5 Trustee Directors and pensions were paid to 3 Trustee Directors (2023: contributions 6, pensions 3).

£2,500 of fees and expenses were recharged to Employers during the year (2023: None). At the year-end no Employer recharges were outstanding (2023: None).

Contingent Asset

The Trustee Directors hold a contingent asset in the form of a second ranking legal mortgage over Access House, Halesfield 17, Telford, Shropshire TF7 4PW, which provides security for RTITB Ltd's section 75 liabilities to the Funds. Access House is owned by RTITB Properties Ltd, a fellow subsidiary of RTITB Limited's parent company, Skill Specialists Ltd.

28. CONTINGENT LIABILITIES AND COMMITMENTS

Guaranteed Minimum Pension (GMP) Benefits

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

A subsequent ruling, in November 2020, stated that pension scheme trustees must revise and equalise the values of historic transfers out of GMPs to ensure that there are no gender-based differences.

The Trustee Directors are undertaking an exercise to identify which of the Funds' members have benefits that will require adjustment due to the ruling, and by how much. A reliable estimate of the likely backdated amounts payable, plus interest, has not yet been calculated. However, the Trustee Directors do not expect it to be a material amount to the financial statements and therefore a liability has not been included in these financial statements.

The backdated amounts due, including any interest, will be accounted for in the year that they are determined.

Section 37 Actuarial Confirmations

In the Virgin Media Ltd versus NTL Pension Trustees II case, the High Court considered the application of section 37 of the Pension Schemes Act 1993, under which changes to the pension rights of a salary-related contracted-out scheme are

28. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

required to be supported by an actuarial confirmation that the scheme continues to satisfy the statutory standards.

In June 2023, the High Court handed down a judgment in the case which concluded that where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme.

The outcome of an appeal against the High Court's decision is pending. As matters currently stand, the case has the potential to cause significant issues in the pensions industry. The Trustee Directors have investigated the possible implications with their advisers but it is uncertain exactly how the ruling may apply to the Funds' circumstances, and therefore a reliable estimate of the potential impact is not possible at present.

Other Contingent Liabilities and Commitments

In the opinion of the Trustee Directors, the Funds had no other contingent liabilities or commitments as at 31 March 2024 (2023 - nil).

29. SUBSEQUENT EVENTS

The wind-up of the Open Fund DC Section was commenced on 5 July 2024. It is expected that all DC Section members' accrued benefits will be transferred to an alternative master trust by the end of 2025.

Supplementary Information

INTERNAL DISPUTE RESOLUTION

The Pensions Act 1995 (as amended by the Pensions Act 2004) requires that all pension schemes have a formal internal dispute resolution procedure in place allowing members, prospective members, beneficiaries and contingent beneficiaries an avenue for complaint.

It is hoped that members and beneficiaries will always be satisfied with the service provided by the ITB Pension Funds. However, in the unlikely event that a complaint arises, and a member of the Funds' staff fails to provide a satisfactory answer, then a copy of the formal internal dispute resolution procedure is available upon request from the Chief Executive at the Contact details provided on page 87.

THE PENSIONS OMBUDSMAN

The Pensions Ombudsman is an independent organisation set up by law to deal with pension complaints.

When the Ombudsman receives a complaint, it will consider whether it can be dealt with under its Early Resolution Service (ERS) whereby an informal approach is taken which seeks for all parties to agree to a proposed resolution.

Where the Ombudsman considers that informal resolution would not be possible, or where any of the parties does not want to use the ERS, the complaint will be dealt with under the Ombudsman's Adjudication process. This process can usually only be used if there has been a failure to achieve a resolution through the Funds' internal dispute resolution procedures.

To find out more about the Pensions Ombudsman visit its website at **www.pensions-ombudsman.org.uk**. The Pensions Ombudsman can be contacted at:

Email: enquiries@pensions-ombudsman.org.uk

Telephone: 0800 917 4487 (Monday to Friday 10am to 2pm)

THE PENSIONS REGULATOR

The Pensions Regulator is the UK regulator of work-based pension schemes, including the ITB Pension Funds. It can intervene in the running of schemes where trustees, employers or professional advisers are not carrying out their duties correctly. To find out more about The Pensions Regulator visit its website at **www.thepensionsregulator.gov.uk**. Should you have any concerns about the way a pension scheme is being run, these can be reported to The Pensions Regulator at:

Email: report@tpr.gov.uk

Telephone: 0345 600 0707

THE PENSION PROTECTION FUND

The Pension Protection Fund (PPF) is a public corporation, run by an independent Board which acts as the safety net for members of pension schemes where the employer has become insolvent and there are insufficient assets in the pension scheme to cover PPF levels of compensation.

The PPF is also responsible for:

- the **Fraud Compensation Fund** which pays compensation to occupational pension schemes which have lost out financially due to dishonesty.
- The **Financial Assistance Scheme** which provides financial assistance to members of defined benefit pension schemes who lost all or part of their pension following their scheme coming to an end between 1 January 1997 and 5 April 2005.

For more information about the PPF visit its website at **www.ppf.co.uk**, or contact it at:

Email: information@ppf.co.uk

Telephone: 0345 600 2541

MONEYHELPER AND PENSION WISE

MoneyHelper is a Government-backed money advice service which provides free and impartial money and pensions guidance for people across the UK.

MoneyHelper offers a service called Pension Wise through which appointments can be made with a specialist for anyone who is aged 50 or over, has a defined contribution (DC) pension and wishes to obtain free and impartial guidance about their retirement options. As Pension Wise is not regulated by the Financial Conduct Authority, it will not offer any personalised pensions advice or specific product recommendations. A regulated financial adviser or legal advice should be sought for these.

To contact Pension Wise go to its website at **www.moneyhelper.org.uk** and use the webchat facility or submit an online enquiry. Pension Wise can also be called on 0800 138 3944.

PENSION SCAMS

Pension scams attempt to defraud individuals of their pension savings, often through false promises and attractive sounding offers to entice the victim to transfer their pension savings from their existing pension scheme to a new arrangement. Once the pension savings have been transferred, there are a variety of ways in which the scammer may defraud the victim including unreasonable fee charges, outright theft or by placing the victim's savings in high-risk investments in which the fraudster has a financial interest.

There are many different types of pension scams and anyone who has concerns, or wants to find out more about how to avoid them, can obtain further information from the following sources:

- **The Financial Conduct Authority (FCA)**
  Website: **www.fca.org.uk/scamsmart**
  Consumer Helpline: 0800 111 6768
- **Action Fraud**
  Website: **www.actionfraud.police.uk**
  Telephone: 0300 123 2040

If you are unsure what to do, seek advice from MoneyHelper whose contact details are provided above.

If you become aware of a pension scam, it should be reported to the FCA and Action Fraud.

INDEPENDENT FINANCIAL ADVICE

An Independent Financial Adviser (IFA) can, for a fee, provide more detailed advice taking account of individual financial circumstances. MoneyHelper has guidance about how to find an IFA and the IFA directory can be accessed at:

Website: **www.unbiased.co.uk/life/pensions-retirement**

PENSION TRACING SERVICE

The UK Government's Pension Tracing Service is for anyone who is trying to trace a pension that they think they have from a previous employer but is unsure of the details. The Service will provide details of whom to contact to arrange for the pension to be paid out.

Website: **www.gov.uk/find-pension-contact-details**

Telephone: 0800 731 0193

TAX ENQUIRIES

Any member who is in receipt of a monthly pension and has a query about their tax code or income tax deductions should contact HM Revenue and Customs at the details provided below:

Pay As You Earn and Self Assessment
HM Revenue and Customs
BX9 1AS

Website: **https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees**

Telephone: 0300 200 3300

The Funds' tax references are:
Open Fund: 073/I1012A
Closed Fund: 073/I1012

AGE UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life.

Website: **www.ageuk.org.uk**

Telephone: 0800 678 1602

KEEPING US INFORMED

Please ensure that you keep the Trustee of the ITB Pension Funds advised of any change of address. You can do this by writing to the Funds' Office, at the address below, or using the Funds' website **www.itb-online.co.uk**

CONTACT

The ITB Pension Funds
23 King Street
Watford
Hertfordshire
WD18 0BJ

Telephone: 01923 226264

E-mail: pensions@itbpen.com

Website: **www.itb-online.co.uk**

Pension Scheme Registry Number: 10169800

The ITB Pension Funds

23 King Street, Watford,
Herts, WD18 0BJ
Telephone: 01923 226 264
Website: www.itb-online.co.uk

Pension Scheme Registry No. 10169800