THE ITB PENSION FUNDS **2021/2022**

YOUR SCHEME WORKING FOR YOUR FUTURE

ITB Annual Report & Financial Statements

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CHAIRMAN'S REVIEW

I ENDED LAST YEAR'S REVIEW OPTIMISTIC OF A RETURN TO NORMALITY FOLLOWING THE DAMAGE AND HURT CAUSED BY THE CORONAVIRUS PANDEMIC AND THE SCHEME YEAR ENDING 31 MARCH 2022 HAS CERTAINLY BEEN BETTER.

Of course, coronavirus continues to affect society and this together with other factors, such as the war in Ukraine and growing acknowledgement of climate change impacts, have meant that volatility has remained a feature for financial markets.

Against this background, it is encouraging for me to report that our investments performed well in the past year and The ITB Pension Funds made good progress on a number of fronts, many of which are highlighted below or contained in the main body of the report.

FUNDING AND INVESTMENTS

DEFINED BENEFIT (DB) ACTUARIAL VALUATIONS

2021/22 saw a lot of valuation related activity, all aimed at monitoring the ongoing financial health of the Funds.

The valuations are conducted by the Scheme Actuary, Martin Clarke of the Government Actuary's Department (GAD), who advises the Trustees 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, the Trustees completed the 2021 Closed Fund Triennial Valuation. This revealed a strong funding position, which allowed the Trustees to award a discretionary increase for members of the Closed Fund. An interim actuarial review of the Open Fund was also completed and showed a funding level of 99% on a revised technical provisions basis that took into account the negative impact of the revised way of calculating RPI from 2030. Work is currently underway on the 2022 formal triennial valuation, which will be completed well before the required date of June 2023.

DB SECTION INVESTMENTS

To meet recent regulatory requirements to measure the effectiveness of our investment consultants in meeting their objectives in advising the Funds, the Trustees submitted their second Compliance Statement and Certification to the Competitions and Markets Authority in December 2021.

With the increasing regulatory focus on climate change and the risks associated with it, the Trustees agreed two important investment changes which were implemented after the end of the period covered by this Annual Report. Firstly, in April 2022, Blackrock completed the switch into the ACS World Low Carbon Equity Tracker Fund for certain Closed Fund investments and, secondly, some Open Fund investments were moved from Allianz Global Investors to the Legal & General Low Carbon Transition Global Equity Fund in May 2022. Both switches are expected to prove beneficial for the Funds.

THE DEFINED CONTRIBUTION (DC) SECTION

With most active involvement by ITB Employers and their employees now in the DC Section, a review of the DC and AVC investment strategy was completed in 2020. The conclusion was that the default lifestyle fund remained suitable for members, but that it could be enhanced by addressing the risk posed by climate change. As a result, it was decided to replace the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Fund. This was successfully completed in July 2021 and the expectation is that as well as helping to mitigate climate-related risks and take advantage of growth opportunities, the change also improves the diversification of the equity investments for members.

DC SECTION DEVELOPMENTS

As a regulated Master Trust, ITB Pension Funds (ITB) is subject to active scrutiny by The Pensions Regulator (TPR). The first Master Trust Supervisory Return was submitted in June 2021, and I am pleased to report TPR remains satisfied that the Funds continue to meet all the regulatory standards laid down for Master Trusts. This is a significant outcome for our Employers and their employees.

Other developments within the DC Section included completion of two bulk transfers of deferred members, who had no other benefits within the Funds, to arrangements in their own name. Trustees also provided a new life cover only benefit through the Open Fund for employees of Employers who do not have a DC benefit in the Funds.

Finally, the Annual Value for Members assessment of the DC Section was completed, with the independent investment advisers concluding that members continue to receive good value for money. On the back of the assessment, the DC administrator was persuaded to further reduce its charges, further enhancing value for members.

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 guided by an independent firm of professional covenant advisers, BTG Advisory. Their role is to advise on covenant strength and to report to us on each Employer's financial position and business prospects. During the past year, the Trustees conducted a planned review of BTG Advisory and agreed to extend their appointment given the good advice and service received.

Together with the Trustees, 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, a number of employer related matters were overseen by the Trustees. These included an agreed change of ownership of CapitB Ltd and the completion of a beneficial restructure of Cogent Skills Ltd. Constructive discussions continued with the Department for Education regarding government policy towards the statutory ITBs and an initial very useful meeting was held with Tim Balcon, the new CITB Chief Executive. It is also pleasing to report that CITB obtained consensus and government approval for its levy raising arrangements, securing its funding for another three years.

TRUSTEES

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 Trustees, who have done much to contribute to the success of The ITB Pension Funds over the years.

Ben Alexander-Dann retired as a member trustee in November 2021 on leaving the employment of Enginuity and I thank him for his enthusiastic input and wish him well for the future.

The past year also saw the retirement of David Barnett as Open Fund Pensioner Trustee and the Members' Deputy Chairman. David gave more than forty years' service to ITB and it is impossible to adequately describe the value he has added to the Board and for members. His thoughtfulness and wise counsel will be sorely missed by his many friends and colleagues in the industry and we wish him good health and thank him sincerely for his huge contribution.

It was my pleasure to also welcome three new Trustees to the Trustee Board during the year covered by this review. These were Steve Eddy, Enginuity's Members' Trustee, Peter Sparkes, CITB's Members' Trustee and Peter Austin as Open Fund Pensioner Trustee. After the year-end, in July 2022, Steve retired as a Trustee upon leaving the employment of Enginuity and subsequently Marie Rowlands was appointed as Enginuity's new Members' Trustee. I would like to thank Steve for the contribution that he made to the Board and will look forward to working with my other new colleagues in the years to come and to their valued contribution.

I also look forward to working more closely with Robert Tabor, who was recently elected as the Members' Deputy Chairman.

GOVERNANCE

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

Following the ending of government recommended Covid restrictions, the Trustees returned to physical meetings, where possible. This helped ensure that high standards of governance were maintained and that more meaningful trustee training was able to take place. The new ITB Working Group dealing with the complex job of GMP Equalisation continued to monitor legislation and emerging and ever-changing guidance on the subject and developed an initial plan to deliver full compliance.

Following a recent review of the membership structure of the Trustee Board, to ensure a balanced board of employee and employer nominated trustees, further work was started to change the legal structure of the Board. The objective is to change from a Trust of individual Trustees to a Trustee Company limited by guarantee. This will allow for more flexibility to deal with the many complex issues facing the ITB in the next few years and at the same time provide additional protection for Trustees.

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. During the past year, the Trustees reviewed our Actuarial adviser, the Government Actuary's Department, and confirmed their appointment, given their valued advice and service.

It is also important to us that Employers feel engaged with governance and we held another successful training day for them in November 2021.

Protection of members' interests is key for the Trustees and with vulnerable savers increasingly being targeted by fraudsters ITB have signed-up to The Pensions Regulator's Pledge to Combat Pension Scams.

CLIMATE CHANGE

Significant new regulatory requirements around governance and disclosure for pension schemes have recently emerged and continue to evolve. As a result, the Trustees have undertaken a range of training initiatives and developed and published a statement of Climate Related Risk Beliefs and a Statement on Governance of Climate Change Risks and Opportunities. They also evaluated the Fund's exposure to climate related risks under three scenarios, set three metrics and a target in relation to monitoring and reducing exposure to climate related risks and embedded all of these in the Fund's risk analysis framework. A comprehensive report in compliance with the Task Force on Climate-related Financial Disclosures (TCFD) will be issued in tandem with this Annual Report and Financial Statements. This will encapsulate the detail of how ITB manages climate-related risks and meets all the regulatory requirements related to climate change.

OUTLOOK

At the time of writing this review, it seems we are leaving behind the coronavirus pandemic, and yet we remain in an uncertain world. Despite this uncertainty, the Trustees feel that the past scheme year has been a successful one with many notable achievements and that ITB is well placed to deal with future challenges.

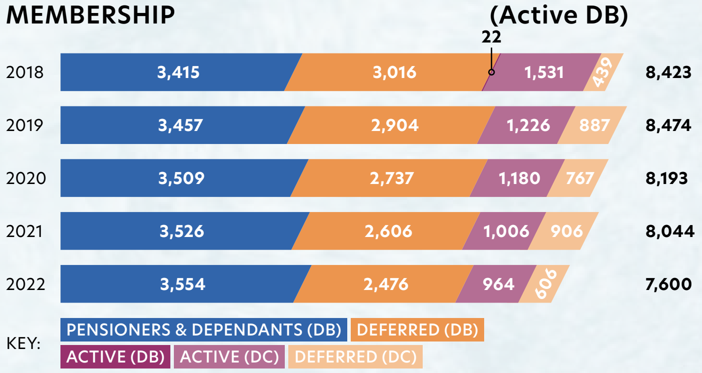
There is no doubt there will be headwinds, not least increasing regulation and fickle investment conditions. But with new blood on the Trustee Board, industry leading professional advisers and a talented staff I am more confident than ever that ITB will thrive in 2022 and the years to come. Above all else, the Trustees will continue to strive to ensure a positive outcome for all members of The ITB Pension Funds and they expect to deliver.

David Newell McGuiness

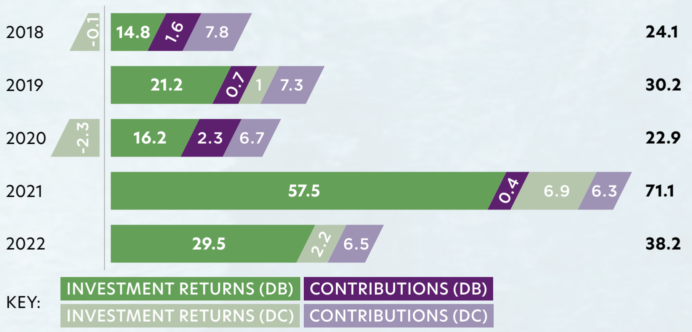
5 YEAR SUMMARY

OPEN FUND

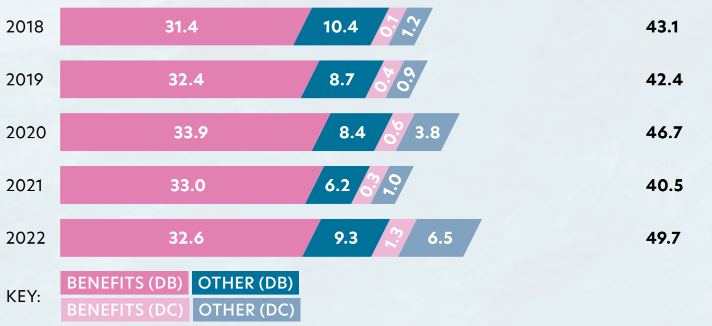
MEMBERSHIP



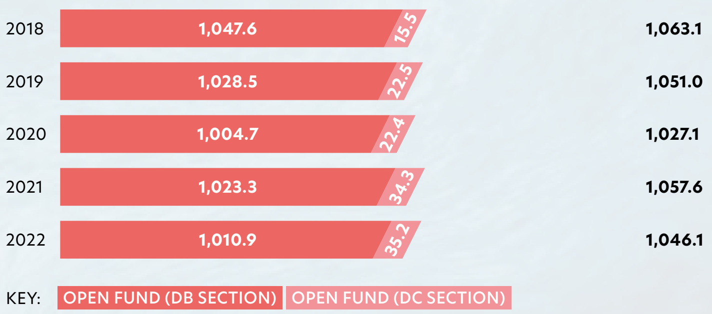
CONTRIBUTIONS & INVESTMENT RETURNS (£m)



EXPENDITURE (£m)

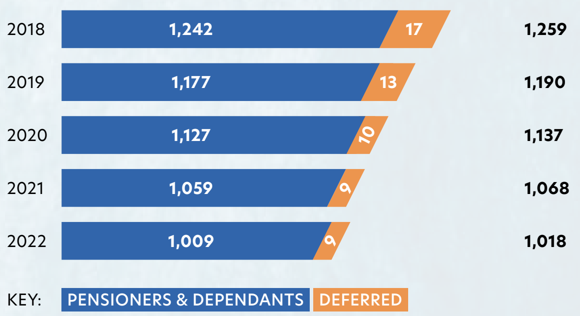


FUND VALUE (£m)

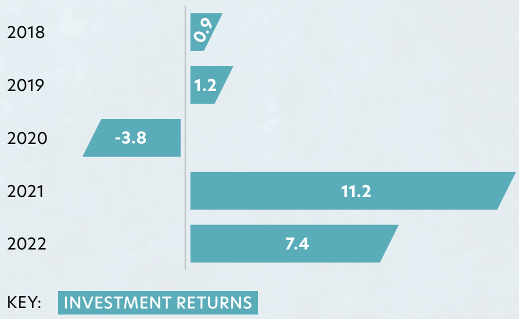


CLOSED FUND

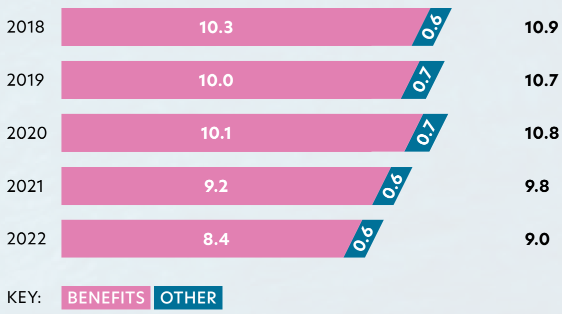
MEMBERSHIP



CONTRIBUTIONS & INVESTMENT RETURNS (£m)



EXPENDITURE (£m)



FUND VALUE (£m)

BOARD OF TRUSTEES

EMPLOYERS' TRUSTEES

DAVID BIRTWISTLE
Pensions & Reward Consultant
Nominated by Enginuity

RICHARD CAPEWELL
Retired Trustee of Lantra
Nominated by Lantra

JOHN DEARDEN
Retired Chief Executive of CAPITB Limited
Nominated by CAPITB Limited

TERRY LAZENBY, MBE
Retired Chairman of ECITB
Nominated by Engineering Construction ITB

NEWELL MCGUINESS *(CHAIRMAN)*
Retired Managing Director of SELECT
Nominated by Scottish Electrical Charitable Training Trust

PETER ROGERSON, OBE
(DEPUTY CHAIRMAN - EMPLOYERS)
Retired Deputy Chairman of Construction ITB
Nominated by Construction ITB

JOANNA WOOLF
Chair of Cogent Skills
Nominated by Cogent SSC Limited *(replaced by Cogent Skills Limited from 29 April 2021)*

MEMBERS' TRUSTEES

BEN ALEXANDER-DANN
(TO 22 NOVEMBER 2021)
Data Scientist and Insight Analyst
Nominated by Enginuity

STEVE EDDY
(FROM 28 JANUARY 2022 TO 13 JULY 2022)
Chief Sustainability Officer
Nominated by Enginuity

DAVID LEWIS
Senior Account Manager - Nuclear
Nominated by Engineering Construction ITB

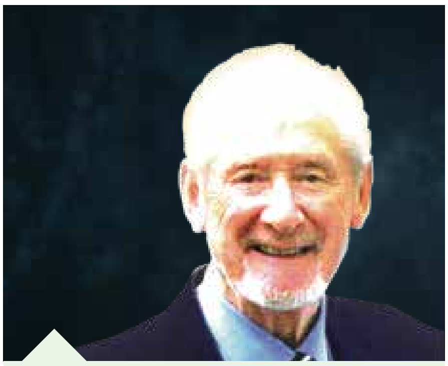
MARTIN MCMANUS
Policy & Standards Manager
Joint Member Trustee for Cogent Skills Limited, CAPITB Limited and Scottish Electrical Charitable Training Trust

PETER SPARKES
(FROM 9 APRIL 2021)
Senior Product Developer
Nominated by The trades union Unite for: Construction ITB

ROBERT TABOR
(DEPUTY CHAIRMAN - MEMBERS FROM 1 MARCH 2022)
Commercial Director and Deputy Chief Executive
Nominated by Lantra

Marie Rowlands was appointed as Enginuity's Members' Trustee on 7 October 2022.

PENSIONERS' TRUSTEES



MAURICE ALSTON
Retired - formerly Senior Training Adviser for Chemical and Allied Products ITB
Nominated by Closed Fund Pensioners

PETER AUSTIN *(FROM 1 APRIL 2022)*
Retired - Formerly Principal Training Adviser for Construction ITB
Nominated by Open Fund Pensioners

DAVID BARNETT
(TO 28 FEBRUARY 2022)
(DEPUTY CHAIRMAN - MEMBERS)
Retired - Formerly Director General of RTITB
Nominated by Open Fund Pensioners

OFFICERS AND ADVISERS

OFFICERS

MIKE THORPE FCA
Chief Executive

GARETH PRYCE ACA
Funds' Accountant

SIMON ROBINSON DIPCII
Pensions Administration Manager

ADVISERS

ACTUARY
Martin Clarke FIA Government Actuary's Department

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
Allianz Global Investors GmbH (up to 29 April 2022)

BlackRock Investment Management (UK) Ltd

Fidelity International

Fletcher King (up to 1 March 2022)

Insight Investment Management (Global) Ltd

Just Retirement Ltd

Legal & General Investment Management

Pension Insurance Corporation PLC

Schroder Investment Management (Luxembourg) S.A.

CUSTODIANS
JP Morgan Chase Bank NA

The Bank of New York Mellon (International) Ltd

PROPERTY VALUER
BNP Paribas Real Estate UK

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 in the next column.

The following changes took place effective from 29 April 2021:

- Cogent SSC Limited was replaced as a Principal Successor Body by its parent company, Cogent Skills Limited; and
- Cogent (Telford) Limited ceased participation in the Funds and its pension liabilities were taken on by Cogent Skills Limited.

Following these changes, Cogent SSC Limited remained a participating employer, as a Subsidiary Successor Body, until 28 July 2021 when its participation in the Funds ceased and its pension liabilities were taken on by Cogent Skills Limited.

After the year-end on 8 April 2022, CAPITB Limited changed its name to RTITB Limited.

COGENT SSC LIMITED ***(until 29 April 2021*)***

COGENT SKILLS LIMITED ***(from 29 April 2021)***

Participating Group Companies:

Cogent Skills Services Limited

Cogent Skills Training Limited

Cogent (Telford) Limited (until 29 April 2021)

Science Industry Assessment Service Limited

*Cogent SSC Limited remained a participating employer, as a Subsidiary Successor Body, until 28 July 2021

CONSTRUCTION ITB

ENGINEERING CONSTRUCTION ITB

ENGINUITY

Participating Subsidiary:

Excellence, Achievement and Learning Limited

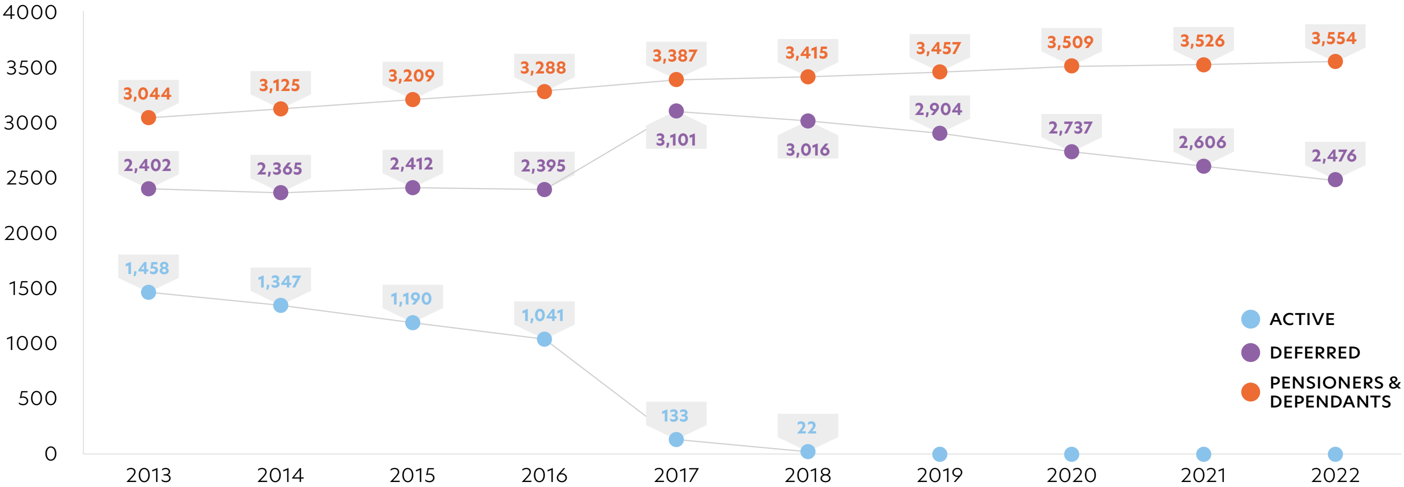
LANTRA

RTITB LIMITED ***(formerly known as CAPITB LIMITED)***

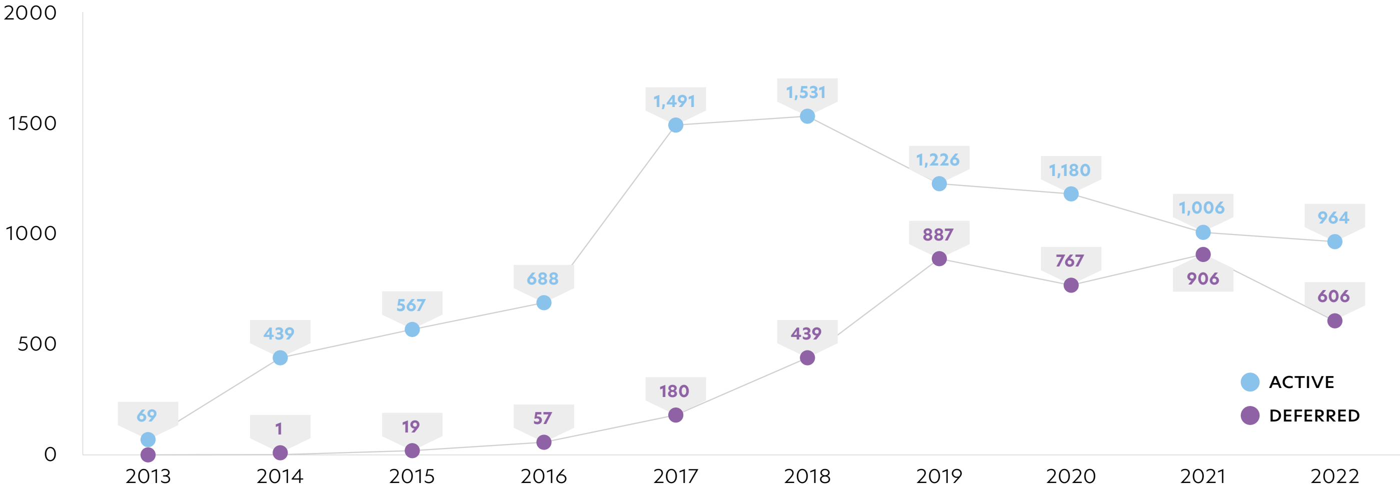
SCOTTISH ELECTRICAL CHARITABLE TRAINING TRUST

MEMBERSHIP

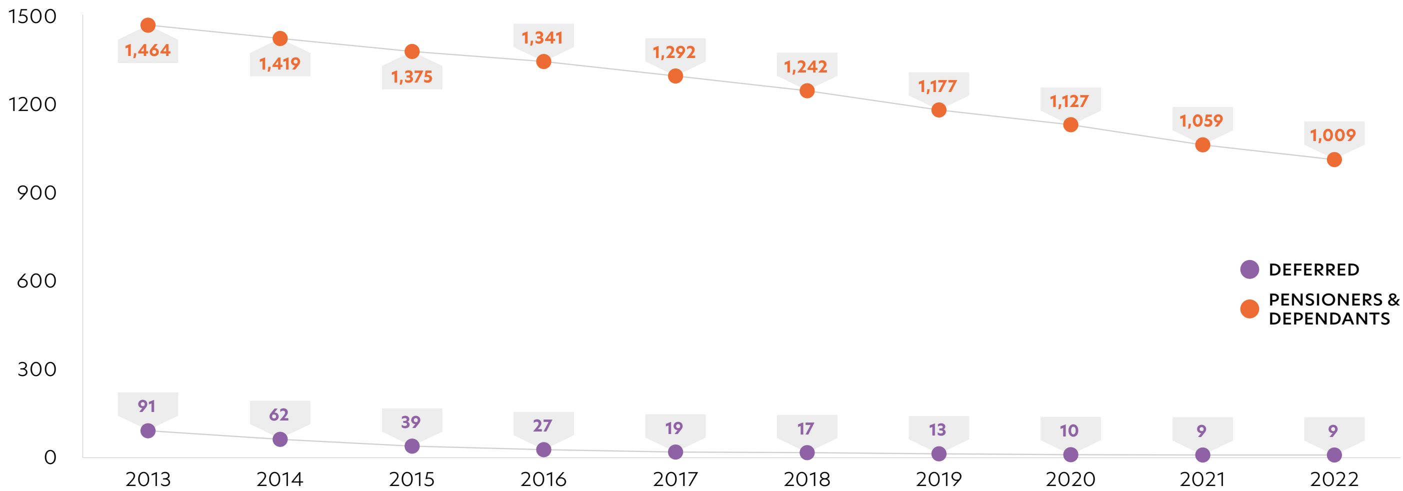
OPEN FUND DB SECTION



OPEN FUND DC SECTION



CLOSED SECTION



TRUSTEES' REPORT

The Trustees of the ITB Pension Funds present their annual report for the year ended 31 March 2022.

FUNDS CONSTITUTION

The ITB Pension Funds, consisting of the Open and Closed Funds, is set up under a Trust Deed and Rules and administered by a Board of Trustees, comprising Member (including Pensioner) Trustees and Employer Trustees. 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 its Participating Employers and are held in trust by the Trustees, 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. The benefits received by members are determined by elections made by the Employers. All Employers elected not to offer further DB benefits from the following dates:

- ECITB from 6 April 2016
- CITB from 1 January 2017
- Lantra from 1 February 2017
- Cogent (and group companies) from 1 April 2017
- Enginuity (and subsidiary) and CAPITB from 1 October 2017, and
- SECTT from 1 July 2018.

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

MANAGEMENT OF THE FUNDS

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

APPOINTMENT AND REMOVAL OF TRUSTEES

The Board of Trustees comprises Employers', Members', and Pensioners' Trustees. Subject to the Funds having at least three Employers, the Board's composition will be as follows:

Employers' Trustees

- Each main Employer appoints one Trustee

Members' Trustees

- The smallest three main Employers, ranked according to s75 Defined Benefit liabilities as at 31 March 2019, nominate a Joint Members' Trustee.
- The remaining main Employers nominate one Members' Trustee each.

Pensioners' Trustees

- The Open Fund's deferred members (except any who are active members of the DC Section) and pensioners nominate one Pensioner Member Trustee, as do such members of the Closed Fund.

The arrangements mean that in the event of a change to the number of Employers, an equal balance will be maintained between the number of positions for Employers' Trustees and the combined number of positions for Members' and Pensioners' Trustees.

As at 31 March 2022, there were seven main Employers and the Funds had thirteen Trustees consisting of seven Employers', five Members' and one Pensioners' Trustee. There was one Pensioners' Trustee position vacant, which was filled on 1 April 2022. More details about the Trustees in office during the year and to the date of the Trustees' Report can be found on pages 7 and 8.

In compliance with a 2015 legislative requirement for a majority of Trustees to be "non-affiliated", all new Trustee appointments and any reappointments, are made through an open and transparent process (OTP) with a maximum tenure of 10 years. Further details about this can be found in the Chairman's Annual Governance Statement on page 24.

Member Trustees are appointed through a nomination process under which there is a ballot of the Employer's members, except where an Employer recognises a trade union for negotiating terms and conditions of service, when the trade union concerned will nominate the Trustee.

All Trustees are appointed for a term of three years on the Trustee Board. A Trustee may resign at any time and will automatically vacate office if he or she ceases to fulfil the eligibility qualifications. In addition, a Trustee will immediately vacate office upon becoming bankrupt or of unsound mind.

The Trustees have the power by resolution to terminate a Trustee's appointment if, in their opinion, the individual concerned has been guilty of misconduct, or is otherwise unfit or unable to carry out his or her duties.

CHANGES TO THE TRUSTEES SINCE 1 APRIL 2021

Appointments and Reappointments

The following Trustee appointments and reappointments have been made since 1 April 2021, through an OTP, for three-year periods:

DATE	NAME	CHANGE	POSITION	PROCESS
9 April 2021	Peter Sparkes	Appointment	CITB, Members' Trustee	Nominated by the trade union 'Unite'
3 July 2021	Terry Lazenby	Reappointment	ECITB, Employers' Trustee	Renominated by ECITB
2 October 2021	Newell McGuiness	Reappointment	SECTT, Employers' Trustee	Renominated by SECTT
2 October 2021	John Dearden	Reappointment	CAPITB, Employers' Trustee	Renominated by CAPITB
28 January 2022	Steve Eddy	Appointment	Enginuity, Members' Trustee	Appointed following a nomination process in which he was the sole nominee
1 April 2022	Peter Austin	Appointment	Open Fund Pensioners' Trustee	Appointed following a members' ballot
9 April 2022	David Birtwistle	Reappointment	Enginuity, Employers' Trustee	Renominated by Enginuity
1 July 2022	Martin McManus	Reappointment	Cogent Skills, SECTT and CapitB Joint Members' Trustee	Reappointed following a nomination process in which he was the sole nominee
7 October 2022	Marie Rowlands	Appointment	Enginuity, Members' Trustee	Appointed following a nomination process in which she was the sole nominee

Retirements

Ben Alexander-Dann retired as Enginuity's Member Trustee on 22 November 2021 upon leaving the employment of Enginuity. David Barnett retired as the Open Fund Pensioners' Trustee on 28 February 2022. After the year-end on 13 July 2022 Steve Eddy retired as Enginuity's Member Trustee upon leaving the employment of Enginuity.

Deputy Chair

David Barnett's period of office as the Members' Deputy Chair came to an end upon his retirement as a Trustee on 28 February 2022. Following a nomination process, Robert Tabor was appointed as the new Members' Deputy Chair from 1 April 2022.

MEETINGS AND COMMITTEES

The Trustees normally meet at least four times a year. The Trustees have 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 Trustees. It also has oversight and management of responsibilities for investment climate-related risks and opportunities. The Investment Committee met four times during the year.

2. Management Panel

The Management Panel carries out research, investigation and monitoring of non-investment matters for the Trustees. 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 three times 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 one meeting during the year.

Additionally, there are two Trustee 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. The Working Party met once during the year.

Climate Change Risk Working Party
The Climate Change Risk Working Party reports to the Investment Committee. Its remit is to address the requirements of recently issued legislation and guidance on climate-related risks. The Working Party met seven times in the year.

MEMBERSHIP

The membership for the year to 31 March 2022 was as follows:

OPEN FUND DB SECTION	31 MARCH 2021	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2022
Deferred Members	2,606	0	(126)	(4)	2,476
Pensioners	2,883	100	0	(91)	2,892
Dependants	643	50	(2)	(29)	662
TOTAL	**6,132**	**150**	**(128)**	**(124)**	**6,030**

OPEN FUND DC SECTION	31 MARCH 2021	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2022
Active Members	1,006	156	(194)	(4)	964
Deferred Members	906	191	(490)	(1)	606
TOTAL	**1,912**	**347**	**(684)**	**(5)**	**1,570**

CLOSED FUND	31 MARCH 2021	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2022
Deferred Members	9	0	0	0	9
Pensioners	706	0	0	(35)	671
Dependants	353	13	0	(28)	338
TOTAL	**1,068**	**13**	**0**	**(63)**	**1,018**

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 0.5% and was payable from 12 April 2021.

OPEN FUND NEW AND 2007 SECTIONS

Under the rules of the Open Fund, New and 2007 Sections the level of 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 1.1% and was payable from 12 April 2021. The actual increase is subject to a maximum increase cap as described for the New and 2007 Sections in the following table.

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.

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 are advised by the Department of Work and Pensions (DWP) of the amount of the GMP that will be paid by the Funds as part of their total pension. The DWP will also confirm that subsequent cost of living increases on the GMP will be payable by the DWP by making the necessary addition to members' basic State Pensions. Spouses' GMPs are inflation protected by the State, irrespective of age.

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 rules of the scheme 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 Trustees, 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 Trustees do not accept transfers into the DB Section. However, members of the DC Section may apply to the Trustees 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 Trustees and the Participating Employers and set out in the Statements of Funding Principles, which are available to members on request.

Scheme funding legislation requires trustees to determine which actuarial funding method to use. However, since the differences between the permissible methods arise solely in relation to the treatment of active members no such decision is necessary for both the Open and Closed Fund as there are no active members in the defined benefit sections.

OPEN FUND – VALUATION RESULTS

The most recent full actuarial valuation of the Open Fund was carried out as at 31 March 2019. The valuation of the Fund's liabilities excludes the benefits of the members insured under the four buy-in policies held by the Fund and, for consistency, the values of the buy-in policies are also excluded from the valuation of the Fund's assets. The valuation showed that as at 31 March 2019 the Fund was 104% funded:

THE VALUE OF TECHNICAL PROVISIONS WAS:
£485,900,000

THE VALUE OF THE ASSETS AT THAT DATE WAS:
£507,200,000

The significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Annex to the Statement of Funding Principles):

OPEN FUND – 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 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). The expected return on the assets is assumed to be the redemption yields on gilts plus a prudent margin to allow for expected returns on the Fund's assets exceeding those from gilts and minus an allowance for an inflation risk premium of 0.25% a year. The trustees allow for 0.15% a year outperformance relative to the gilt yield curve.

Future Retail Price Inflation (RPI)

This is derived from the difference between annually compounded redemption yields on the nominal gilt yield curve, less an adjustment of 0.25% a year for an inflation risk premium, and the index linked gilt yield curve to determine the implied RPI curve.

Future Consumer Price Inflation (CPI)

This is derived from the assumed RPI curve less a prudent adjustment equal to 0.9% a year.

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

Projected improvements in mortality rates are assumed to be in accordance with the 2018 Continuous Mortality Investigation projection model using a smoothing factor of 7.5 and a 1.5% long term improvement per year.

CLOSED FUND – VALUATION RESULTS

The most recent full actuarial valuation of the Closed Fund was carried out as at 31 March 2021. The valuation of the Fund's liabilities excludes those liabilities which will be met by a bulk annuity policy. For consistency, the bulk annuity policy is excluded from the valuation of the Fund's assets. The valuation then assesses the extent to which the Fund's residual assets are sufficient to meet future expenditure not covered by the bulk annuity policy. The Fund's liabilities are valued using financial assumptions consistent with market conditions at the valuation date. This most recent valuation showed that on that date the Fund was 221% funded:

THE VALUE OF TECHNICAL PROVISIONS WAS:
£34,200,000

THE VALUE OF THE ASSETS AT THAT DATE WAS:
£75,500,000

The significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Annex to the Statement of Funding Principles):

CLOSED FUND – ACTUARIAL ASSUMPTIONS

Key assumptions

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

Differences between the Fund's liabilities and the terms of the bulk annuity 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 bulk annuity 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 Trustees in future.

Post-retirement mortality

Assumed to be in line with 100% of the S3NMA, S3NFA_heavy and unadjusted 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.

INVESTMENT REPORT

OPEN FUND – DB SECTION

Investment Strategy

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 36 to 49 of this Report.

An annual funding update is prepared as at 31 March each year. For the 2021 update a different approach was used to setting the CPI assumption compared to the 2019 triennial valuation and 2020 annual funding update to reflect the announcement that RPI will, from 2030, be calculated using an alternative CPIH method, based on Consumer Price Indices.

Under this revised approach, the annual update showed that the Open Fund DB Section had a funding deficit of £3m at 31 March 2021 on a technical provisions basis and a funding level of 99%. By comparison, on a like-for-like basis, there was a £10m surplus at 31 March 2020, and a funding level of 102%.

The Trustees have considered the deficit reported by the 2021 funding update and decided not to make any changes to the investment strategy ahead of a further review which will take place upon completion of the 2022 triennial actuarial valuation.

No revisions have been made to the Open Fund DB Section's long-term objectives which are to buy-in all the liabilities by 2028 whilst running a "self-sufficient" investment strategy, which seeks to maintain a fully funded position, on a low-risk basis.

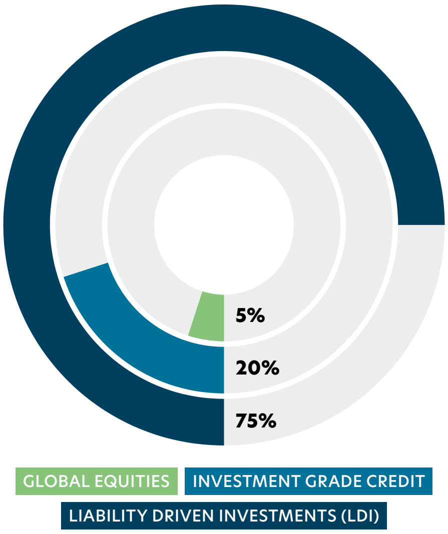
Liability driven investments (gilts and derivatives), investment grade credit and buy-in insurance policies are invested in to protect the funding position against changes in interest rates and inflation. The buy-in policies fully insure pensioner liabilities that were in payment up to 31 December 2017 and reduce risk in the investment strategy by transferring investment and longevity risk to the insurer.

During the year, to help address the risks posed by climate change, the Trustees decided to reduce exposures to companies with high carbon emissions by fully disinvesting from the global equity fund managed by Allianz and reinvesting into the same Legal & General Low Carbon Transition Global Equity Index Fund already in place for the DC Section. This was implemented in May 2022.

The disposal of the Fund's property portfolio was completed during the year following the sale of the final direct property investment.

Asset Allocation

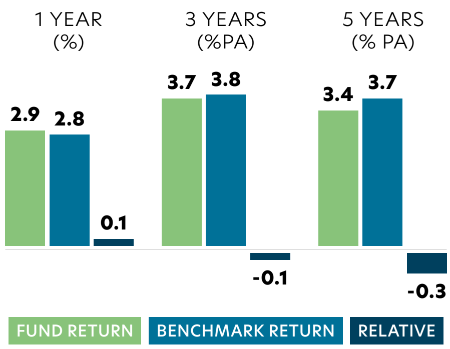
The target asset allocation, excluding buy-in policies, as at 31 March 2022 is shown below. The Trustees review the allocation regularly to ensure that the investments remain appropriate when compared with the Fund's liabilities and the amount of risk the Trustees are prepared to accept.



The actual asset allocation at 31 March 2022 was 6% global equities, 17% investment grade credit, 75% Liability Driven Investment and 2% cash. The asset allocations complied with the Statement of Investment Principles (SIP) throughout the year.

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 2022, as is shown below:



OPEN FUND – DC SECTION

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 36 to 49 of this Report.

Contributions made for members of the Open Fund DC Section are invested with Legal & General Assurance Society Ltd. Total contributions of £5,327,000 were made in the year (2021: £5,890,000). Contributions are allocated to a range of funds according to members' choices. If a member does not nominate a specific choice of investment funds, contributions are invested in the default fund.

During the 2020/21 financial year, to reduce exposure to companies with high carbon emissions, the Trustees decided to replace the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Global Equity Index Fund in the default fund arrangements. Also, to add the L&G Low Carbon Transition Global Equity Index Fund to the self-select investment fund range. These changes were implemented in July 2021.

Over the year to 31 March 2022, the default fund growth phase was made up of a mixture of the Global Equity Fund (70%) and the Multi Asset Fund (30%). Once a member reaches 15 years to target retirement date, the default fund commences automatically switching investments gradually to a lower risk investment strategy until, by the target retirement date, there is a 75% allocation to the Multi Asset Fund and 25% to the Cash Fund.

Shown below is the range of funds available to members during the year, together with the performance benchmarks, fee charges and the value of units held in each fund. The performance of members' funds is reported in the Chairman's Annual Governance Statement, on page 24. All index-tracking funds performed broadly in line with benchmarks during the year. The L&G Multi Asset Fund performance for the year was 4.4%, which was 0.2% below its benchmark. However, over five years, its performance remains above benchmark by 0.5%pa.

FUND	FUND VALUE (£000'S)	% OF TOTAL DC FUNDS	PERFORMANCE BENCHMARK	PERFORMANCE TARGET	TER*
BOND FUNDS:					
Over 5 Years Index-Linked Gilts Index Fund	132	0.4	FTSE Actuaries UK Index-Linked Gilts (Over 5 Years) Index	To track the index	0.28%
Over 15 Years Gilts Index Fund	46	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	45	0.1	iBoxx £ non gilts (ex BBB) Over 15 Years Index	To track the index	0.32%
EQUITY FUNDS:					
Low Carbon Transition Global Equity Index Fund (Currency Unhedged)	8,349	23.9	Solactive L&G Low Carbon Transition Global Index	To track the index	0.27%
Low Carbon Transition Global Equity Index Fund (Currency Hedged)	8,260	23.6	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)	1,236	3.5	Composite of 30/70 distribution between UK and overseas, 75% £ hedged	To track the index	0.34%
Ethical Global Equity Fund	546	1.6	FTSE4 Good Global Index	To track the index	0.50%
HSBC Islamic Global Equity Fund	23	-	Dow Jones Islamic Titans 100 Index	To track the index	0.55%
OTHER FUNDS:					
Multi Asset Fund	15,407	44.0	Composite Index	To provide long-term investment growth	0.33%
Cash Fund	979	2.8	7 day LIBID	CAPS Pooled Pension Fund median	0.29%
TOTAL FUND	**35,023**	**100.0**			

* TER (Total Expense Ratio) includes annual management charge, custody fees and other legal expenses, e.g. audit fees. TERs exclude transaction costs which are additional expenses borne by the fund.

CLOSED FUND

Investment Strategy

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 36 to 49 of this Report.

Most of the Closed Fund's liabilities were bought-in through an insurance policy with Pension Insurance Corporation in April 2011. The remaining assets of the Closed Fund form the "Reserve Assets".

The results of the 31 March 2021 triennial actuarial valuation showed that the Closed Fund had a surplus of £41m (221%) on a technical provisions basis, compared to a surplus of £34m (196%) reported by the 31 March 2020 annual funding update.

The Trustees have not made any changes 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

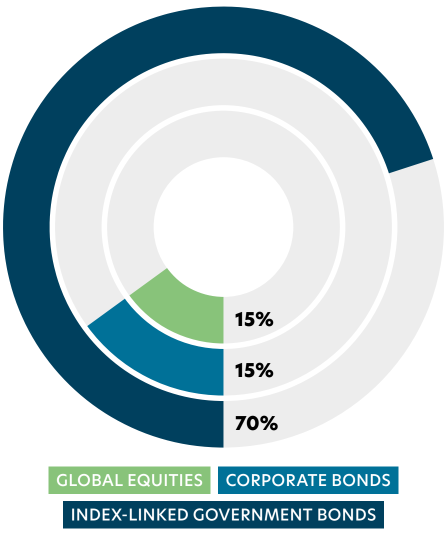
appropriate diversification, which will generate additional capital growth to meet further benefit enhancements.

- 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.

During the year, to help address the risks posed by climate change, the Trustees decided to reduce exposures to companies with high carbon emissions by switching the global equity exposure into a fund with a similar risk and return profile but targeting lower carbon emissions. This was implemented in April 2022.

Asset Allocation - Reserve Assets

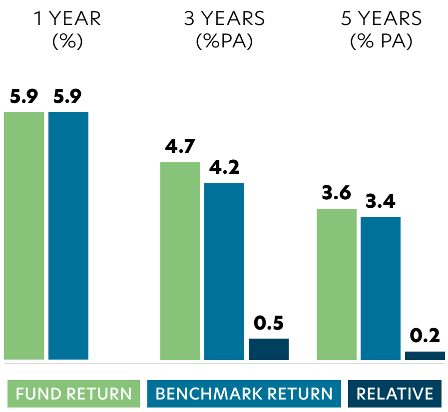
The target asset allocation for the Reserve Assets throughout the year to 31 March 2022 was as follows:



The actual asset allocation as at 31 March 2022 was 16% global equities, 13% corporate bonds, 70% index-linked government bonds and 1% cash. The asset allocations complied with the Statement of Investment Principles (SIP) throughout the year.

Investment Performance

The performance of the Closed Fund Reserve Assets, after investment manager fees, over one, three and five years to 31 March 2022 is shown below:



INVESTMENT MARKETS YEAR ENDED 31 MARCH 2022

ECONOMIC OVERVIEW

Having dominated global economic concerns for much of 2020 and 2021, the COVID-19 crisis began to gradually recede in importance in Q1 2022 for most developed countries. The most recent dominant variant, Omicron, which emerged at the end of Q4 2021 was, despite its higher transmissibility, less severe - especially for relatively well vaccinated populations. With a semblance of normality returning, major central banks began to unwind the accommodative monetary policy taken to cushion the economic fallout from the pandemic. Likewise many governments which had rolled out unprecedented stimulus packages - the US government alone spent more than $5tn in fiscal stimulus - also rolled back spending over the latter part of 2021 and into 2022. With hindsight some economists felt that the combined monetary and fiscal stimulus may have been too large and continued for too long, contributing to inflation decoupling from central bank's targets. Predictions that the inflationary pressures which built up over Q2 and Q3 of 2021 would only be transitory have proved overoptimistic - by 31 March 2022 a potential inflationary spiral had become a concern for many governments and central banks around the world.

Russia's invasion of Ukraine in Q1 2022 saw unprecedented sanctions imposed by Western countries on the former, exacerbating the raw materials shortfalls and supply chain issues that plagued 2021. China's decision to pursue a zero-Covid policy in an attempt to eliminate outbreaks of more transmissible variants of COVID-19 saw entire cities go into lockdown, and only exacerbated inflationary pressures.

For the majority of 2021, the Bank of England (BoE) maintained loose monetary policy conditions with a base rate at 0.1%. This stance was reversed in December when it increased interest rates for the first time since the beginning of the pandemic, by 0.15% to 0.25%. Two more hikes followed in Q1 2022 taking the rate to 0.75% with Andrew Bailey, BoE Governor, acknowledging that inflation was running well ahead of the 2% target, reaching 7.0% in March.

EQUITIES

After performing strongly over the first three quarters of the period, buoyed by generous government and central bank policy support, developed market equities finally lost momentum in Q1 2022. Persistent inflation, rising interest rates, stimulus reductions, slowing growth along with rising geopolitical tensions produced significant market corrections - with technology and other high growth stocks particularly hard hit. Overall returns were positive however, despite a rocky end to the year.

For the first three quarters of the year to 31 March 2022, US stock markets delivered strong returns, reflecting the availability of cheap money, generous fiscal stimulus packages and the successful rollout of the COVID-19 vaccination programme. The final quarter though saw the beginning of the end of the Federal Reserve's accommodative policy, with rates being raised to combat inflation. As borrowing became more expensive, growth oriented companies struggled the most with the Nasdaq composite (more weighted towards tech and growth stocks) underperforming the S&P500. However, over the year as a whole, US markets delivered healthy returns.

Although many European countries, such as Germany and France, faced frequent waves of COVID-19 infections, news of effective vaccines, a successful inoculation campaign and further economic stimulus saw European equities rise steadily over the first three quarters, only for steep losses to ensue in Q1 2022 following the Russian invasion of Ukraine, briefly wiping out all gains made over the period since 31 March 2021. A partial recovery towards the end of the period saw European equities finish up for the 12 months as a whole.

UK equities benefitted more than most from the reopening of much of the global economy over the 12 months to 31 March 2022, being heavily reliant on more economically sensitive sectors – such as energy – which had previously been severely impacted by lockdowns and public health measures. While UK equities generally outperformed other markets in the final quarter, (in part due to heavier exposure to commodity selling companies profiting from rising prices and banks benefitting from rising interest rates), there was still a significant slowdown, with returns broadly flat. While UK shares performed relatively strongly over the year, the market experienced bouts of significant volatility catalysed by events such as the emergence of the Omicron variant, the Bank of England's interest rate hikes, and the Russian invasion of Ukraine.

Over the 12-months to 31 March 2022, emerging market equities were hit hard, finishing the period with negative returns. As with other markets, in the final quarter of the period, Q1 2022, there were sharp falls, following Russia's invasion of Ukraine (and later the removal of Russian assets from major emerging market indices). Emerging market equities also suffered from continued concerns over the Chinese government's struggles to maintain its zero-Covid policy – even at the cost of quarantining Shanghai – a city of 25 million and a major commercial centre, and as the US dollar significantly strengthening as investors sought safe havens.

BONDS

Over the year to 31 March 2022, nominal UK government bonds posted negative returns, while inflation-linked UK government bonds rose in value.

Over the year to 31 March 2022, nominal bond yields (which are inversely related to bond prices) rose resulting in fixed interest gilts delivering negative returns over the period. At the start of the period, while central bank policy remained supportive and expectations for growth and inflation remained modest, returns were positive. However, as the global economy began to re-open and inflationary momentum began to gather, gilt yields started to rise as it became clear that the Bank of England would need to raise rates far faster than previously expected.

Real yields ended the year to 31 March 2022 in a similar place to how they started it, except at very short durations which saw a steep fall as a result of much higher near-term inflation expectations. However this masks significant volatility over the period. Returns over the year have been positive for index-linked gilts.

Overall, corporate bonds posted negative returns over the year to 31 March 2022 as a result of rising risk-free yields and increased credit spreads. Most of the uptick in credit spreads occurred in the final quarter of the period, Q1 2022, as it became clear that central bank stimulus packages would be retired and the more difficult economic environment raised the likelihood that some companies might struggle to repay their debts.

UK PROPERTY

The UK property market produced very strong double digit returns over the year to 31 March 2022. Growth in capital values was the main contributor to returns, driven primarily by buoyant investor sentiment on the back of the successful vaccine roll-out programme and easing of lockdown restrictions. Steady rental income also contributed meaningfully to performance. Investment returns were positive across all the main property sectors over the 12 month period, although the dispersion of returns between different sectors remained wide. Industrial property was by far the standout performer over the year, with ongoing demand for logistics warehousing due to a continued surge in online retailing. Retail sector returns were also strong, with recovery driven by the very strong performance of retail warehouses. Offices delivered more modest positive returns across London and other parts of the UK.

RESPONSIBLE INVESTMENT

The Trustees have considered how environmental, social, governance ("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 Fund and their members.

The Trustees have also specifically considered how climate-related risks may impact on the Funds. In accordance with the Climate Change Governance and Reporting Regulations 2021 and statutory guidance for trustees, the Trustees have published their Climate Related Risk Beliefs and a Statement on Governance of Climate Change Risks and Opportunities on the Funds' website and taken actions in relation to governance, strategy and risk management of climate-related risks. This activity, including results of analyses of potential impacts on the Funds' investments under various future climate scenarios, is summarised in the Trustees' Task-force on Climate Related Financial Disclosures (TCFD) Report which is also on the Funds' website ***www.itb-online.co.uk***.

The Trustees expect the investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how the managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds but expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate.

The Trustees 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 Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and, therefore, have made available the L&G Ethical Global Equity Index Fund as an investment option.

MANAGEMENT AND CUSTODY OF INVESTMENTS

The Trustees have delegated management of investments to professional investment managers which are listed on page 9. These managers, which are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements or in accordance with pooled investment vehicle policy documents, which are designed to ensure that the objectives and policies set out in the Statements of Investment Principles are followed.

The Trustees have appointed JP Morgan Chase Bank to keep custody of the Open Fund's segregated assets. The Bank of New York Mellon is appointed, under a tripartite agreement with BlackRock, as custodian for the pooled funds managed by BlackRock for the Closed Fund. The investment managers of the pooled funds are responsible for appointing custodians for the underlying assets of the other pooled funds. 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 Trustees.

The Trustees 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 (2021 – none).

STATEMENT OF TRUSTEES' RESPONSIBILITIES

THE TRUSTEES' 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 Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the ITB Pension Funds ("the Fund") during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund 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 Trustees are 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 Fund will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

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

The Trustees are also responsible for the maintenance and integrity of the ITB Pension Funds's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Trustees are 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 Fund by or on behalf of employers and the active members of the Fund and the dates on or before which such contributions are to be paid.

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

Where breaches of the schedule occur, the Trustees are 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 2022 are set out on pages 56 to 76. During the year, the net assets of the Funds fell from £1.23bn to £1.21bn.

CONTACT

If members have a query or wish to make their views known to the Trustees 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 Trustees' Report was approved by the Trustees on 18 October 2022 and signed on their behalf by

D N McGuiness
Trustee

P G Rogerson
Trustee

CHAIRMAN'S ANNUAL GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

INTRODUCTION

This statement has been prepared by the Trustees 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 2022 and seven key areas relating to the Open Fund Defined Contribution Section (DC Section):

1. The investment strategy relating to the DC default investment arrangement
2. The performance of the DC Section investments
3. The financial transactions made within the DC Section
4. The charges and transaction costs within the DC Section
5. The Trustees' compliance with knowledge and understanding requirements
6. Appointment of Trustees
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 currently 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. This is a lifestyle fund that targets income drawdown at retirement and automatically switches investments to a progressively lower risk investment strategy from 15 years before retirement. The Trustees' 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 allocation which the Trustees consider appropriate for a member intending to drawdown in retirement.

The Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

The Trustees have adopted 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 1 December 2021, is reproduced in the schedule to this statement. It sets out the investment principles for the DC funds, including a detailed description of the default arrangement and the Trustees' objectives and policies in relation to it.

The next full DC Section investment strategy and performance review, including the default arrangement, is due in November 2023. The last full review was conducted in November 2020 and concluded that the lifestyle strategy targeting drawdown at retirement remained appropriate for achieving the default arrangement's objective and that the self-select range of funds offered a sufficiently broad range of options to members.

However, after considering advice from the Trustees' investment consultant, it was decided to amend the equity component of the default fund arrangement to address the potential impact of climate change on members' investments and remove a bias to UK equities relative to market capitalisation weights. This was implemented in July 2021, by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Global Equity Index Fund, which is a climate-tilted equity fund that seeks to reduce exposure to carbon emissions over time and has a geographic allocation broadly aligned with market capitalisation weights.

Also, in July 2021, the L&G Low Carbon Transition Global Equity Index Fund was added to the self-select investment fund range and replaced the L&G Global Equity Market Weights 30:70 Index Fund in the Cash and Annuity lifestyle strategies available to DC and AVC members.

The Investment Committee has reviewed the performance of funds in the default arrangement at each quarter end during the year and concluded that they have been performing broadly as expected, consistent with the Trustees' targets and other objectives.

2. INVESTMENT PERFORMANCE

The return on investments (net of charges and transaction costs) for periods ended 31 March 2022 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	3.9	3.1
Over 15 Years Gilts Index Fund	-7.9	0.9
AAA-AA-A Corporate Bond Over 15 Years Index Fund	-9.8	1.7
Global Equity Market Weights 30:70 Index Fund (75% GBP Currency Hedged)	11.9	9.4
Ethical Global Equity Index Fund	18.4	12.2
HSBC Islamic Global Equity Index Fund	21.4	16.2
Multi Asset Fund	4.4	5.4
Cash Fund	0.1	0.4

Note: No investment performance returns are reported for the L&G Low Carbon Transition Global Equity Index Fund because as at 31 March 2022 it had been in existence for less than one year.

The net investment returns for the three lifestyle funds for periods ended 31 March 2022 are reported 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 on 1 April 2021.

AGE OF MEMBER ON 1 APRIL 2021	DRAWDOWN (DEFAULT STRATEGY)		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	8.7	7.6	8.7	7.6	8.7	7.6
45	8.7	7.6	8.7	7.6	8.7	7.6
55	7.5	6.4	7.5	6.4	6.3	5.7

The Trustees 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 Trustees 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 Trustees behalf by the Funds' DC platform provider, L&G, under a policy to administer the Funds' DC Section.

The Trustees 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 Trustees obtained and reviewed administration reports each quarter. The reports showed L&G's performance against service level agreements (SLAs) for processing all core financial transactions. The SLA's 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 Trustees also reviewed the AAF 01/06 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 operating within the investment manager and the administrator of the DC funds.

Staff at the ITB Pension Funds reconciled L&G's quarterly reports to monthly contribution summaries supplied by the participating employers to monitor whether contributions had been processed accurately. 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 Trustees. The promptness of processing these transactions was monitored by the Trustees 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 Trustees' 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. As shown by the table below, during the financial year there were some improvements in SLA performance for payments processing and the servicing of member enquiries, including requests for quotes and issuing maturity and leaver packs. The exception to this was the September 2021 quarter, which was impacted by an increase in the volume of requests and payments.

	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 2021 quarter	72%	5.7	96%	7.1
September 2021 quarter	56%	7.0	85%	11.0
December 2021 quarter	87%	3.5	91%	1.3
March 2022 quarter	79%	2.0	80%	3.9

L&G has processes in place to help meet the SLAs, for example the dedicated L&G contributions team performed a daily contribution data reconciliation for all contribution payments received. L&G also performed 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 are recorded against a member's record.

The Trustees reviewed the DC Section's governance processes and internal controls each quarter and were satisfied that the processes and controls were consistent with The Pensions Regulator's DC Code of Practice No. 13.

Based on the above, the Trustees are satisfied that the core financial transactions relating to the DC Section and AVCs have been processed accurately and generally promptly during the scheme year and that for transactions processed outside service levels, the volume and delays were not excessive.

4. CHARGES AND TRANSACTION COSTS

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	0.31	0.32	0.32
Annuity Lifestyle	0.29	0.29	0.30	0.30	0.29
Cash Lifestyle	0.29	0.29	0.31	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	0.27
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.

Table 3: Transaction costs for lifestyle options

	ANNUAL AVERAGE TO 31 MARCH 2022				
PERIOD TO RETIREMENT:	MORE THAN 15YRS %PA	15 YRS %PA	10 YRS %PA	5 YRS %PA	0 YRS %PA
Drawdown Lifestyle *(Default Option)*	0.01	0.01	0.01	0.02	0.02
Annuity Lifestyle	0.01	0.01	0.02	0.02	0.02
Cash Lifestyle	0.01	0.01	0.01	0.02	0.00

Table 4: Transaction costs for self-select funds

FUND	YEAR TO 31 MARCH 2022 %PA	ANNUAL AVERAGE TOTAL* %PA
Over 5 Years Index-Linked Gilt Fund	0.02	0.05
Over 15 Years Gilts Index Fund	0.05	0.02
AAA-AA-A Corp Bond Over 15 Years Index Fund	0.00	0.00
Global Equity Market Weights 30:70 Index Fund	0.03	0.04
Low Carbon Transition Global Equity Index Fund	0.01	0.01
Ethical Global Equity Index Fund	0.00	0.00
HSBC Islamic Global Equity Index Fund	0.13	0.08
Multi Asset Fund	0.01	0.02
Cash Fund	0.00	0.00

* The Annual Average Total transaction costs have been provided by the investment manager, L&G. They are based on the average costs over the 5 years to 31 March 2022 or, where data was available for fewer than 5 years, the average costs over the maximum number of years up to 31 March 2022 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"				"Highest Expected Return" and "Lowest Cost"		"Lowest 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	23,224	23,170	23,216	23,162	23,111	23,049	22,449	22,399	23,272	23,223	22,449	22,392	23,232	23,120
3	35,287	35,069	35,226	35,004	34,845	34,594	32,321	32,130	35,478	35,281	32,321	32,104	35,319	34,866
5	47,927	47,462	47,728	47,248	47,005	46,475	41,899	41,517	48,328	47,904	41,899	41,465	47,994	47,030
10	82,231	80,741	81,034	79,468	79,372	77,710	64,616	63,555	83,491	82,122	64,616	63,411	82,440	79,364
15	120,779	117,579	114,383	111,105	114,759	111,266	85,679	83,692	123,470	120,503	85,679	83,424	121,223	114,650
20	164,095	158,358	N/A	N/A	153,447	147,315	105,210	102,092	168,924	163,555	105,210	101,674	164,888	153,156
25	212,769	203,499	N/A	N/A	195,746	186,042	123,318	118,905	220,601	211,846	123,318	118,316	214,051	195,175
30	267,465	253,469	N/A	N/A	241,990	227,646	140,109	134,268	279,356	266,013	140,109	133,492	269,404	241,030
35	328,926	308,785	N/A	N/A	292,549	272,341	155,678	148,306	346,156	326,772	155,678	147,331	331,726	291,069
40	397,991	370,017	N/A	N/A	347,826	320,357	170,113	161,133	422,103	394,925	170,113	159,951	401,894	345,675

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 £17,399 – the median pot size as at 31 March 2022.
3. Inflation is assumed to be 2.5% each year, which is the assumption used by Legal & General in members' 31 March 2022 benefit statements
4. It is assumed the current average level of contributions of £5,350pa 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: 2.36% above inflation
   Default arrangement at Age 50 and retiring at 65: between 0.98% and 2.36% above inflation
   Multi Asset: 1.8% above inflation
   Global Equity Low Carbon Transition: 2.6% above inflation
   Over 5 Year Index-Linked Gilts: 1.5% below inflation
   Islamic Global Equity 2.4% above inflation
   Over 15 Years Gilts: 1.5% below inflation
   Cash: 1.5% below inflation

Value for money

It is an objective of the Trustees 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.

In order to meet this objective, a value for members assessment of the DC arrangements is carried out by the Trustees' investment consultant each year which benchmarks the fees that DC Section members pay, against those paid in relevant, comparator pension schemes with a similar level of DC investment assets. It also considers how the cost of membership compares with 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.

An annual assessment, conducted on 5 November 2021, concluded that overall, members were receiving good value for money and that in most key areas the fees paid by members were being justified by the service levels being received. A positive view was provided on L&G's DC administration capabilities, with service standards noted as having recently improved. The fund range and lifestyle strategies were concluded to be providing members with adequate options.

Whilst fees paid by members were considered reasonable given the size of the DC Section, there was nevertheless felt to be a possibility to reduce the L&G administration fee. In follow-up to this advice, negotiations were entered into with L&G which resulted in the administration fee being reduced from 0.3%pa to 0.2%pa with effect from 1 March 2022.

The latest value for money assessment, which covered the year ending 31 March 2022 and was issued after the year-end, concluded that following the reduction to L&G's fees, members were receiving 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.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustees are expected to meet the requirements for knowledge and understanding, as set out in s247 of the Pensions Act 2004 pertaining to individual Trustees, i.e. that they are conversant with key documents relating to the Funds, and 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 (including during the scheme year) 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 Trustees, consisting of seven Employer Nominated, five Member Nominated and two Pensioner Nominated Trustees.

As at 31 March 2022 there was one Pensioner Nominated Trustee vacancy and a vacancy for the Members' Deputy Chair position, both of which were filled shortly after the year-end.

Each Trustee serves for a fixed three-year term and can be re-appointed following each term. As at 31 March 2022, the average period of service as a Trustee was 7 years with 4 Trustees having been in office for 5 years or less, whilst 4 Trustees, including the Chair and the Employers' Deputy Chair, had been in office for 10 years or more. There is a wide spectrum of trustee experience and, therefore, the training programme both keeps the experienced Trustees up to date with pension developments and gives newer Trustees a basis, in line with the minimum requirements, on which to develop their knowledge and experience.

The training programme comprises the following elements:

- All new Trustees 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' Management of Conflicts of Interest policy. This programme was completed by all new Trustees appointed during the scheme year.
- Every year, each Trustee completes a training needs self-assessment. The Funds Office uses this, and any other feedback provided by the Trustees on their knowledge and skills, to identify areas where training is required.
- All Trustees can access the ITB Pension Funds Trustees' website which contains all the key governance documentation for the Funds including the Trust Deed and Rules, Annual Report & Financial Statements, Statements of Investment Principles and Statements of Funding Principles. Trustees are encouraged to maintain a good working knowledge of these documents. The website also includes links to training courses and the Pensions Regulator's online learning programme called the Trustee Toolkit, which all Trustees have completed.
- Trustees 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. There was one invited Trustee in attendance at each of the 4 Investment Committee and 3 Management Panel meetings that were held during the year.
- The papers for quarterly Trustee meetings included legal updates specifically prepared for the Funds, with the legal advisers present to discuss any questions raised by the Trustees.
- A formal training session is usually provided following each quarterly Trustee meeting, that is attended by all Trustees. Sessions during the year included an update on the governance of buy-in policies and an overview of the investment process of an equity fund targeting lower carbon emissions. Additional training may be provided at Management Panel and Investment Committee meetings, which during the year included guidance on governance and management of climate related risks for the Investment Committee.
- Trustees have completed the Scam Module of the Trustee Toolkit 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.
- After a year's break due to COVID-19, the annual

dedicated Trustees' training seminar was restored in July 2021 with the Funds' advisers providing training to the Trustees on investment strategy and performance, climate change governance and reporting, Trustee Board incorporation, Trustees' powers under the Trust Deed & Rules, GMP equalisation and actuarial developments.

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 individual Trustee 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 Trustees, together with the available advice, enables the Trustees to properly exercise their functions. The combined knowledge of the Trustees includes many years of trustee experience and training as described above. Several of the Trustees are current or former senior executives with substantial experience of financial, managerial and governance matters; for example, one Trustee was an HR Director with substantial pensions knowledge; another was Chief Engineer and Technology Director at a major oil company. Several Trustees have also had substantial involvement with other pension schemes or pensions industry bodies.

Trustees are nominated by participating employers, or employees and pensioners of participating employers. This ensures detailed knowledge of the participating employers is available to the board, which is useful for interpreting and understanding advice on employer covenant strength, subject to managing conflicts of interest. The Trustees' combined knowledge and understanding is also enhanced by the support of the Funds Office. The Funds Chief Executive is a Chartered Accountant with 10 years' experience in life insurance and 15 years' experience in the pension industry, the Funds Accountant is also a Chartered Accountant with 24 years' experience in the pension industry, and the Pension Administration Manager has a CII Diploma and 33 years' experience in the pension industry.

The Trustees also have ready 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 attend each Trustee board meeting, and the investment adviser attends each Investment Committee meeting. This independent professional support further enhances the combined knowledge that enables the Trustees to properly exercise their functions.

6. APPOINTMENT OF TRUSTEES

The Funds are a relevant multi-employer scheme under the 2015 Regulations. The Funds are, therefore, subject to a special requirement under Regulation 22, whereby a majority of the Trustees, including the Chair, must be "non-affiliated". For a Trustee 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 normally be appointed as a Trustee unless he or she is non-affiliated.

All Trustees, including the Chairman, met the above requirements during the scheme year as explained below, and so were (and still are) non-affiliated. All Trustees were appointed through an OTP. None of the Trustees 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. Furthermore, none of the Trustees 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 Trustees have any obligations to any such service provider that conflict with their obligations as a Trustee.

None of the Trustees 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. In order to support compliance with Regulation 22, the Trustees have, during the scheme year and over the longer term, made arrangements to ensure that new Trustees are appointed through the process described below, which the Trustees consider to be an OTP. As described below, in relation to Members' Trustees, the process meets the member-nominated trustee requirements under s241(2) Pensions Act 2004 and, in relation to Employers' Trustees 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. During the scheme year and over the longer-term, the Trustees have monitored compliance with the conditions as to independence and term of office.

Members' Trustees are nominated and selected by members or by trade unions which represent them, and the Trustees are satisfied that these arrangements meet the OTP requirement.

Employers' Trustees are selected by employers and, to ensure that the OTP requirement is met, the Trustees stipulate that employers should follow certain ground rules when selecting candidates. Under the ground rules, employers must determine the constituency from which Trustees 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 Trustees; the Chairman of Trustees must be consulted as to the proposed appointment; notice as to the final decision must be given to the interested parties; and the employer must confirm to the Trustees that the ground rules have been followed.

As regards non-affiliated Trustees appointed or reappointed during the scheme year, the OTP requirement was met as follows.

NAME	POSITION	PROCESS	OTP REQUIREMENT COMPLIANCE
Peter Sparkes	CITB, Members' Trustee	Nominated by the trade union 'Unite'.	Unite represents the active members employed by CITB.
Terry Lazenby	ECITB, Employers' Trustee	Renominated by ECITB.	The ground rules were followed in making the selection.
Newell McGuiness	SECTT, Employers' Trustee	Renominated by SECTT.	The ground rules were followed in making the selection.
John Dearden	CAPITB, Employers' Trustee	Renominated by CAPITB.	The ground rules were followed in making the selection.
Steve Eddy	Enginuity, Members' Trustee	Appointed following a nomination process in which he was the sole nominee.	Nomination and selection was by Enginuity members.

7. MEMBERSHIP ENGAGEMENT

The Trustees encourage members of the Funds to make their views known by operating a website (***www.itb-online.co.uk***) for the Funds which includes a "feedback" button and contact details. 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 website:

- The DC Scheme Member Booklet: This provides practical information about all aspects of DC Scheme membership.
- This Annual Report and Financial Statements, including the Chairman's Annual Governance Statement and Statement of Investment Principles Implementation Statement.
- The annual newsletter, copies of which are distributed to all members who request it (currently 504 members).

DC Section members are provided with access to L&G's secure website from which they can obtain their annual pension statements and other comprehensive documentation and guidance on the Funds' DC Section. Through this website 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' Trustees, who frequently discuss pensions matters with workplace colleagues and provide feedback to the Trustee board.

The Trustees believe that the above arrangements are appropriate for the DC Section, having regard to the size, nature and demographic of the membership. In particular, the Trustees are conscious that the DC Section remains a relatively small arrangement.

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 Chairman on behalf of the Trustees

Signed:

Dated: 18 October 2022

David Newell McGuiness
(Chairman of the Trustees)

CHAIRMAN'S STATEMENT SCHEDULE

DC SECTION STATEMENT OF INVESTMENT PRINCIPLES – 1 DECEMBER 2021

WHAT IS THE TRUSTEES' OVERALL INVESTMENT OBJECTIVE?

The Trustees recognise 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 Trustees believe that members should make their own investment decisions based on their individual circumstances.

The Trustees' 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 Trustees make 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 Trustees' 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 Trustees consider appropriate for a member intending to drawdown in retirement.

WHAT RISKS DO THE TRUSTEES CONSIDER AND HOW ARE THESE MEASURED AND MANAGED?

The Trustees have considered risk for the Defined Contribution Section from a number of perspectives, including, but not limited to, those set out below. Some of the risks are more quantifiable than others, but the Trustees have 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 on Investment Strategy Arrangements describes the changes that were made to address climate change risk following a review of the strategy in 2020.

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 Trustees have 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 Trustees have selected funds which invest in a suitable diversified range of holdings. The Trustees' 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 Trustees have, 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 Trustees monitor 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 (eg 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 Trustees seek 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 Trustees recognise 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).

WHAT ARE THE INVESTMENT STRATEGY ARRANGEMENTS?

The Trustees have 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 Trustees 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 in:

- 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 TRUSTEES CONSIDER IN SETTING THE OPEN FUND'S DEFINED CONTRIBUTION SECTION INVESTMENT STRATEGY ARRANGEMENTS?

In determining the investment arrangements for the DC Section the Trustees 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 Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

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

- In deciding upon the funds to offer to members (including the structure of the default), the Trustees' 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;
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

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

APPOINTMENT OF INVESTMENT FUND PROVIDER

The Trustees have 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 2022

OVERVIEW

This statement is for the year to 31 March 2022 and covers both the Open Fund and the Closed Fund. It is required by legislation and includes:

- A review of the Funds' Statements of Investment Principles ("SIPs") and of any changes made to them.
- An update on how, and the extent to which, the Trustees have adhered to the SIPs during the year.
- A description of the voting behaviour during the year (including the most significant votes cast by the Trustees or on their behalf), and any use of proxy voting services during the year.

1. SIP REVIEWS AND CHANGES

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

OPEN FUND SIP

The Open Fund SIP was reviewed and updated in May 2021 to reflect:

- The Trustees' belief that 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.
- The decision to address the potential impact of climate change on DC members' investments by changing the equity component of the Open Fund's DC lifestyle investment strategies, including the default fund, to an equity fund that seeks to reduce exposure to carbon emissions over time.

It was updated again in December 2021 to document:

- How the Trustees consider climate risk when setting the DB and DC investment strategy, including reference to the Trustees' Statement on Governance of Climate Related Risks and Opportunities.
- The objective of the DC default arrangement.

CLOSED FUND SIP

The Closed Fund SIP was reviewed and updated in December 2021 for the same changes on climate risk that were made to the Open Fund's SIP. Also, additional wording was included to clarify the Trustees' governance approach to investment managers including their policies, fees, and performance.

The sponsoring employers were consulted over the changes made to both Funds' SIPs and confirmed they were comfortable with them.

The Trustees 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

DB SECTION

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
1. 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. 2. 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.	Progress against the long-term journey plan was regularly reviewed. The Actuary's 31 March 2021 interim actuarial review reported a small funding deficit and it was decided not to make any changes to the investment strategy. The Fund remains broadly on track to achieve its longer-term objectives.
3. To target a complete buy-in of all the Open Fund's DB liabilities by 2028. 4. The Trustees will 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.	The estimated cost to buy-in the Fund's remaining uninsured liabilities was kept under review. The shortfall in assets required to complete a full buy-in is expected to reduce over time and therefore the objective to buy-in all liabilities by 2028 remains realistically achievable. There were no partial buy-in exercises undertaken due to the expected costs, the price to insure further tranches of pensioner liabilities and potential disruption to the current investment strategy to achieve the overall 2028 funding objective.

DC SECTION

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
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.	The Trustees provide DC Section members with access to a range of investment options which they believe are suitable to members' needs and enable appropriate diversification. The Trustees have made available alternative lifestyle strategies and a self-select fund range to members covering all major asset classes as set out in the Open Fund SIP.

For DC Section members who do not choose an investment option, the Trustees make available a default arrangement called ITB Drawdown. The objective of the default arrangement is to grow members pots above inflation whilst they are far from retirement and then to gradually reduce investment risk to a level which the Trustees consider appropriate for a member intending to drawdown in retirement. This default arrangement investment strategy was last reviewed by the Trustees in October 2020, and they concluded it was appropriate to meeting the objective, subject to the changes that were made to the equity component, as described in section 3 below.

2. RISKS

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

The Trustees maintain a risk register which covers both investment and non-investment risks and this is discussed at quarterly meetings of the Funds' executive team and overseen by a Trustee sub-committee. The risk register is formally reviewed by the Trustees in April each year.

The risk register was updated during the year to reflect the risks that climate change poses to the financial strength of the participating employers, the achievement of the DB Section's funding target and the amount of DC Section members' funds at retirement.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Funds' investment adviser or information provided to the Trustees by the Fund's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

For the DB Section, funding risks are managed by monitoring funding levels and assessing how any changes impact upon the investment strategy. As well as considering the funding position reported by the Actuary's 31 March 2021 interim review, the Trustees informally monitored the Fund's funding position more regularly throughout the year through the investment adviser's online daily funding and investment monitoring tool, 'LCP Visualise'.

For the DC Section, the risk of inadequate returns is managed through use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default arrangement and are also made available within the self-select options. The default arrangement provides some protection against the risk of a deterioration in investment conditions near retirement by gradually switching members' investments into lower-risk asset classes as they approach their target retirement date.

The following risks are covered later in this Statement:

- Diversification risk: Section 3
- Climate risk: Sections 4 and 8
- Investment manager risk and excessive charges: Section 6
- Illiquidity/marketability risk: Section 7
- Environmental, Social and Governance (ESG) risks: Section 8.

3. STRATEGY

DB SECTION

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

A review of the investment strategy during the year concluded that no changes were required to the global equity, liability driven investment and investment-grade credit target asset allocations. The interest rate and inflation rate liability hedge ratios remained broadly in line with the Trustees' set target of 100% throughout the year.

The Trustees compare the actual and strategic asset allocations each quarter. The actual asset allocation of the Open Fund DB Section did not deviate materially from the strategic allocation over the year.

DC SECTION

The Trustees' investment strategy is for the Open Fund DC Section members to be provided with a range of investment options, having regard to their long-term expected returns and the variability of those returns.

A full review of the DC Section investment strategy is undertaken at least once every three years. The most recent review, completed in 2020, concluded that:

- a lifestyle strategy targeting drawdown remained appropriate to the objectives and as a target retirement outcome;
- the Fund's DC default arrangement was adequately and appropriately diversified between different asset classes;
- the self-select options provide a suitably diversified range to choose from;
- the global equity fund in the lifestyles should be replaced by a climate-tilted global equity fund, which addresses climate risks and invests more in line with market capitalisation weights; and
- a climate-tilted global equity fund should be added to the self-select range of investments that members can choose from.

Further details about the 2020 DC Section investment strategy review can be found in last year's Implementation Statement. The Trustees decided that the DC Section global equity fund changes described above should also be implemented for the Open Fund's DB Section AVC arrangements.

4. CONSIDERATIONS IN SETTING THE INVESTMENT STRATEGY

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

During the year climate risk was added as an investment strategy consideration, to reflect the risk that investments may fall in value due to the direct impacts of climate change or policy changes to mitigate the effects of climate change. In setting the investment strategy the Trustees therefore seek to appoint investment managers who will manage climate risk and other risks appropriately, and review how climate risks are being managed in practice.

The Trustees' key investment beliefs were reviewed during the year and updated to include climate risk as being likely to have a material impact on financial markets and therefore to be explicitly managed where appropriate. The Trustees also considered their climate related risk beliefs and have set these out in a "Climate Related Risk Beliefs" document, a copy of which can be found on the Funds' website.

The Trustees published a "Statement on Governance of Climate Related Risks and Opportunities" document in September 2021, a copy of which can be found on the Funds' website. This document provides further information on the Trustees' processes for identifying, assessing and managing climate related risks and opportunities and its impact on the investments of the Fund.

5. INVESTMENT STRATEGY IMPLEMENTATION

The principal investment activity undertaken during the year to implement the investment strategy was as follows:

DB SECTION

To better align the investment allocation with the Trustees' climate risk investment beliefs, a decision was made to fully divest the £30million global equity portfolio managed by Allianz and reinvest the proceeds into Legal & General's (L&G's) Low Carbon Transition Global Equity Index Fund. This was implemented after the year-end.

The Actuary's 31 March 2021 interim actuarial review reported a small funding deficit, and it was decided not to make any changes to the investment strategy.

The impact of changes to inflation expectations upon the effectiveness of the Fund's liability hedge investments was considered. It was concluded that no changes to the hedge were necessary but to review again upon receipt of the results of the 2022 Open Fund Actuarial Valuation.

DC SECTION AND DB SECTION AVC MEMBERS

The changes to the global equity fund, described in section 3 above were implemented in July 2021 by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Global Equity Index Fund in all three lifestyle strategies and by adding the L&G Low Carbon Transition Global Equity Index Fund to the self-select range.

These changes were notified to members in June 2021 through an "Addressing Climate Risk in the Investment Strategies" communication which was distributed by post and published on the Funds' website.

In total, £15.8m of investments were switched into the L&G Low Carbon Transition Global Equity Index Fund in July 2021, of which £0.1m related to the DB Section AVC members. The Trustees' reviewed the implementation of the transition and concluded that the switches were successfully implemented in accordance with the pre-transition plan, with transaction costs broadly in line with expectations.

6. INVESTMENT MANAGER OVERSIGHT

The Trustees have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund.

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 Trustees quarterly and promptly informs about any significant updates or events of which it becomes aware, and which may affect a manager's ability to achieve its investment objectives.

The Trustees' Investment Committee reviews the investment performance of the Funds' investment managers each quarter and considers it in the context of each manager's benchmark and objectives. Investment manager performance return data is provided by an independent performance measurer. A full presentation of investment managers' performance was considered by the Trustees in July 2021.

During the financial year, the Trustees' Investment Committee held two meetings with Insight and one with Legal & General to satisfy themselves that they continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments in line with their mandates.

The investment managers' fees are monitored to assess whether they represent good value for money. One of the DB Section manager's fee arrangements was renegotiated to a lower level during the year.

In November 2021, the Trustees completed an annual assessment of the value that members receive from the DC and DB AVC arrangements. The assessment covered a range of factors, including the fees payable to Legal & General, which were found to be reasonable when compared against schemes with similar sized mandates. The Trustees concluded that whilst they believed the fund investment management fees to continue to generally provide good value for money for DC and DB AVC members of the Fund, there could be scope to reduce L&G's platform charge. The outcome of resultant negotiations was that L&G's platform charge of 0.30% pa was reduced to 0.20% pa, with effect from 1 March 2022.

The financial strength of the buy-in providers was reviewed by the Trustees each quarter and the Trustees concluded that they have remained stable.

The Trustees' Investment Committee has obtained and reviewed climate related risk management reporting from the Fund's equity and credit investment managers, in addition to the climate risk and metrics data provided by the Fund's investment adviser, which is covered in section 8.

7. REALISATION OF INVESTMENTS

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

DB SECTION

Future cashflow requirements are reviewed on a regular basis and during the year £10.6m was withdrawn from the Insight LDI portfolio to meet the cashflow requirements of the Open Fund DB Section.

The Fund has completed its strategic withdrawal from direct property investment through a sale of the final property that was under Fletcher King's management for £0.7m in March 2022.

Collateral adequacy risk in the LDI portfolio is managed through holding an investment in a Liquidity Fund which can be realised should the LDI manager require cash to be posted for a deleverage event.

DC SECTION

All funds are dealt daily, which enables members to realise and change their investments readily.

Investment realisations during the year were as follows:

- £1.7m upon request from individual members that they wished to withdraw their pension benefits upon retirement or to transfer them to another pension arrangement.
- £0.1m due to member deaths.
- £5.1m due to section 32 Buy Out transfers which transferred deferred members' benefits to another pension arrangement which holds each member's investments in an account in the member's own name.

Additionally, switches were made between Legal & General funds, in accordance with instructions given by members and to implement the target asset allocations of the lifestyle strategy funds, which change as members approach their target retirement date.

8. FINANCIALLY MATERIAL AND NON-FINANCIAL MATTERS

As part of its advice on the selection and ongoing review of the investment managers, the Fund's investment adviser assesses the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

In 2020, the Trustees reviewed the approach to responsible investment taken by its investment managers, including ESG factors, voting and engagement. The managers and funds were assigned a responsible investment score based on research and survey data provided by the Fund's investment adviser. There were no 'red flag' issues of concern arising from the review and the Trustees concluded that they were satisfied with the overall results with no further action to be taken.

In February 2021, the Trustees decided to switch the DC section's lifestyle strategies' global equity fund to a climate-tilted version with lower exposures to companies with relatively high carbon emissions. This was to mitigate climate change risks which are considered a financially material issue. As noted in Section 5, the changes were communicated to members and implementation took place in July 2021.

During 2021, the Trustees reviewed how climate change could affect the Fund's investments and funding under different climate change scenarios. The review determined that the Open Fund DB section was well positioned to withstand climate shocks under a range of climate change scenarios, with a funding surplus projected to remain over the longer term, on a low-risk technical provisions basis.

In November 2021, the Trustees reviewed the carbon emissions data from the Fund's equity and credit portfolios using analysis performed by the investment adviser. In February 2022 the Trustees agreed to set a climate target of increasing the percentage of listed equity and corporate bond investments which have Science Based Target initiative (SBTi) targets to 75% by 2030.

9. VOTING AND ENGAGEMENT

The Trustees believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights will protect and enhance the long-term value of investments.

The Trustees have continued to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint investment managers that have strong stewardship policies and processes.

The Fund's listed equity investments are held within pooled funds, meaning that the Trustees 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.

Further information on voting and engagement activity is provided in Section 8 and a description of the investment managers' voting behaviour during the year is provided in Section 11.

10. RESPONSIBILITIES AND INVESTMENT DECISION MAKING STRUCTURE

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

The Trustees' Investment Committee undertook an annual assessment of the investment adviser in November 2021 and concluded that it was satisfied with its performance. The investment adviser was set an additional objective for 2021/22 to provide advice to the Trustees on managing climate-related risks and to bring climate-change opportunities to the Trustees attention.

Investment manager oversight is described in Section 6.

The Trustees' decision-making structure on investment matters was unchanged during the year except for the creation, in May 2021, of a Climate Change Risk Working Party which reports to the Investment Committee. The remit of this Party is to address the requirements of legislation and guidance on climate-related risks. The Party met seven times during the financial year.

The Trustees' Investment Committee has a Business Plan which sets out the planned activities for each year. All work that had been planned for the year was completed.

11. DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

All Open Fund listed equity holdings are within pooled funds and the Trustees have delegated the exercise of voting rights to the investment managers. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In this section voting data is provided for the funds that hold equities as follows:

DB Section:

- Allianz Global Investors ("Allianz") Best Styles Global AC Equity Fund

The DB Section also invests in a number of other investments but either the manager confirmed no voting opportunities (eg Insight Buy and Maintain Fund) or voting disclosures were not relevant for the asset class (eg LDI, property and index-linked gilts).

DC Section:

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (Unhedged)
- LGIM Low Carbon Transition Global Equity Index Fund (Hedged)
- 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 default strategy and self-select funds which hold equities that convey voting rights. LGIM has confirmed that there were no voting opportunities during the year for the DC Section funds that do not invest in listed equities.

11.1 MANAGERS' VOTING PROCESSES

The wording in this Section has been provided by the managers.

DB SECTION

Allianz

Allianz sees proxy voting as a core part of its investment and stewardship processes. Allianz' approach to corporate governance and proxy voting is set out in its Global Corporate Governance Guidelines. The Guidelines outline Allianz' expectations with regard to corporate governance practices at investee companies, including composition and effectiveness of corporate boards, shareholder rights, capital related authorities, executive compensation, quality of external audit, and sustainability-related issues.

All proxy voting research and initial voting recommendations are generated on the basis of Allianz' own proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services ("ISS"), a third-party proxy voting service provider. Allianz uses an electronic proxy voting platform provided by ISS to cast its votes. In addition, Allianz has access to MSCI ESG research and corporate governance indicators, as well as sell-side analysis that its uses to supplement its analysis and assessment.

DC SECTION

LGIM

All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our 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 ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our 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 that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

For more information, please refer to our policy document on the topic: ***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 Islamic Global Equity Index Fund. They have delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.

We exercise our voting rights as an expression of stewardship for client assets. We have 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.

We use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. We review voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines.

We regard the votes against management recommendation as the most significant. With regards to climate, in our engagement we encourage 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, we will generally vote against the re-election of the Chairman. We also generally support shareholder resolutions calling for increased disclosure on climate-related issues.

Please refer to the link below for details on their Global Voting Guidelines: ***https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf***

11.2 DESCRIPTION OF INVESTMENT MANAGERS' VOTING BEHAVIOUR OVER THE YEAR

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

DB SECTION

MANAGER NAME	ALLIANZ
FUND NAME	**BEST STYLES GLOBAL AC EQUITY FUND**
Total size of fund at end of reporting period	£109.3m
Value of Funds' assets at end of reporting period	£31.3m
Number of holdings at end of reporting period	490
Number of meetings eligible to vote	401
Number of resolutions eligible to vote	5,583
% of resolutions voted	97.4%
Of the resolutions on which voted, % voted with management	73.2%
Of the resolutions on which voted, % voted against management	25.6%
Of the resolutions on which voted, % abstained from voting	1.2%
Of the meetings in which the manager voted, % with at least one vote against management	N/A*
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A*

* Manager does not currently track these statistics

DC SECTION

	FUND 1	FUND 2	FUND 3	FUND 4	FUND 5	FUND 6
Manager name	HSBC Global Asset Management (UK) Limited	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management
Fund name	Islamic Global Equity Index Fund	Low Carbon Transition Global Equity Fund (Unhedged)	Low Carbon Transition Global Equity Fund (Hedged)	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund - 75% Currency Hedged	Multi Asset Fund
Total size of fund at end of reporting period	£2.4bn	£1.2bn	£0.8bn	£1.1bn	£4.5bn	£21.7bn
Value of Funds' assets at end of reporting period	£0.02m	£8.4m	£8.3m	£0.55m	£1.3m	£15.4m
Number of holdings at end of reporting period	104	2,785	2,785	1,020	4,283	6,367
Number of meetings eligible to vote	109	3,783	3,783	1,123	7,142	8,842
Number of resolutions eligible to vote	1,642	37,435	37,435	15,785	72,767	88,739
% of resolutions voted	94.5%	99.9%	99.9%	99.9%	99.9%	99.8%
Of the resolutions on which voted, % voted with management	88.4%	80.1%	80.1%	83.2%	82.0%	78.7%
Of the resolutions on which voted, % voted against management	11.4%	19.1%	19.1%	16.5%	16.9%	20.5%
Of the resolutions on which voted, % abstained from voting	0.2%	0.8%	0.8%	0.3%	1.1%	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	60.6%	62.7%	62.7%	74.1%	58.7%	70.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	7.2%	11.0%	11.0%	11.4%	9.2%	12.5%

11.3 MOST SIGNIFICANT VOTES

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

For the purposes of this report, the "most significant votes" are selected based on those believed to be most relevant to environmental, social and governance factors. Where information for more than three votes was provided by a fund, the three votes included represent each of one Environmental, Social and Governance concern. Given the overlap between votes for LGIM funds, three vote examples for the LGIM Low Carbon Transition Global Equity Index Fund are shown and then one unique voting example for the other LGIM funds.

Commentary has been provided by the investment managers.

DB SECTION

Allianz Best Styles Global AC Equity Fund

VOTE 1 **Royal Dutch Shell Plc, May 2021**

Vote: Against

Summary of resolution: Request Shell to set and publish targets for Greenhouse Gas (GHG) Emissions

Rationale: This was a shareholders' resolution. Shell's management recommended voting against the resolution on the grounds that it was unnecessary because the actions being taken to support society in meeting the goals of the Paris Climate Agreement targets were set out in Shell's Energy Transition Strategy. Allianz believes that the oil and gas sector remains critical today and is a key stakeholder to support society during the energy transition. Shell has led the industry in several respects including reports on climate-related lobbying, net-zero commitments; inclusion of climate-related KPIs within executive compensation and acknowledgement of the challenge/responsibility around Scope 3. Allianz recognises progress to date but also that there is much more to do - and that this is the starting point on the transition for Shell. The company has set out a clear roadmap and Allianz has engaged management and the Board to understand its approach and the thinking underlying its strategy. As Allianz pushes companies to reduce emissions in line with its net-zero ambitions it remains committed to engagement and appreciates the continued dialogue with investors through CA100+. Shell is also leading its peers with triennial votes on strategy and annual votes on progress reports. On balance Allianz look to support management in its efforts to set strategy, so has voted against this shareholder proposal in line with management's recommendation, but Allianz will continue to hold the company and directors accountable with future votes should it not see sufficient/tangible progress in line with expectations.

VOTE 2 **Tesla, Inc., October 2021**

Vote: For

Summary of resolution: Additional Reporting on Human Rights

Rationale: A vote FOR this resolution was warranted, as the requested report would benefit shareholders by providing them additional means to assess the effectiveness of the company's human rights risk management practices and policies.

VOTE 3 **FedEx Corporation, Inc, September 2021,**

Vote: For

Summary of resolution: Report on Lobbying Payments and Policy

Rationale: A vote FOR this resolution was warranted, as additional information on the company's lobbying expenses and trade association memberships, payments, and oversight mechanisms would give shareholders a better understanding of the company's management of its lobbying activities and any related risks and benefits.

DC SECTION

HSBC Islamic Global Equity Index Fund

VOTE 1 **Rio Tinto, April 2021**

Vote: Against

Summary of resolution: Approve Remuneration Report for UK Law Purposes

Rationale: HSBC were concerned that the out-going CEO received £5.7 million from vesting of 2016 LTIP. The Remuneration Committee had reduced vesting by £1 million and he had received no bonus due to destruction of Juukan Gorge historic site. Total pay exceeded previous year; HSBC believe committee should have exercised further discretion in light of the severity of the incident.

Criteria against which this vote has been assessed as "most significant": HSBC voted against the resolution and this company's management, and selected a range of issues that are representative of its voting guidelines.

VOTE 2 **Chevron Corporation, May 2021**

Vote: For

Summary of resolution: Reduce Scope 3 emissions

Rationale: We support the principle of adopting quantitative GHG emission reduction targets. The company had fallen short of investors' expectations and was lagging its peers in commitments to action on climate transition.

Criteria against which this vote has been assessed as "most significant": HSBC voted in favour of this resolution, which was against the recommendation of this company's management.

VOTE 3 **Pfizer Inc, April 2021**

Vote: For

Summary of resolution: Report on Access to COVID-19 Products

Rationale: Pfizer stated that it did not receive U.S. government funding for the development of the COVID-19 vaccine. However, BioNTech – Pfizer's partner – received funding for the COVID-19 vaccine development from the German government. In addition, Pfizer and BioNTech benefited from research funded by government which laid the scientific foundation for the development of the vaccine. Lastly, Pfizer's CEO before the AGM signalled that the company would likely increase the price of the vaccine as things get back to normal market conditions. Given past controversies with drug pricing increases and the reputational risks associated, the company and its shareholders would benefit from more information on factors the company will consider in pricing and affecting access to its COVID-19 vaccine.

Criteria against which this vote has been assessed as "most significant": HSBC voted in favour of this resolution, but this was against the recommendation of this company's management.

LGIM Low Carbon Transition Global Equity Index Fund (votes apply to both hedged and unhedged versions)

VOTE 1 **Intel Corporation, May 2021**

Vote: For

Summary of resolution: Report on Global Median Gender/ Racial Pay Gap

Rationale: Transparency: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM views gender diversity as a financially material issue for our clients, with implications for the assets it manages on their behalf. For 10 years, LGIM has been using its position to engage with companies on this issue. As part of its efforts to influence its investee companies on having greater gender balance, LGIM expect all companies in which it invests globally to have at least one female on their board. Please note LGIM have stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets. For further details, please refer to its vote policies on our website.

Criteria against which this vote has been assessed as "most significant": LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

VOTE 2 **McDonald's Corporation, May 2021**

Vote: For

Summary of resolution: Report on Antibiotics and Public Health Costs

Rationale: LGIM voted in favour as it believes the proposed study will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) is a key focus of the engagement strategy of LGIM's Investment Stewardship team. LGIM believe that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, its people, and global GDP. Whilst LGIM applauds the company's efforts over the past few years on reducing the use of antibiotics in its supply chain for chicken and beef as well as pork, it believes AMR is a financially material issue for the company and other stakeholders, and LGIM want to signal the importance of this topic to the company's board of directors.

Criteria against which this vote has been assessed as "most significant": LGIM consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for its engagement activities. LGIM decided to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme.

VOTE 3 **Apple Inc, March 2022**

Vote: For

Summary of resolution: Report on civil rights audit

Rationale: Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.

Criteria against which this vote has been assessed as "most significant": LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Legal & General Ethical Global Equity Index Fund

VOTE **Johnson & Johnson, April 2021**

Vote: Against

Summary of resolution: Elect Director Alex Gorsky

Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and it has reinforced its position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

Criteria against which this vote has been assessed as "most significant": LGIM 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).

LGIM Global Equity (30:70) Index Fund – 75% Currency Hedged

VOTE **AT&T, April 2021**

Vote: Against

Summary of resolution: Vote to Ratify Named Executive Officers' Compensation

Rationale: LGIM identified serious issues with the structure and quantum of AT&T's executive remuneration. In particular, the $48 million sign-on equity award to the incoming CEO of its Warner Media division and a $9 million retention grant to the General Counsel. The awards and payments made by AT&T did not meet LGIM's expectations of fair and balanced remuneration both in respect to their magnitude and the lack of performance criteria.

Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as a majority of investors (51.7%) voted against the advisory resolution, sending a strong signal to management that its remuneration policy needs revision.

LGIM Multi Asset Fund

VOTE **Amazon.com Inc, May 2021**

Vote: Against

Summary of resolution: Elect Director Jeff Bezos

Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, it has published a guide for boards on the separation of the roles of chair and CEO (available on its website), and LGIM have reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.

Criteria against which this vote has been assessed as "most significant": LGIM 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).

3. CLOSED FUND SIP

1. OBJECTIVES

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
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 a low volatility relative to annuity pricing.
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.	The Fund remains broadly on track to achieve its objectives.

2. RISKS

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

As described earlier in the Open Fund section of this Statement, the Trustees maintain a risk register which is formally reviewed by the Trustees in April each year.

Benefits payable by the Fund are expected to be fully covered by the insurance buy-in policy. Funding risk is therefore very low as the Trustees do not expect to rely upon the Reserve Assets to cover future payments of benefits. An annual review of the funding position was undertaken during the year.

The following risks are covered later in this Statement:

- Diversification risk: Section 3
- Climate risk: Sections 4 and 8
- Investment manager risk and excessive charges: Section 6
- Illiquidity/marketability risk: Section 7
- Environmental, Social and Governance (ESG) risks: Section 8.3.

STRATEGY

The Trustees' investment strategy provides for the 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 Trustees compare actual and strategic asset allocations of the Reserve Assets each quarter and have instructed BlackRock to take action to bring the asset allocation back into line with the strategy whenever there is a divergence of 2.5% or more for any asset class.

4. CONSIDERATIONS IN SETTING THE INVESTMENT STRATEGY

The SIP sets out the Trustees' considerations when setting the investment strategy and some of the Trustees' key investment beliefs. The considerations for the Closed Fund are the same as those described for the Open Fund earlier in this Statement.

5. INVESTMENT STRATEGY IMPLEMENTATION

During the year the Trustees agreed to change the equity allocation to better align it with the Trustees' climate risk investment beliefs. This was completed after the year-end in April 2022 through a disinvestment from the BlackRock Aquila Life MSCI World Equity Fund and reinvestment of the proceeds into the BlackRock ACS World Low Carbon Equity Tracker Fund.

The results of the Actuary's 31 March 2021 triennial valuation were considered by the Trustees during the year. This showed the Fund's surplus to be £41.3m and its funding level 221%. It was decided not to make any immediate changes to the investment strategy as a result.

A realignment of actual and target asset allocations is triggered when the allocation to a fund diverges from its strategic target by 2.5%. There were two realignments during the year. In December 2021, £1.4m was switched out of the All-Stocks UK Index-Linked Gilt Fund and into the Up to 5 Years Index-Linked Gilt Fund; and in March 2022, £0.8m was switched out of the Up to 5 Years Index-Linked Gilt Fund and into the MSCI World Equity Fund.

6. INVESTMENT MANAGER OVERSIGHT

The Trustees have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund.

The processes and actions in relation to the Trustees' oversight of investment manager developments, ratings, mandate compliance and performance returns are the same as those described for the Open Fund earlier in this Statement.

During the financial year, the Trustees' Investment Committee reviewed BlackRock's performance quarterly and held one meeting with it to obtain assurance that it continues to carry out its work competently and has the appropriate knowledge and experience to manage the investments in line with its mandate.

The financial strength of the buy-in provider, PIC, was reviewed by the Trustees quarterly and concluded to have remained stable.

7. REALISATION OF INVESTMENTS

The Trustees' policy is to hold sufficient cash to meet the likely outgoings of the Fund.

Receipts from the PIC insurance buy-in policy covered all benefit outgoings during the year. Cash of £1million was withdrawn from the Reserve Assets managed by BlackRock to provide liquidity to settle investment and administration expenses.

8. FINANCIALLY MATERIAL AND NON-FINANCIAL MATTERS

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

9. VOTING AND ENGAGEMENT

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. 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.

11. DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

All Closed Fund listed equity holdings are within a pooled fund managed by BlackRock and the Trustees have delegated the exercise of voting rights to BlackRock. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In sections 11.2 and 11.3 voting data is provided for the BlackRock Aquila Life MSCI World Fund, which is the only fund managed by BlackRock that holds equities.

The Closed Fund also invests in a number of other investments but either the manager confirmed no voting opportunities (eg BlackRock Buy and Maintain Credit fund) or voting disclosures were not relevant for the asset class (eg index-linked gilts).

11.1 BLACKROCK'S VOTING PROCESSES

BlackRock has voting guidelines which it applies pragmatically to ensure that it considers each company's unique circumstances. BlackRock's voting decisions are based on research, and it also welcomes discussions with its clients to get their perspective and better understand which issues are important to them.

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 determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

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

BlackRock uses ISS' electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.

11.2 DESCRIPTION OF BLACKROCK'S VOTING BEHAVIOUR OVER THE YEAR

MANAGER NAME	BLACKROCK
FUND NAME	AQUILA LIFE MSCI WORLD FUND
Total size of fund at end of reporting period	£5,051m
Value of Funds assets at end of reporting period	£13.0m
Number of holdings at end of reporting period	1,505
Number of meetings eligible to vote	958
Number of resolutions eligible to vote	13,045
% of resolutions voted	99.8%
Of the resolutions on which voted, % voted with management	90.7%
Of the resolutions on which voted, % voted against management	8.5%
Of the resolutions on which voted, % abstained from voting	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	38.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.2%

11.3 MOST SIGNIFICANT VOTES

VOTE 1 **BP plc, May 2021**

Vote: For

Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

Rationale: BlackRock recognise the company's efforts to date but believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.

VOTE 2 **Fortescue Metals Group Ltd., November 2021**

Vote: Against

Summary of resolution: Approve Support for Improvement to Western Australian Cultural Heritage Protection Law

Rationale: BlackRock voted against the three-part resolution as the different requests, taken in their entirety, risk becoming overly prescriptive. Specifically, BlackRock maintains company management and the board are best positioned to determine whether making public comment on legislation will serve long-term shareholders' economic interests. BlackRock is also concerned that the proponents ask shareholders to set the company's position on specific policy matters. Regarding industry associations, BlackRock maintains the ultimate decision again lies with company management, with appropriate review and oversight by the board.

VOTE 3 **Canadian National Railway Company, April 2021**

Vote: Against

Summary of resolution: SP 1: Institute a New Safety-Centred Bonus System

Rationale: BlackRock believes that executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.

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 30 November 2019.

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:**	18 December 2019
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 30 November 2019.

SUMMARY OF CONTRIBUTIONS

PAYABLE IN THE YEAR

During the year, the contributions payable to the Open Fund by the Employers under the Schedule of Contributions was as follows:

	2022 £'000	2021 £'000
CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE OF CONTRIBUTIONS		
Employers' normal contributions	5,107	5,663
Employers' life assurance contributions	183	294
Members' normal contributions	220	227
Total contributions payable under the Schedule	**5,510**	**6,184**
OTHER CONTRIBUTIONS		
Employers' augmentation costs	26	41
Employers' buy-out contributions	-	328
TOTAL PAYABLE TO THE SCHEME	**5,536**	**6,553**

The Summary of Contributions was approved by the Trustees on 18 October 2022 and signed on their behalf by:

D N McGuiness
Trustee

P G Rogerson
Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES 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 Fund during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report & Financial Statements, which comprise: the statement of net assets (available for benefits) as at 31 March 2022; 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 Fund 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 Fund'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 Trustees' 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 Fund's ability to continue as a going concern.

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

REPORTING ON OTHER INFORMATION

The other information comprises all the information in the Annual Report & Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustees are 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 Trustees for the financial statements

As explained more fully in the statement of Trustees' responsibilities, the Trustees are 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 Trustees are also responsible for such internal control as they determine 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 Trustees are responsible for assessing the Fund'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 Trustees either intend to wind up the Fund, or have 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 Fund and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Fund 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 Trustees 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 Trustees 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 Trustees 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
Bristol

18 October 2022

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE ITB PENSION FUNDS

STATEMENT ABOUT CONTRIBUTIONS

OPINION

In our opinion, the contributions payable under the schedules of contributions for the Fund year ended 31 March 2022 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 Fund's actuary on 18 December 2019, 28 January 2019 and 25 February 2022.

We have examined The ITB Pension Funds's summary of contributions for the Fund year ended 31 March 2022 which is set out on page 52.

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 Fund under the schedules of contributions, and the timing of those payments.

RESPONSIBILITIES FOR THE STATEMENT ABOUT CONTRIBUTIONS

Responsibilities of the Trustees in respect of contributions

As explained more fully in the statement of Trustees' responsibilities, the Fund's Trustees are 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 Fund 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 Trustees 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
Bristol

18 October 2022

THE ITB PENSION FUNDS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

FUND ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Closed Fund 2022 £'000	Open Fund DB Section 2022 £'000	Open Fund DC Section 2022 £'000	Combined Fund 2022 £'000	Combined Fund 2021 £'000
Employer contributions	*5*	-	26	5,290	5,316	6,326
Employee contributions	*5*	-	-	220	220	227
Total contributions		**-**	**26**	**5,510**	**5,536**	**6,553**
Transfers in	*6*	-	-	73	73	89
Other income	*7*	-	22	904	926	31
		-	**48**	**6,487**	**6,535**	**6,673**
Benefits paid or payable	*8*	8,422	32,598	1,332	42,352	42,497
Payments to and on account of leavers	*9*	-	7,879	6,170	14,049	5,833
Other payments	*10*	-	350	183	533	290
Administrative expenses:						
General administration	*11*	397	670	114	1,181	1,257
Professional services	*11*	218	382	20	620	505
Pension fund levy		2	29	3	34	33
Property revaluation		-	35	-	35	-
		9,039	**41,943**	**7,822**	**58,804**	**50,415**
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		**(9,039)**	**(41,895)**	**(1,335)**	**(52,269)**	**(43,742)**
NET RETURNS ON INVESTMENTS						
Investment income	*12*	8,628	35,972	-	44,600	47,083
Change in market value of investments	*15*	(1,082)	(5,861)	2,253	(4,690)	29,283
Investment management expenses	*13*	(159)	(589)	(61)	(809)	(779)
Taxation	*14*	-	-	-	-	-
NET RETURNS ON INVESTMENTS		**7,387**	**29,522**	**2,192**	**39,101**	**75,587**
NET INCREASE/(DECREASE) IN THE FUNDS DURING THE YEAR		(1,652)	(12,373)	857	(13,168)	31,845
Opening net assets		**169,317**	**1,023,329**	**34,319**	**1,226,965**	**1,195,120**
CLOSING NET ASSETS		**167,665**	**1,010,956**	**35,176**	**1,213,797**	**1,226,965**

The notes on pages 59 to 76 form part of these financial statements.

STATEMENT OF NET ASSETS

(AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2022

	Notes	Closed Fund 2022 £'000	Open Fund DB Section 2022 £'000	Open Fund DC Section 2022 £'000	Combined Fund 2022 £'000	Combined Fund 2021 £'000
INVESTMENT ASSETS						
Bonds		-	414,054	-	414,054	427,346
Property		-	-	-	-	650
Pooled investment vehicles	*16*	79,006	118,743	35,023	232,772	232,815
Derivative assets	*17*	-	19,092	-	19,092	2,844
Insurance policies	*18*	88,100	501,939	-	590,039	609,857
AVC investments	*19*	-	295	-	295	290
Cash		527	6,847	588	7,962	10,915
Other investment balances	*21*	-	990	-	990	1,163
		167,633	**1,061,960**	**35,611**	**1,265,204**	**1,285,880**
INVESTMENT LIABILITIES						
Derivative liabilities	*17*	-	(543)	-	(543)	(5,212)
Amounts payable under repurchase agreements	*21*	-	(54,048)	-	(54,048)	(56,456)
Other investment balances	*21*	-	(301)	-	(301)	(233)
		-	**(54,892)**	**-**	**(54,892)**	**(61,901)**
TOTAL NET INVESTMENTS	*15*	**167,633**	**1,007,068**	**35,611**	**1,210,312**	**1,223,979**
TANGIBLE FIXED ASSETS	*24*	-	908	-	908	967
CURRENT ASSETS	*25*	230	3,698	336	4,264	3,736
CURRENT LIABILITIES	*26*	(198)	(718)	(771)	(1,687)	(1,717)
NET ASSETS AVAILABLE FOR BENEFITS		**167,665**	**1,010,956**	**35,176**	**1,213,797**	**1,226,965**

The financial statements summarise the transactions of the Funds and deal with the net assets at the disposal of the Trustees. 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 17 and these financial statements should be read in conjunction with this report.

The notes on pages 59 to 76 form part of these financial statements.

The financial statements on pages 56 to 76 were approved by the Trustees on 18 October 2022.

DNMcGuiness

D N McGuiness
Trustee

P G Rogerson
Trustee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 ("FRS 102") 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 financial statements reflect the Actuary's report dated 22 January 1985 regarding the apportionment of assets between the Closed and Open Funds. This apportionment of the market value of the assets was made on 1 April 1985.

The Closed Fund relates to former employees of discontinued Industry Training Boards as at 1 April 1985; all 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.

On 1 April 2012 the Open Fund introduced a defined contribution section. 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 of the scheme, are established as a trust under English law.

The contact address for the Funds is on page 78.

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS

FUND ACCOUNT *for the year ended 31 March 2021*	Notes	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Employer contributions	5	-	369	5,957	6,326
Employee contribution	5	-	-	227	227
Total contributions		**-**	**369**	**6,184**	**6,553**
Transfers in	6	-	-	89	89
Other income	7	-	31	-	31
		-	**400**	**6,273**	**6,673**
Benefits paid or payable	8	9,212	32,981	304	42,497
Payments to and on account of leavers	9	51	5,149	633	5,833
Other payments	10	-	-	290	290
Administrative expenses:					
General administration	11	470	701	86	1,257
Professional services	11	114	372	19	505
Pension fund levy		3	27	3	33
Property revaluation		-	-	-	-
		9,850	**39,230**	**1,335**	**50,415**
NET (WITHDRAWALS) / ADDITIONS FROM DEALINGS WITH MEMBERS		**(9,850)**	**(38,830)**	**4,938**	**(43,742)**
NET RETURNS ON INVESTMENTS					
Investment income	12	9,398	37,685	-	47,083
Change in market value of investments		1,917	20,406	6,960	29,283
Investment management expenses	13	(105)	(626)	(48)	(779)
Taxation	14	-	-	-	-
NET RETURNS ON INVESTMENTS		**11,210**	**57,465**	**6,912**	**75,587**
NET INCREASE IN THE FUNDS DURING THE YEAR		1,360	18,635	11,850	31,845
NET ASSETS AS AT 31 MARCH 2020		**167,957**	**1,004,694**	**22,469**	**1,195,120**
NET ASSETS AS AT 31 MARCH 2021		**169,317**	**1,023,329**	**34,319**	**1,226,965**

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS (*CONTINUED*)

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) *at 31 March 2021*	**Notes**	**Closed Fund £'000**	**Open Fund DB Section £'000**	**Open Fund DC Section £'000**	**Combined Fund £'000**
INVESTMENT ASSETS					
Bonds		-	427,346	-	427,346
Property		-	650	-	650
Pooled investment vehicles	*16*	75,361	123,116	34,338	232,815
Derivative assets	*17*	-	2,844	-	2,844
Insurance policies	*18*	93,827	516,030	-	609,857
AVC investments	*19*	-	290	-	290
Cash		142	10,271	502	10,915
Other investment balances	*21*	-	1,163	-	1,163
		169,330	**1,081,710**	**34,840**	**1,285,880**
INVESTMENT LIABILITIES					
Derivative liabilities	*17*	-	(5,212)	-	(5,212)
Amounts payable under repurchase agreements	*21*	-	(56,456)	-	(56,456)
Other investment balances	*21*	-	(233)	-	(233)
		-	**(61,901)**	**-**	**(61,901)**
TOTAL NET INVESTMENTS	*15*	**169,330**	**1,019,809**	**34,840**	**1,223,979**
TANGIBLE FIXED ASSETS	*24*	-	967	-	967
CURRENT ASSETS	*25*	212	3,314	210	3,736
CURRENT LIABILITIES	*26*	(225)	(761)	(731)	(1,717)
NET ASSETS AS AT 31 MARCH 2021		**169,317**	**1,023,329**	**34,319**	**1,226,965**

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) Employer augmentation contributions represent amounts recoverable from employers to improve the benefits of certain members and these are due to the Open Fund from the relevant Participating Employers. These are recognised when agreed with the Participating Employer concerned.

iii) Employer deficit funding contributions have been paid to the Funds in accordance with an agreed Schedule of Contributions. These are recognised when received.

iv) Employer buy-out contributions, due under section 75 of the Pensions Act 1995 when an employer ceases to be a Participating Employer, are accounted for when received or determined by the Actuary, whichever is earliest, taking into account the likelihood of recovery.

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

vi) 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 from other pension funds into the Defined Benefit sections of the Funds are not currently accepted. Transfers into the Defined Contribution section are allowed and are recognised on settlement date when the liability is accepted. These transfers represent the capital sums receivable in respect of members from other pension schemes of previous employers.

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 Trustees 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 Trustees 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) The Funds bear all the costs of administration. Direct costs 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 a basis determined by the Trustees.

iii) Administrative expenses include depreciation on equipment.

f) Investment income

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

ii) Rental income is recognised when due.

iii) Income from cash and short-term deposits is accounted for on an accruals basis.

iv) Annuity income is recognised on an accruals basis.

v) Interest payable under repurchase agreements is recognised on an accruals basis.

vi) Foreign income has been translated into sterling at the rate ruling at the date of the transactions. Income due at the year end is translated at the rate ruling at the year end. All differences are taken to the Fund Account.

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.

h) Valuation of investment assets and liabilities

Investments are valued at fair value determined as follows:

i) Bonds and certain pooled investment vehicles are valued at last traded price or bid-market price ruling at the year end date.

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 property held at 31 March 2021 was included at an open market value provided by BNP Paribas, Chartered Surveyors, in accordance with Practice Statement 4 of the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards.
The Funds had no direct property investments at 31 March 2022.

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 derivatives are stated at fair values determined using market quoted prices.

vi) Over the counter derivatives are stated at fair value using pricing models and relevant market data as at the year end date.

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 insurance companies under the assumptions set out in note 18.

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 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 Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Funds, the Trustees 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

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	5,107	5,107
Augmentation	-	26	-	26
Other	-	-	183	183
Total employer contributions	**-**	**26**	**5,290**	**5,316**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	220	220
	-	**26**	**5,510**	**5,536**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	5,663	5,663
Augmentation	-	41	-	41
Buy-out contributions (section 75 debt)	-	328	-	328
Other	-	-	294	294
Total employer contributions	**-**	**369**	**5,957**	**6,326**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	227	227
	-	**369**	**6,184**	**6,553**

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

DC Section Other employer contributions represent life assurance premium funding contributions which are used to fund life assurance cover for 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).

People 1st ceased to be a member of the Open Fund on 26 March 2018. Its Section 75 debt was £6.4m, of which £327,662 was received on 25 February 2021 as a final settlement and reported in Employer Contributions for the year ended 31 March 2021.

6. TRANSFERS IN

Open Fund - DC Section	2022 £'000	2021 £'000
Individual transfers from other schemes	**73**	89

7. OTHER INCOME

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Open Fund DB Section cash transfers	-	-	350	350
Claims on life assurance policies	-	-	554	554
Other	-	22	-	22
	-	**22**	**904**	**926**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Other	**-**	**31**	**-**	**31**

8. BENEFITS PAID OR PAYABLE

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Pensions	8,422	30,196	-	38,618
Commutation of pensions and lump sum retirement benefits	-	2,353	680	3,033
Lump sum death benefits	-	49	652	701
	8,422	**32,598**	**1,332**	**42,352**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Pensions	9,212	30,492	-	39,704
Commutation of pensions and lump sum retirement benefits	-	2,425	304	2,729
Lump sum death benefits	-	64	-	64
	9,212	**32,981**	**304**	**42,497**

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Individual transfers to other schemes	-	7,879	6,168	14,047
Refund of contributions	-	-	2	2
	-	**7,879**	**6,170**	**14,049**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Individual transfers to other schemes	51	5,149	631	5,831
Refund of contributions	-	-	2	2
	51	**5,149**	**633**	**5,833**

10. OTHER PAYMENTS

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Life assurance premiums	-	-	183	183
Open Fund DC Section cash transfers	-	350	-	350
	-	**350**	**183**	**533**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Life assurance premiums	**-**	**-**	**290**	**290**

11. ADMINISTRATIVE EXPENSES

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
GENERAL ADMINISTRATION:				
Employment costs	258	430	74	762
Office accommodation	15	24	4	43
General expenses	80	147	24	251
Trustees' honoraria	44	69	12	125
	397	**670**	**114**	**1,181**
PROFESSIONAL SERVICES:				
Audit fees	30	47	9	86
Legal and professional services	33	66	10	109
Actuarial services	153	215	-	368
Other	2	54	1	57
	218	**382**	**20**	**620**

11. ADMINISTRATIVE EXPENSES (*CONTINUED*)

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
GENERAL ADMINISTRATION:				
Employment costs	317	459	58	834
Office accommodation	16	23	3	42
General expenses	94	157	17	268
Trustees' honoraria	43	62	8	113
	470	**701**	**86**	**1,257**
PROFESSIONAL SERVICES:				
Audit fees	31	44	6	81
Legal and professional services	27	74	12	113
Actuarial services	54	190	1	245
Other	2	64	-	66
	114	**372**	**19**	**505**

12. INVESTMENT INCOME

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Income from bonds	-	4,761	-	4,761
Net rents from properties	-	(73)	-	(73)
Income from pooled investment vehicles	-	3,134	-	3,134
Annuity income	8,628	28,241	-	36,869
Interest on cash deposits	-	6	-	6
Interest paid under repurchase agreements	-	(96)	-	(96)
Underwriting commission	-	(1)	-	(1)
	8,628	**35,972**	**-**	**44,600**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Income from bonds	-	5,503	-	5,503
Net rents from properties	-	53	-	53
Income from pooled investment vehicles	-	3,245	-	3,245
Annuity income	9,398	29,027	-	38,425
Interest on cash deposits	-	19	-	19
Interest paid under repurchase agreements	-	(161)	-	(161)
Underwriting commission	-	(1)	-	(1)
	9,398	**37,685**	**-**	**47,083**

Net rents from properties is negative in the year ended 31 March 2022 due to a write-off of irrecoverable rental income debts and is stated after deducting £5,000 (2021 – £14,000) of property related expenses. Income related to derivative costs and interest paid under repurchase agreements is included in the related income categories.

13. INVESTMENT MANAGEMENT EXPENSES

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Administration, management and custody	68	421	-	489
Advisory	70	133	55	258
Performance measurement service	21	35	6	62
	159	**589**	**61**	**809**

2021	Closed Fund £'000	DB Section £'000	DC Section £'000	Combined Fund £'000
Administration, management and custody	66	467	-	533
Advisory	21	125	44	190
Performance measurement service	18	34	4	56
	105	**626**	**48**	**779**

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 2022 (2021: £Nil).

15. RECONCILIATION OF INVESTMENTS

The movements in investments during the year were:

Closed Fund	Notes	Value at 1 Apr 2021 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Mar 2022 £'000
Pooled investment vehicles	*16*	75,361	2,132	(3,132)	4,645	79,006
Insurance policy	*18*	93,827	-	-	(5,727)	88,100
		169,188	**2,132**	**(3,132)**	**(1,082)**	**167,106**
Cash		142				527
		169,330				**167,633**

Open Fund - DB Section	Notes	Value at 1 Apr 2021 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 Mar 2022 £'000
Bonds		427,346	12,797	(17,206)	(8,883)	414,054
Property		650	-	(717)	67	-
Pooled investment vehicles	*16*	123,116	-	-	(4,373)	118,743
Derivatives	*17*	(2,368)	1,010	(1,492)	21,399	18,549
Insurance policies	*18*	516,030	-	-	(14,091)	501,939
AVC investments	*19*	290	-	(15)	20	295
		1,065,064	**13,807**	**(19,430)**	**(5,861)**	**1,053,580**
Cash		10,271				6,847
Other investment balances	*21*	(55,526)				(53,359)
		1,019,809				**1,007,068**

15. RECONCILIATION OF INVESTMENTS (*CONTINUED*)

Open Fund - DC section	Notes	Value at 1 Apr 2021 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Mar 2022 £'000
Pooled investment vehicles	*16*	34,338	5,381	(6,949)	2,253	35,023
Cash		502				588
		34,840				**35,611**

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

	Closed Fund	Open Fund		Combined Fund
2022	£'000	DB Section £'000	DC Section £'000	£'000
Equities	13,020	31,307	18,414	62,741
Bonds	65,986	87,169	223	153,378
Property	-	267	-	267
Diversified	-	-	15,407	15,407
Cash	-	-	979	979
	79,006	**118,743**	**35,023**	**232,772**

	Closed Fund	Open Fund		Combined Fund
2021	£'000	DB Section £'000	DC Section £'000	£'000
Equities	11,444	26,967	18,494	56,905
Bonds	63,917	95,884	247	160,048
Property	-	265	-	265
Diversified	-	-	14,634	14,634
Cash	-	-	963	963
	75,361	**123,116**	**34,338**	**232,815**

17. DERIVATIVES – OPEN FUND

The Trustees hold derivatives in accordance with the Statement of Investment Principles for the Open Fund and use them to reduce the effect of interest rate and inflation fluctuations. At 31 March 2022 the Open Fund DB Section had the following derivatives:

	2022 Asset Fair Value £'000	2022 Liabilities Fair Value £'000	2021 Asset Fair Value £'000	2021 Liabilities Fair Value £'000
Swaps	18,825	(543)	2,612	(5,212)
Futures	267	-	232	-
	19,092	**(543)**	**2,844**	**(5,212)**

Swaps

Type	Notional £'000	Base	Settlement	Asset value £'000	Liability value £'000
Limited price index swaps	73,075	UK LPI	2022 – 2058	18,825	(543)
Total 2022				**18,825**	**(543)**
Total 2021				**2,612**	**(5,212)**

The contracts are traded over the counter. The counterparties for all the swaps are banks. At 31 March 2022 the Funds had received collateral of £16,855,000 (2021 – £2,371,000) in a mixture of cash and bonds and had pledged no collateral (2021 – £4,020,000). This collateral is not reported within the Scheme's net assets.

Future

The balance at 31 March 2022 is an unrealised gain on a June 2022 gilt future.

18. INSURANCE POLICIES

2022	Liability Provision Basis	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
PIC	RPI	88,100	59,926	-	148,026
JRL	RPI	-	87,600	-	87,600
PIC	CPI	-	173,997	-	173,997
PIC	CPI	-	180,416	-	180,416
TOTAL		**88,100**	**501,939**	**-**	**590,039**
PERCENTAGE OF NET ASSETS		**52.5%**	**49.6%**	**0.0%**	**48.6%**

2021	Liability Provision Basis	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
PIC	RPI	93,827	62,262	-	156,089
JRL	RPI	-	87,860	-	87,860
PIC	CPI	-	179,878	-	179,878
PIC	CPI	-	186,030	-	186,030
TOTAL		**93,827**	**516,030**	**-**	**609,857**
PERCENTAGE OF NET ASSETS		**55.4%**	**50.4%**	**0.0%**	**49.7%**

The insurance policies are bulk annuity policies (also known as a "buy-in") with Pension Insurance Corporation PLC ("PIC") and Just Retirement Limited ("JRL"). The Closed Fund policy secures the benefits of Closed Fund members. The Open Fund policies secure all pensions in payment as at 31 December 2017. The policies are written in the name of the Trustees and do not discharge their liabilities to those members. The policies have been included in the Net Assets Statement at values provided by PIC and JRL, valued on an actuarial basis. The principal assumptions underlying the calculation of insurance contracts are as follows:

18. INSURANCE POLICIES (*CONTINUED*)

PIC

Mortality – Set with reference to the S3 series mortality tables published by the Continuous Mortality Investigation (CMI), adjusted according to several factors including sex, age, pension amount, occupation and place of residence. The assumption for future improvements to mortality is modelled using the CMI 2019 model.

Valuation discount rate – Set at 100% of the risk adjusted yield on assets backing liabilities. Risk adjustments are applied for credit risk associated with the assets held to match liabilities. The risk adjustments are principally driven by ratings changes in PIC's investment portfolio and are applied via a fixed basis points default allowance by asset, based on historic levels of default and downgrade with prudent margins.

Inflation – Assumptions for expected future RPI inflation and CPI inflation are based on a curve derived from the market prices of inflation-linked swap contracts. The CPI inflation assumption additionally allows for the expected gap between CPI inflation and RPI inflation.

Other – Internal costs of maintaining insurance contracts, the fees payable to third-party administrators engaged to manage payments due under the in-force policies, fees due to reinsurers and investment management expenses are factored into the calculation of liabilities by adding appropriate allowances, and include an estimate of the impact of future inflation where this is applicable.

JRL

Mortality – Set by reference to reinsurer supplied mortality tables underpinned by the Self-Administered Pension Scheme S1 tables, with modified CMI 2009 model mortality improvements, adjusted to reflect the future mortality experience of the policyholders, taking into account the medical and lifestyle evidence collected during the underwriting process, premium size, gender, and an assessment of how this experience will develop in the future.

Valuation discount rate – Set by considering the yields on the assets available to back the liabilities. The yields on lifetime mortgage assets are derived by JRL using internal models which project future cash flows expected to arise from each loan. An explicit allowance for credit risk is included by making an explicit deduction from the yields on debt and other fixed income securities, loans secured by commercial mortgages, and other loans based on an expectation of default experience of each asset class and application of a prudent loading. Allowances vary by asset category and by rating.

Inflation – The assumed inflation curve for RPI and CPI index-linked liabilities is that which is implied by market swap rates, taking into account any escalation caps and/or floors applicable.

Other – Assumptions for future policy expense levels are determined from JRL's recent expense analyses and incorporate an annual inflation rate allowance.

19. ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) INVESTMENTS

The Trustees hold assets invested separately from the Funds to secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

Open Fund – DB Section	2022 £'000	2021 £'000
Legal & General	**295**	290

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 Trustees. The Fund administrator allocates investment units to members. The Trustees 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 Trustees to apply as specified in the Fund rules), are as follows:

	2022 £'000	2021 £'000
Allocated to members	35,023	34,338
Not allocated or designated to members	588	502
TOTAL	**35,611**	**34,840**

Defined contribution assets (including those allocated to the Trustees in the table above) are not part of a common pool of assets available to meet defined benefit liabilities. The assets not allocated or designated to members represents the Financial Reserve which is held to provide capital to meet the costs of a master trust triggering event and is not freely available to the Trustees.

21. OTHER INVESTMENT BALANCES

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
ASSETS:				
Investment revenue receivable	-	990	-	990
	-	**990**	**-**	**990**
LIABILITIES:				
VAT	-	1	-	1
Margin creditor	-	267	-	267
Investment property sale payable	-	33	-	33
Repurchase agreements	-	54,048	-	54,048
	-	**54,349**	**-**	**54,349**
NET INVESTMENT BALANCES	**-**	**(53,359)**	**-**	**(53,359)**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
ASSETS:				
Investment revenue receivable	-	1,163	-	1,163
	-	**1,163**	**-**	**1,163**
LIABILITIES:				
VAT	-	1	-	1
Margin creditor	-	232	-	232
Repurchase agreements	-	56,456	-	56,456
	-	**56,689**	**-**	**56,689**
NET INVESTMENT BALANCES	**-**	**(55,526)**	**-**	**(55,526)**

Repurchase agreements
At the year-end £54,401,000 (2021 - £55,525,000) of bonds reported in Scheme assets were held by a counterparty in respect of an amount payable under repurchase agreements due in April to June 2022 (2021 - April 2021). In addition, collateral of £54,844 in the form of bonds had been received (2021 - £793,395 collateral pledged) 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 Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

22. INVESTMENT FAIR VALUE HIERARCHY (*CONTINUED*)

At 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Closed Fund				
Pooled investment vehicles	-	79,006	-	79,006
Insurance policies	-	-	88,100	88,100
Cash	527	-	-	527
	527	**79,006**	**88,100**	**167,633**

At 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Open Fund - DB Section				
Bonds	-	414,054	-	414,054
Pooled investment vehicles	-	118,476	267	118,743
Derivatives	267	-	18,282	18,549
Insurance policies	-	-	501,939	501,939
AVC investments	-	295	-	295
Cash	6,847	-	-	6,847
Other investment balances	956	(54,315)	-	(53,359)
	8,070	**478,510**	**520,488**	**1,007,068**

At 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Open Fund - DC Section				
Pooled investment vehicles	-	35,023	-	35,023
Cash	588	-	-	588
	588	**35,023**	**-**	**35,611**

At 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Closed Fund				
Pooled investment vehicles	-	75,361	-	75,361
Insurance policies	-	-	93,827	93,827
Cash	142	-	-	142
	142	**75,361**	**93,827**	**169,330**

At 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Open Fund - DB Section				
Bonds	-	427,346	-	427,346
Property	-	-	650	650
Pooled investment vehicles	-	122,851	265	123,116
Derivatives	232	-	(2,600)	(2,368)
Insurance policies	-	-	516,030	516,030
AVC investments	-	290	-	290
Cash	10,271	-	-	10,271
Other investment balances	1,163	(56,689)	-	(55,526)
	11,666	**493,798**	**514,345**	**1,019,809**

At 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Open Fund - DC Section				
Pooled investment vehicles	-	34,338	-	34,338
Cash	502	-	-	502
	502	**34,338**	**-**	**34,840**

Investments reported under Level 3 are included at fair value based on values estimated by the underlying investment managers, or for property the independent valuer, 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. These risks are set out as follows:

Credit risk 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 comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk 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 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 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 Trustees determine the Funds' investment strategy after taking advice from a professional investment adviser. The Funds have exposure to these risks because of the investments held to implement the investment strategy.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the agreements in place with the Funds' investment managers. The Trustees monitor the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, regularly.

Further information on these risks and the Trustees 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 subject to credit risk because the Open Fund invests directly in bonds (£414m) and both Funds have cash balances (£7m). The Open Fund has further exposure to credit risk through its OTC derivative holdings (£18m). The Funds are also directly exposed to credit risk in relation to the "buy-in" insurance policies with Pension Insurance Corporation and Just Retirement Limited (£590m). Both Funds also invest in pooled investment vehicles (£198m) and are, therefore, directly exposed to credit risk in relation to the investments held in pooled investment vehicles. The Funds are indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are almost entirely rated at least investment grade.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Open Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 17).

In the case of the buy-in insurance policies, the credit risk is mitigated as a result of the protections in place under the UK insurance regime. The regime is intended to protect policyholders by ensuring insurance companies are adequately capitalised, to minimise the risk of not being able to meet their obligations.

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 Trustees carry out due diligence on the appointment of any new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled investment managers.

The Funds are indirectly exposed to credit risks arising from the underlying investments held by the pooled investment vehicles, where they invest in bonds, derivatives or cash. The amount invested in each of these asset classes is shown in note 16. The managers of these pooled investment vehicles manage 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 fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bonds.

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

	Closed Fund		Open Fund	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Qualifying investor alternative investment fund	-	-	87,169	95,884
Closed ended fund	-	-	267	265
Unit linked insurance contracts	79,006	75,361	-	-
Open ended investment companies	-	-	31,307	26,967
	79,006	**75,361**	**118,743**	**123,116**

23. INVESTMENT RISKS

Currency risk

The Funds are subject to currency risk because some of the Funds' investments are held in overseas markets within pooled investment vehicles, however the only pooled investment vehicle denominated in an overseas currency is a European property fund (£267,000, 2021: £265,000). The exposure to foreign currencies within 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 Trustees consider the overseas currency exposure in the context of the overall investment strategy, and believe that the currency exposure that exists is appropriate. Furthermore, the Trustees manage the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure.

Interest rate risk

The Funds are subject to interest rate risk because some of the Open Fund's investments are held in government bonds, limited price index swaps and cash (the liability driven investment "LDI" assets) and corporate bonds. In the Open Fund the Trustees have set a benchmark for hedging interest rate risk of 100% of liabilities. Under this strategy, if interest rates fall, the value of bonds and swaps will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI assets will fall in value, as will the actuarial liabilities because of an increase in the discount rate. Therefore, the interest rate exposure of these assets is structured to hedge the corresponding risks associated with the Funds' liabilities. The net effect is to reduce the volatility of the funding level of the Open Fund, and so the Trustees believe that it is appropriate to take exposures to these risks in this manner. At the year-end the LDI assets and corporate bonds represented 93% (2021: 93%) of the Open Fund investment portfolio, excluding the buy-in policies. In the Closed Fund the buy-in insurance policy mitigates all interest rate risk arising from the Closed Fund's liabilities.

Other price risk

Other price risk arises principally in relation to the Funds' return seeking assets, which includes equities and property. The Open Fund has a target asset allocation of 5% (2021: 5%) of investments (excluding the buy-in policies) being held in return seeking investments. The Fund manages this exposure to overall price movements by investing in a diverse fund that invests across various 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 through its holding in unit linked insurance funds provided by Legal & General Assurance Society Limited.

Legal & General Assurance Society Limited is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustees monitor the creditworthiness of Legal & General Assurance Society Limited by reviewing published credit ratings. Legal & General Assurance Society Limited invests most of the Fund's investments in its own investment unit linked funds. In the event of default by Legal & General Assurance Society Limited the Fund is protected by 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 the funds. Member level risk exposures will be dependent on the funds invested in by members.

At the Fund 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 Legal & General Assurance Society Limited.

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 2021	875	597	1,472
Additions	-	17	17
Revaluation	(35)	-	(35)
Balance at 31 March 2022	**840**	**614**	**1,454**
DEPRECIATION			
Balance at 1 April 2021	-	505	505
Charge	-	41	41
Balance at 31 March 2022	**-**	**546**	**546**
NET BOOK VALUE AT 31 MARCH 2022	**840**	**68**	**908**
NET BOOK VALUE AT 31 MARCH 2021	**875**	**92**	**967**

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 (2021 – £998,000).

At the year-end there were capital commitments of £13,391 (2021 – £26,783) for the purchase of equipment.

25. CURRENT ASSETS

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Bank balances	221	3,047	331	3,599
DEBTORS:				
Amounts due from employers				
Employer contributions	-	-	3	3
Other debtors	9	46	2	57
External current assets	**230**	**3,093**	**336**	**3,659**
Interfund balance	-	605	-	605
CURRENT ASSETS	**230**	**3,698**	**336**	**4,264**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Bank balances	208	2,520	169	2,897
DEBTORS:				
Amounts due from employers				
Employer contributions	-	-	39	39
Employee contributions	-	-	1	1
Other debtors	4	54	1	59
External current assets	**212**	**2,574**	**210**	**2,996**
Interfund balance	-	740	-	740
CURRENT ASSETS	**212**	**3,314**	**210**	**3,736**

Amounts due from employers in respect of contributions were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force. £179,953 (2021: £168,879) of the DC Section bank balance is not designated to members and is held by the Trustees to pay the ongoing administration costs of the DC Section.

26. CURRENT LIABILITIES

2022	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
Unpaid benefits	2	4	135	141
External other current liabilities	179	714	48	941
Interfund balance	17	-	588	605
CURRENT LIABILITIES	**198**	**718**	**771**	**1,687**

2021	Closed Fund £'000	Open Fund DB Section £'000	Open Fund DC Section £'000	Combined Fund £'000
External other current liabilities	188	761	28	977
Interfund balance	37	-	703	740
CURRENT LIABILITIES	**225**	**761**	**731**	**1,717**

27. RELATED PARTY TRANSACTIONS AND CONTINGENT ASSET

Related party transactions and balances comprise contributions (note 5) and contributions receivable (note 25) including amounts in respect of 6 Trustees and pensions paid in respect of 3 Trustees (2021: contributions 5, pensions 3). Fees and expenses of £132,774 (2021: £126,088) were paid to Trustees.

£18,050 (2021: £24,510) of fees and expenses were recharged to Employers during the year. At the year-end, recharges of £6,543 (2021: £17,365) were outstanding.

The Trustees hold a contingent asset in the form of a second ranking legal mortgage over Access House, Halesfield 17, Telford, Shropshire TF7 4PW as guarantee to the Trustees in respect of CAPITB Ltd's section 75 liabilities to the Funds. The guarantee is held with RTITB Ltd, a fellow subsidiary of HC 1333 Ltd from 24 March 2022 and of CAPITB Trust previously.

On 1 April 2022 HC 1333 Ltd changed its name to Skills Specialists Ltd. On 8 April 2022 RTITB Ltd changed its name to RTITB Properties Ltd and CAPITB Ltd changed its name to RTITB Ltd.

28. CONTINGENT LIABILITIES AND COMMITMENTS

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 Trustees have commenced identifying 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, based on an initial assessment, the Trustees 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 interest, will be accounted for in the year that they are determined.

At the year-end there were capital commitments as disclosed in note 24.

In the opinion of the Trustees, the Funds had no other contingent liabilities or commitments as at 31 March 2022 (2021 – nil).

29. SUBSEQUENT EVENTS

There are no subsequent events requiring disclosure in the financial statements.

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 pleased with the service provided by the ITB Pension Funds and that no-one has reason to complain. 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 78.

THE PENSIONS OMBUDSMAN

The Pensions Ombudsman is an independent organisation set up by law to deal with pension complaints. It operates an Early Resolution Service which may be used by members and beneficiaries at any stage for free and impartial help in connection with any difficulty with the Funds.

The Pensions Ombudsman also has a formal adjudication service for resolving complaints. This service can usually only be used if there has been a failure to achieve a resolution through the Funds' internal dispute resolution procedures. The Pensions Ombudsman can be contacted at:

10 South Colonnade, Canary Wharf
London E14 4PU

www.pensions-ombudsman.org.uk

enquiries@pensions-ombudsman.org.uk
0800 917 4487

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. The Pensions Regulator can be contacted at:

Napier House, Trafalgar Place, Brighton, BN1 4DW

www.thepensionsregulator.gov.uk

customersupport@tpr.gov.uk
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 PPF's contact details are:

www.ppf.co.uk

information@ppf.co.uk
0345 600 2541

MONEYHELPER

MoneyHelper is a free of charge Government-backed money advice service which aims to ensure that people throughout the UK have guidance and access to the information they need to make effective financial decisions over their lifetimes. The service includes information and guidance about a wide range of pension matters including the basics to understanding pensions, the State Pension, tax, auto enrolment and retirement options.

MoneyHelper's Pension Wise service offers appointments 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. The guidance provided by Pension Wise is not regulated by the Financial Conduct Authority and is not intended to replace independent financial advice.

MoneyHelper can be contacted at:

Holborn Centre, 120 Holborn, London, EC1N 2TD

www.moneyhelper.org.uk

contact@maps.org.uk
0800 011 3797

PENSION SCAMS

A pension scam is a form of fraudulent activity which aims to take money from someone's pension.

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)

www.fca.org.uk

0800 111 6768

The Pensions Regulator

Action Fraud

www.actionfraud.police.uk

0300 123 2040

MoneyHelper can also assist with free independent and impartial information about pension matters generally, including scams. Contact details are provided above.

Pension scams 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:

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.

www.gov.uk/find-pension-contact-details

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

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

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.

www.ageuk.org.uk

0800 678 1602

KEEPING US INFORMED

Please ensure that you keep the Trustees 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

01923 226264

pensions@itbpen.com

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

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ECITB

Enginuity

LANTRA

Scottish Electrical Charitable Training Trust

Pension Scheme Registry No.: 10169800