NEWMOND PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Registrar of Occupational and Pension Schemes
Registration Number: 10227400

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TRUSTEE AND ADVISERS

Trustee	Baxi Group and Newmond Pension Trustees Limited	
Trustee Directors	BESTrustees Limited (represented by Mark Taylor - Chairman)	(The independent trustee)
	Philip Lowton*	
	Simon Oliver	
	Karen Roberts	(until 30 June 2021)
	Diane Sutherland*	
	Kris Swiderski	(until 10 March 2021)
	Steve Randall	
	Victoria Stuart	
	Mark Larner*	(from 10 March 2020 to 30 July 2020)
	John McFaull**	(from 16 June 2020)
	Katie Wright*	(from 18 February 2021)
	Claire Carlin	(from 18 February 2021)
	* Member Nominated Director	
	** Pensioner Director	
Secretary to the Trustee	Karen Roberts	(until 30 June 2021)
	Pinsent Mason Pension Services	(from 1 July 2021)
Principal employer	Baxi Group Limited	
Participating employer	Baxi Heating UK Limited	
Actuary	Matthew Jones, Mercer Limited	
Scheme administrator	Buck	
Independent auditors	PricewaterhouseCoopers LLP	
Bankers	Lloyds Bank Plc	
Legal advisers	Pinsent Masons LLP	
Investment adviser	Mercer Limited	
Investment managers	Legal & General Assurance (Pensions Management) Limited	
	Invesco Perpetual Life Limited	(until 4 June 2020)
	Insight Investment Management Limited	(from 28 May 2020)
	Schroder Investment Management Limited	

TRUSTEE AND ADVISERS

Investment Custodians	HSBC Global Investor Services and Citibank NA for Legal & General Assurance (Pensions Management) Limited
	Chase Nominees Limited – for Schroder Investment Management Limited Citibank Europe plc and Bank of New York Mellon for Invesco Perpetual Life Limited
	State Street Custodial Services (Ireland) Limited for Insight Investment Management Limited
AVC providers	Utmost Life and Pensions Limited
	Phoenix Life
	Prudential Assurance Company
	Legal & General Assurance (Pensions Management) Limited

TRUSTEE'S REPORT

Introduction

The Trustee is pleased to present its report on the Newmond Pension Plan ("the Plan") for the year ended 31 March 2021.

The Plan was established by an interim deed dated 2 April 1997 and is now governed by a definitive trust deed and rules dated 25 February 1999 (as amended). The Plan provides benefits to former members of the Williams Pension Plan following the sale of the building products businesses by Williams plc to Newmond plc, and to new members joining from Newmond plc on 6 April 1997. The Plan is closed to new members.

On 4 March 2002 the Trustee agreed to the merger of a large part of the Plan's assets and liabilities into the Baxi Group Pension Scheme. The merger became effective on 2 July 2002 and all active membership ceased on that date. As a consequence of the merger, the benefits of all active members as at 2 July 2002, and all pensioners aged 60 or over on that date, were transferred to the Baxi Group Pension Scheme. Deferred members and pensioners under the age of 60 on 2 July 2002 remained in the Plan.

The Trustee Board merged with the Baxi Group Trustee Board by way of a Deed of Amendment dated 23 March 2018, and became known as the Baxi Group and Newmond Pension Trustees Limited.

In accordance with HMRC requirements the Fund is registered under Chapter 2, Part 4 of the Finance Act 2004. As a consequence both employee and employer contributions are normally eligible for tax relief and income and capital gains earned by the Plan receive preferential tax treatment.

Trustee

The Trustee is responsible for the administration and investment policy of the Plan. The Trustee meets regularly to discuss reports received from the Administrator and the Investment Advisers and Managers. The Administrator and Investment Advisers attend each meeting and Investment Managers will attend at least one meeting per year going forward. During the year under review the Trustee held meetings on four occasions (2020: four).

All occupational pension schemes must implement arrangements that provide for at least one-third of the total number of Trustee board to be member-nominated. The arrangements for the nomination and selection must be proportionate, fair and transparent. The Plan rules contain provisions for the appointment and removal of the Trustee, subject to the member nominated trustee provisions of the Pensions Act 2004. Currently, five of the Trustee Directors are appointed by, and may be removed by, the principal employer of the Plan (one of whom is an independent trustee). Three of the Trustee Directors are appointed following a nomination process among members of the Plan who are in pensionable service and one is nominated by the pensioners of both the Baxi Group Pension Scheme and the Plan. The names of the current Trustee Directors are included on page 1 of this report.

Trustee fees are paid by the employer and detailed in note 20 to the financial statements.

The Trustee periodically reviews registers of risks and conflicts to ensure that appropriate internal controls are in place and remain effective and has appointed professional advisers to support it in delivering the Plan objectives. These professionals are detailed on pages 1 and 2.

TRUSTEE'S REPORT

Financial development of the Plan

The financial statements have been prepared and audited in compliance with regulations made under section 41 (1) and (6) of Pensions Act 1995.

During the year, the fund account increased by £1.8 million (2020: £6.7m), arising as follows:-

	2021 £m	2020 £m
Net withdrawals from dealing with members	**(4.4)**	**(0.8)**
Net returns on investments	**6.2**	**7.5**
Net increase in the fund	**1.8**	**6.7**

Membership

Changes in membership of the Scheme during the year were as follows:

	Deferred	Pensioners	Dependants	Total
Membership at 31 March 2020	1,040	637	74	1,751
Adjustments	(2)	(1)	(1)	(4)
Adjusted membership at 1 April 2020	1,038	636	73	1,747
Members retiring	(29)	29	-	-
Deaths in the year	(1)	(12)	-	(13)
New dependants pensions	-	-	13	13
Transfer out	(8)	-	-	(8)
Trivial commutations	(2)	(1)	-	(3)
Total membership at 31 March 2021	998	652	86	1,736

The above membership details include one member (2020: one) for whom the Plan is in receipt of annuity payments.

The Plan is closed to new members.

Prior year adjustments refer to members who have leave dates in the previous accounting year who are processed after the period end.

Pension Increases

In accordance with the Plan rules pensions in payment were increased on 1 January 2021 by 0.5% in respect of benefits earned up to 5 April 1997 and by 0.5% for benefits earned after this date. The increases applied in previous years were:

	Pre 1997 elements	Post 1997 elements
January 2020	2.6%	2.6%
January 2019	3.5%	3.5%

All increases were applied to pensions in payment in excess of the Guaranteed Minimum Pension, if any.

There is a small group of pensioners, known as CCL pensioners, who have a mixture of fixed 3% or 5% per annum guaranteed increases or 1.1% LPI.

TRUSTEE'S REPORT

Deferred pensions were increased in line with the Plan rules. For most members, this means that deferred pensions increase in line with the statutory requirements.

There were no discretionary pensions increases awarded during the year.

Transfer values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include any allowance for discretionary benefits.

Report on actuarial liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and 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, which represent the present value of benefits to which members are entitled based on pensionable service to the date of leaving or the scheme closure date. This is assessed at least every three years using assumptions agreed between the Trustee and the employers and set out in the Statement of Funding Principles.

The last full actuarial valuation of the Plan was undertaken as at 31 March 2018. Updated Actuarial Reports have been produced on 31 March 2019 and 31 March 2020. These showed:

	Actuarial Valuation 31 March 2018	Actuarial Update 31 March 2019	Actuarial Update 31 March 2020
Value of assets available to meet technical provisions	£145.7m	£152.0m	£158.5m
Value of technical provisions	£155.5m	£159.9m	£169.6m
Past service deficit	£9.8m	£7.9m	£11.1m
Funding ratio	94%	95%	94%

The value of technical provisions is based on Pensionable Service to the date of leaving or the scheme closure date and assumptions about various factors that will influence the Plan in the future. The following significant actuarial assumptions have been used in the calculations;

- Discount rate:
  - Pre-retirement: The discount rate used is a term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cash flows beyond the longest available yields) plus an additional 1.2% per annum to reflect the allowance the Trustee have agreed for additional investment returns.
  - Post-retirement: The discount rate used is a term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cash flows beyond the longest available yields) plus an additional 0.33% per annum to reflect the allowance the Trustee have agreed for additional investment returns.
- Future Retail Price Inflation (RPI): The assumption for the rate of increase in the Retail Price Index (RPI) will be a term structure derived from the difference between the yield on conventional and index-linked UK Government bonds at the date of each future cash flow (extrapolated for cashflows beyond the longest available bonds).

TRUSTEE'S REPORT
Report on actuarial liabilities (continued)

- Future Consumer Price Inflation (CPI): The assumption for the rate of increase in the Consumer Price Index (CPI) will be derived from the RPI inflation assumption with an appropriate adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation; at the 31 March 2018 valuation the adjustment was a deduction of 1.0% per annum.
- Pension increases: The assumption for the rate of inflationary pension increases will be a term structure derived from price inflation annual forward rates allowing for the maximum and minimum annual increase entitlements. As at 31 March 2018, the Jarrow-Yildirim model is used to derive rates with appropriate caps and collars from forward rates of price inflation
- Mortality: The mortality assumptions will be based on up-to-date information published by the Continuous Mortality Investigation (CMI) and National Statistics, making allowance for future improvements in longevity and the experience of the Plan. The mortality tables are the S2PA (Year of Birth) tables, with improvements based on the CMI 2017 model with core parameters and a long term improvement rate of 1.5% p.a. The following weightings are applied to the base tables:
    - Male non-pensioners: 111%
    - Female non-pensioners: 106%
    - Male pensioners: 111%
    - Female pensioners: 108%

  A reserve, calculated as 2% of the liabilities, is added in addition.

The Participating employers are required to pay contributions to the Plan in accordance with the Schedules of Contributions signed on 17 March 2016 and 27 August 2019 (agreed on 29 July 2019). A new Schedule of Contributions was agreed on 18 May 2020 which allowed the Participating employers to defer the April and May 2020 deficit contributions and pay these over a longer period between October 2020 and March 2021 instead.

As shown above the actuarial valuation at 31 March 2018 revealed a funding deficit of £9.8m. The Trustee agreed with the Principal employer that contributions of £4.055m pa would be paid from August 2019 until September 2020, increasing annually in line with inflation, although if inflation were negative, the contributions would remain the same as the previous year. From April 2020 deficit contributions were temporarily suspended due to the impact of the COVD-19 pandemic, which was ratified in a new Schedule of Contributions agreed on 14 May 2020 which requires deficit reduction contributions of at least £346,739 per month from 1 June 2020 to 30 September 2020 and £115,580 per month from 1 October 2020 to 31 March 2021.

The next full actuarial valuation of the Plan is due as at 31 March 2021 and is underway.

Additional Voluntary Contributions

The Trustee is also responsible for the investment of AVCs (which secure additional benefits for members who made AVCs to the Plan when it was open to accrual). There are members invested in the Clerical Medical with-profits fund under the Utmost Life and Pension Limited policy which continues to be managed by Clerical Medical. Some members have with-profits AVCs in Phoenix Life, Scottish Friendly, Clerical Medical and Prudential Assurance. Following the year end, the Trustee completed a review of the Plan's AVC arrangements and agreed to transfer all unit-linked AVCs from Utmost to Legal & General; Investment Management Limited. All with-profits assets remained with the current AVC providers.

Deficit Contributions

For April and May 2020 the deficit contributions were temporarily suspended due to the impact of the COVD-19 pandemic as agreed between the Plan and the Principal Employer. The contributions recommenced being paid from June 2020.

TRUSTEE'S REPORT

Report on actuarial liabilities (continued)

Going concern

The activities of the Plan, together with the factors likely to affect its future development, performance, risks and uncertainties and financial position are set out below. These have been reviewed by the Trustee Directors in conjunction with the Plan's financial resources alongside its relationship with the principal employer.

In considering whether it is appropriate to prepare the Plan's financial statements on the going concern basis the Trustee Directors have considered the following factors:

- The Trustee Directors consider that the Plan is able to meet the liabilities for at least 12 months from the date of signing the financial statements due to the significant value of assets held, the vast majority of which are readily realisable, compared to the annual cash outflow;
- There is no intention or need for the Plan to enter wind up or a Pension Protection Fund assessment period at the date of signing the financial statements; and
- Whilst the principal employer deferred the contributions due in April and May 2020 contributions have been paid in accordance with a revised schedule of contributions certified by the Actuary.

Taking into account the measures we have taken and will take, the Trustee Directors have a reasonable expectation that the Plan has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustee Directors continue to adopt the going concern basis in preparing the Trustee's report and financial statements.

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Fund must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. In addition in November 2020 the High Court also ruled that past transfers out had to be equalised. Following the rulings, it is expected that the Trustee will need to amend the Plan rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Plan. Based on the initial estimations performed by the Plan actuary, the Trustee is not expecting the impact of this to be material to the financial statements and therefore have not included a liability in respect of these financial statements. They will be accounted for in the year they are determined.

Benefit Audit

The Trustee is undertaking a check of historic benefits to ensure they are paid in accordance with the Trust Deed and Rules. This project is on-going, and several issues have been identified. The Trustee considers the impact of these issues is unlikely to be material to the financial statements and, therefore, has not included a liability or asset in respect of them in these financial statements. Any adjustments to pensions paid will be accounted for in the year they are determined.

TRUSTEE'S REPORT

Disputes

The Plan has a formal dispute resolution procedure in place. Members whose issues are not resolved in the first instance by the Plan Administrator can use this procedure.

In the event that no satisfactory resolution can be achieved, free advice can be obtained through The Pensions Advisory Service ("TPAS") who can be contacted at 11 Belgrave Road, London SW1V 1RB. If a member has a complaint which TPAS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be contacted at the same address.

Covid-19

Covid-19 has caused significant disruption to economic activity which has been reflected in global stock market fluctuations and, in turn, in the valuation of Plan assets.

The Trustee manages risks associated with movements in investment market prices by constructing a diverse portfolio of investments across various asset classes and markets, which is also designed to hedge the vast majority of the movement in liabilities.

The Trustee of the Plan is in constant dialogue with the Principal and Participating Employers and its Advisers to limit the impact of Covid-19. As detailed in the paragraph headed Going Concern the Trustee did agree to a deferral of the contributions due for April and May 2020, with contributions recommencing in June 2020. The Trustee has communicated the potential for scams to members particularly where transfers have been requested. The Trustee has also monitored the position of the Plan's investment closely with the investment advisers.

Further information

Requests for additional information about the Plan generally, or queries relating to members' own benefits, should be made to Buck, 5th Floor, Temple Circus, Temple Way, Bristol BS1 6HG.

TRUSTEE'S REPORT

Investment Report

Introduction

The Plan's main investments have been managed during the year under review by Legal & General Assurance (Pensions Management) Limited ("LGIM"), Schroder Investment Management Limited ("Schroder"), Insight Investment Management Limited ("Insight") from (28 May 2020) and Invesco Asset Management Limited ("Invesco"). The Plan's mandate with Invesco was terminated in June 2020. Members can also pay Additional Voluntary Contributions ("AVCs"). The AVC assets have been managed during the year under review by the Clerical Medical Investment Group Limited, Utmost Life & Pension Limited, Phoenix Life, Scottish Friendly Assurance Society and Prudential Assurance Company and LGIM (from 3 July 2020). Unit-Linked AVC assets held with Utmost Life & Pension Limited were transferred to LGIM, following a review of these investments, in order to provide members with a better range of investment fund options.

The Trustee is responsible for determining the Plan's investment strategy. The Trustee has set the investment strategy for the Plan after taking appropriate advice. The Trustee has delegated the day-to-day management of investments to professional external investment managers. These managers, which are regulated by the Financial Conduct Authority ("FCA") in the United Kingdom, manage the investments within the restrictions set out in the Statement of Investment Principles ("SIP"). Subject to complying with the agreed strategy, which specifies the target proportions of the Plan which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Plan, including the full discretion for stock selection, is the responsibility of the investment managers.

The main priorities of the Trustee when considering the investment policy for the Plan are:

- To make sure that the obligations to the beneficiaries of the Plan are met.
- To pay due regard to the Company's interest in the size and incidence of the employer's contribution payments.

The long-term investment strategy as at 31 March 2021 is to hold:

- 90% in investments that share characteristics with the long term liabilities of the Plan. The strategy includes the use of government and corporate bonds, as well as derivative instruments.
- 10% allocation to return seeking assets comprising of two diversified growth funds.

Over the year to 31 March 2021, the Trustee terminated the mandate with Invesco and appointed Insight to manage a Diversified Growth Fund ("DGF") mandate, following a high level review of the DGF managers. This was implemented in two tranches, with the first tranche on 28 May 2020 and the second tranche on 4 June 2020. In addition, the Plan's Liability Driven Investment ("LDI") Portfolio was moved to LGIM's Enhanced LDI Services Agreement. This was implemented on 3 August 2020.

Full details of the Plan's investment strategy as at the accounting end of year can be found in the SIP.

TRUSTEE'S REPORT

Investment Report (continued)

Investment Principles

The Trustee has produced a SIP in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. A copy of the SIP is available on request.

The main objective of the Trustee is to invest the Plan's assets such that members' benefits under the Plan are met as they fall due and to act in the best interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of objectives to help guide them in the strategic management of the assets. These objectives are as follows:

- To optimise returns from investments over the long terms which are consistent with the long term assumptions of the Actuary in determining the funding of the Plan
- To control the various funding risks to which the Plan is exposed
- To achieve fully funded status on a low-risk liability basis
- To gradually de-risk to a lower risk investment strategy over time
- To provide a suitable range of investment funds for AVC contributions

During 2020, new legislation was introduced with the aim of improving transparency around pension scheme trustee engagement with asset managers in five key areas. The Trustee updated the SIP, to reflect its policies in these areas, during the year and made a copy available on a publicly accessible website with effect from 1 October 2020.

The Myners Review and Code of Best Practice

The Myners principles codify best practice in investment decision making. While they are voluntary, pension fund trustees are expected to consider their applicability to their own fund and report on a 'comply or explain' basis how they have used them.

The principles were initially published in 2001 following a Government sponsored review of institutional investment by Paul Myners, which found shortcomings in the expertise and organisation of investment decision making by pension fund trustees.

In March 2008 the Government consulted on proposals to update the Myners principles. This led to the publication of a revised set of six principles for DB schemes in October 2008, together with the establishment of an Investment Governance Group ("IGG") to oversee the industry led framework for the application of the principles.

While there are now only six DB principles, in place of the original ten, their scope is largely unchanged. The principles continue to emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the SIP and report periodically to members on the discharge of these responsibilities.

The Principles are intended to be the accepted code of best practice in governance and investment decision-making, with the Trustee using them to assess capability and practice against them. The Trustee considers that the Plan's investment policies and implementation are in keeping with these principles.

TRUSTEE'S REPORT

Investment Report (continued)

Responsible Investment and Corporate Governance

The Trustee believes that environmental, social, and corporate governance ("ESG") factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments. The Trustee has advised the Plan's investment managers that they will be expected to vote the Plan's UK shares in accordance with the guidelines set down by the UK Stewardship Code and UK Corporate Governance Code. The investment managers have full discretion to vote in favour of actions outside these guidelines but will be expected to report to the Trustee with an explanation of its actions. The Trustee will review the investment managers' policies and engagement activities (where applicable) on an annual basis.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. The Trustee will consider the ESG ratings provided by Mercer and how each investment manager embeds ESG factors into its investment process. When appointing managers, the Trustee will also consider how the investment manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. The Trustee reviews the ESG rating provided by Mercer as part of the Plan's regular quarterly performance reporting. A change in ESG rating does not mean that the fund will be removed or replaced automatically. Managers will also be expected to report on their own ESG policies as and when requested by the Trustee.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

The Trustee does not take into account members' views on non-financial matters, including their ethical views, in the selection, retention and realisation of investments, given the difficulty in determining members' views and applying these to a single Plan investment strategy. However, this position will be reviewed over time.

Investment Manager Appointment, Engagement and Monitoring

Aligning Manager Appointments with Investment Strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Trustee will seek guidance from the investment consultant, where appropriate, for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

The Trustee will review an appointment if the investment objective for a manager's fund changes to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

TRUSTEE'S REPORT

Investment Report (continued)

Where the Trustee invests in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to review the appointment.

Evaluating Investment Manager Performance

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year and 3 years (where available). The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark, and against the manager's stated target performance objective (over the relevant time period) on a net of fees basis.

The Trustee's focus on long term performance but, as noted above, may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or the team responsible;
- There is a change in the underlying objectives or process of the investment manager;
- There is a significant change to the investment consultant's rating of the manager.

Market Background

Investment Markets[1]

The period started with lockdowns across most large developed countries which led to an unprecedented collapse in quarterly GDP growth in Q2 2020. China, on the other hand saw a strong rebound in GDP growth as it began to reopen its economy following its lockdown earlier in the year. This mitigated the overall negative impact on global GDP growth to some extent. Late in the quarter, the sharp rebound previously seen in China became more global as western countries slowly started to reopen their economies. With economies largely open again, global GDP rebounded at record pace over Q3 2020.

Q4 2020 saw Covid-19 infections rising again sharply across western countries, leading to a gradual return of restrictions. The impact on quarterly GDP growth was less pronounced this time because GDP was at a lower level already than before the Covid-19 shock, whilst at the same time consumers and businesses were better prepared to function somewhat amid these restrictions. At the same time, the start of vaccines being rolled out late in the quarter led to optimism that fuller and more sustainable reopenings could be achieved in 2021.

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[1] Statistics sourced from Thomson Reuters Datastream unless otherwise specified.

TRUSTEE'S REPORT

Investment Report (continued)

The first quarter of 2021 began with lockdowns in numerous countries including the UK as much of the world faced another wave of Covid-19. Nevertheless, gradual vaccine rollout in developed countries drove economic recovery optimism. Political risk declined as Joe Biden was sworn in as US President, despite the incident on Capitol Hill on 6 January, and the UK completed its transition out of the EU without major incidents. Economic data continued to point towards a global recovery but with wide regional dispersions.

Equity Markets[2]

At a global level, developed markets as measured by the FTSE World index, returned 39.9%. Meanwhile, a return of 40.8% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 34.9% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 26.7%. The FTSE USA index returned 42.7% while the FTSE Japan index returned 26.3%. The considerable underperformance of UK equities relative to global markets is attributed to the index's large exposure to oil, gas and basic materials which only started to benefit from a full recovery being priced in at the end of 2020.

The huge year-on-year returns can to a large degree be attributed to the base effect as the measurement period begins when equity markets had just touched bottom following the 2020 Covid-19 crash.

Equity market total return figures are in Sterling terms over the 12-month period to 31 March 2021.

Bonds[2]

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -5.5%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -10.4% over the year as the longer end of the nominal yield curve rose by more than the shorter end. The yield for the FTSE Gilts All Stocks index rose over the year from 0.7% to 1.2% while the Over 15 Year index yield rose from 0.8% to 1.3%.

The FTSE All Stocks Index-Linked Gilts index returned 2.3% with the corresponding over 15-year index exhibiting a return of 3.6%. Rising inflation expectations offset rising nominal yields to an extent, leading index-linked gilts to outperform their nominal counterparts over the year.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts index returned 7.0%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 March 2021.

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[2] Statistics sourced from MSCI Investment Property Database.

TRUSTEE'S REPORT

Investment Report (continued)

Property[2]

Over 12-month period to 31 March 2021, the MSCI UK All Property Index returned 2.6% in Sterling terms. Of the three main sectors of the UK Property market, there were negative returns for office and retail (-0.8% and -5.8% respectively) which were offset by steep positive returns for industrial (13.9%). With the UK remaining in lockdown sentiment was subdued in early 2021, but as the vaccination programme gathered pace optimism about the path to recovery was returning.

Commodities

The price of Brent Crude Oil rose 181.1% from $22.60 to $63.52 per barrel over the one-year period. Over the same period, the price of Gold increased 5.7% from $1612.10 per troy ounce to $1704.74.

The S&P GSCI Commodity Spot Index returned 64.4% over the one-year period to 31 March 2021 in Sterling terms.

Currencies

Over the 12-month period to 31 March 2021, Sterling appreciated by 6.5% against the US Dollar from $1.24 to $1.32. Sterling appreciated by 13.9% against the Yen from ¥133.86 to ¥152.46. Sterling appreciated against the Euro by 3.5% from €1.13 to €1.17 over the same period.

Asset Allocation

The Trustee invests in pooled investment vehicles. The Trustee has authorised the use of derivatives by the investment manager within the pooled funds for efficient portfolio management, liability hedging and currency hedging purposes. The Trustee has considered the nature, disposition, marketability, security and valuation of the Plan's investments and considers them to be appropriate relative to the reasons for holding each class of investment. The following table provides a breakdown of the distribution of assets held by the Plan (excluding AVCs):

	2021 (£m)	2020 (£m)
Return seeking assets		
Pooled diversified growth vehicles	**18.4**	15.9
Liability matching assets		
Pooled corporate bonds vehicles (outside LDI Portfolio)	**27.8**	27.7
Pooled liability driven investment vehicles (within LDI Portfolio)*	**58.7**	60.8
Pooled corporate bonds vehicle (within LDI Portfolio)	**55.0**	53.0
Total invested assets	**159.9**	157.4

Subject to rounding. Data sourced from investment managers. Bid values where relevant.
* includes cash held in the Sterling Liquidity Fund.

TRUSTEE'S REPORT

Investment Report (continued)

The Trustee regards all the Plan's main investments as readily marketable, as detailed below:

- The pooled corporate bonds vehicles and pooled liability driven investment vehicles are weekly priced and traded;
- The pooled diversified growth vehicles are daily priced and traded.

Investment Performance

The performance in the Plan's assets compared with its benchmark including fees for periods to 31 March 2021 are shown in the table below:

	1 Year % per annum	3 Years % per annum	5 Years % per annum
Plan	3.5	6.3	9.2
Benchmark	2.7	6.2	9.7

Performance figures are net of fees, estimated by Mercer and are based on performance provided by the investment managers.

The Trustee monitors the Plan's investment performance on a quarterly basis and will continue to monitor performance of the Plan's investments during the Covid-19 pandemic.

TRUSTEE'S REPORT

Investment Report (continued)

Custodial Arrangements

The Trustee is responsible for ensuring the Plan's assets continue to be securely held. The Trustee reviews the custodian arrangements from time to time and the Plan Auditors are authorised to make whatever investigations it deems are necessary as part of the annual audit procedure.

For the Plan's pooled fund investments, the Trustee has no direct ownership of the underlying pooled funds nor the underlying assets within the pooled funds. The policies, proposal forms, prospectuses and related principles of operation set out the terms on which the assets are managed. The safekeeping of the assets within the pooled funds is performed on behalf of the investment manager by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager. The current custodians are set out in the table below.

Manager	Custodian
Schroder	Chase Nominees Ltd*
Insight	State Street Custodial Services (Ireland) Limited
**LGIM	UK: HSBC Global Investor Services Overseas: Citibank N.A. Liquidity: Northern Trust Fiduciary Services (Ireland) Limited

* The Plan's life fund holdings are held within a Life Company platform and therefore do not have a custodian. The Plan holds a life policy with the respective managers. Legal title to the assets lies with the managers; therefore the managers retain responsibility to appoint a custodian and as such have appointed the companies listed as custodians of the assets of the Life funds held.

** LGIM decided to consolidate all its PMC assets into custody at Citibank during 2020. This is a change from the previous dual custodian model for PMC assets with HSBC (UK) and Citibank (non-UK). The consolidation of PMC assets into custody at Citibank is anticipated to be 100% completed in the first half of 2021.

Employer Related Investments

Under the Pensions Act 1995 particular types of investment are classed as "employer-related investments" ("ERI"). Under laws governing ERIs not more than 5% of the current value of a scheme's assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer related loan or guarantee. In September 2010 the prohibition of ERI was extended to cover pooled funds. It should be noted that this prohibition does not cover pooled funds held in life wrappers, i.e. funds which are packaged in an insurance policy.

The Trustee reviews its allocation to employer-related investments on an on-going basis and is satisfied that as at 31 March 2021, ERI does not exceed 5% of the market value of the Plan's assets, as no ERI were held as at this date. Consequently, the Trustee is comfortable that the Plan complies with the legislative requirements. This will continue to be monitored going forward.

TRUSTEE'S REPORT

Statement of Trustee's responsibilities

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Plan will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

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

The Trustee is also responsible for the maintenance and integrity of the Baxi Pensions website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

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

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

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

TRUSTEE'S REPORT

Approval of Report

The Trustee's Report was approved by the Trustee and signed on its behalf:

Trustee ...[redacted]........

Name......MARK NAYLOR ....
FOR BESTRUSTEES LIMITED

Date........19 October 2021...

ACTUARIAL CERTIFICATE

MERCER
MAKE TOMORROW, TODAY

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan	Newmond Pension Plan

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 2018 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 29 July 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 Plan were to be wound up.

Signature	[redacted]
Name	Matthew Jones FIA
Date of signing	14 May 2020
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	Four Brindleyplace Birmingham B1 2JQ United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF NEWMOND PENSION PLAN

Report on the audit of the financial statements

Opinion

In our opinion, Newmond Pension Plan's financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets Available for Benefits as at 31 March 2021; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Plan 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 Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Plan's ability to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF NEWMOND PENSION PLAN

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

In the preparation of the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Plan and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Plan in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed included:

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF NEWMOND PENSION PLAN

- Testing of journals where we identified particular risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing estimates and judgements made in the preparation of the financial statements.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, contracts and agreements, and holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18/10 ~~30 September~~ 2021

FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

All amounts in tables are in £ thousands unless otherwise stated.

	Note	2021	2020
Contributions and other income			
Employer contributions	5	**2,080**	4,099
Total contributions		**2,080**	4,099
Other income		**1**	1
		2,081	4,100
Benefits and other outgoings			
Benefits paid or payable	6	**4,062**	3,788
Payments to and on account of leavers	7	**2,381**	1,149
Administrative expenses	8	**1**	1
		6,444	4,938
Net withdrawals from dealings with members		**(4,363)**	(838)
Net returns on investments			
Investment income	9	**4**	6
Change in market value of investments	10	**6,317**	7,708
Investment management expenses	11	**(146)**	(213)
		6,175	7,501
Net increase in the fund		**1,812**	6,663
Opening net assets		**159,049**	152,386
Closing net assets		**160,861**	159,049

The notes on pages 25 to 36 form part of these financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 MARCH 2021

All amounts in tables are in £ thousands unless otherwise stated.

	Note	2021	2020
Investment assets			
Pooled investment vehicles	12	**159,850**	157,411
AVC investments	13	**158**	158
		160,008	157,569
Current assets and liabilities			
Current assets	18	**925**	1,632
Current liabilities	19	**(72)**	(152)
Net assets available for benefits		**160,861**	159,049

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations, is dealt with in the report on actuarial liabilities on pages 5 and 6 of the annual report, and these financial statements should be read in conjunction with this report.

The notes on pages 25 to 36 form part of these financial statements.

These financial statements were approved by the Trustee on 19 October 2021 and signed on their behalf by:

[redacted]

Trustee

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Plan was established by an interim deed dated 2 April 1997 and is now governed by a definitive trust deed and rules dated 25 February 1999 (as amended). The Plan provides benefits to former members of the Williams Pension Plan following the sale of the building products businesses by Williams plc to Newmond plc, and to new members joining from Newmond plc on 6 April 1997. The Plan is closed to new members.

On 4 March 2002 the Trustee agreed to the merger of a large part of the Plan's assets and liabilities into the Baxi Group Pension Scheme. The merger became effective on 2 July 2002 and all active membership ceased on that date. As a consequence of the merger, the benefits of all active members as at 2 July 2002, and all pensioners aged 60 or over on that date, were transferred to the Baxi Group Pension Scheme. Deferred members and pensioners under the age of 60 on 2 July 2002 remained in the Plan.

In accordance with HMRC requirements the Plan is registered under Chapter 2, Part 4 of the Finance Act 2004. As a consequence, both employee and employer contributions are normally eligible for tax relief and income and capital gains earned by the Plan receive preferential tax treatment.

2. Basis of preparation

The individual financial statements of Newmond Pension Plan have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised June 2018) (“the SORP”).

3. Identification of the financial statements

The Plan is established as a trust under English law. The address for enquiries to the Plan is Buck, 5th Floor, Temple Circus, Temple Way, Bristol BS1 6HG.

4. Accounting policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements.

All amounts in tables are in £ thousands unless otherwise stated.

Currency

The Plan’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.

Contributions

Employers’ deficit funding contributions are accounted for in accordance with the agreement under which they are paid.

There are currently no other employer contributions or employee contributions in payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Accounting policies (continued)

Payments to members

Pensions in payment are accounted for in the period to which they relate.

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.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Plan as appropriate.

Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Plan. They are accounted for on a cash basis or where the Trustee has agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Administrative and other expenses

Administrative expenses are paid by the employer except as stated.

Investment income and expenditure

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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Income arising from annuity policies is included in investment income and the pensions paid included in pension’s payments.

Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment.

The methods of determining fair value for the principal classes of investments are:

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- 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.
- AVC investments are valued at the market value provided by the AVC provider as at the year end date.

A number of insurance policies, which have been historically purchased in the name of the Trustee, partially fund benefits payable to particular members of the Plan. The value of this income stream is considered to be of negligible value and the Trustee has not valued such policies in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Accounting policies (continued)

Critical accounting judgements and estimates

There are no significant estimates or judgements.

5. Contributions

	2021	2020
Employer contributions – deficit	**2,080**	4,099

Employers

Deficit contributions paid in the year were in accordance with the Schedules of Contributions certified on 27 August 2019 and 14 May 2020. Under the Schedule, from July 2019 to August 2024 monthly amounts of £337,952, increasing annually in line with the increase in the Retail Prices Index were payable. For April and May 2020 deficit contributions were temporarily suspended due to the impact of the Covid-19 pandemic, which was ratified in a new Schedule of Contributions agreed on 14 May 2020. The new Schedule requires deficit reduction contributions of at least £346,739 per month from 1 June 2020 to 30 September 2020 and £115,580 per month from 1 October 2020 to 31 March 2021.

In accordance with the Schedules of Contributions the employer also pays directly the running costs of the Plan including administration costs, life assurance premiums, professional fees and Pension Protection Fund levies.

Employees

There are no employee contributions payable to the Plan.

6. Benefits paid or payable

	2021	2020
Pensions	**3,454**	3,284
Commutations and lump sum retirement benefits	**604**	501
Lump sum death benefits	**-**	1
Benefits under income drawdown arrangements	**4**	2
	4,062	3,788

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Payments to and on account of leavers

	2021	2020
Individual transfers to other schemes	**2,381**	1,149

8. Administrative expenses

	2021	2020
Administration and processing	**1**	1

9. Investment income

	2021	2020
Interest on cash deposits	**1**	3
Annuity income	**3**	3
	4	6

10. Reconciliation of net investments

	Value at 1 April 2020	Purchases at cost	Sales proceeds	Change in market value	**Value at 31 March 2021**
Pooled investment vehicles	157,411	30,570	(34,443)	6,312	**159,850**
AVC investments	158	161	(166)	5	**158**
	157,569	30,731	(34,609)	6,317	**160,008**

Investment transaction costs

Indirect transaction costs may be incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It is not possible to quantify the level of indirect transaction costs.

Marketability of investments

At the 31 March 2021, all investment assets were considered to be marketable on a short term basis.

11. Investment management expenses

	2021	2020
Administration, management and custody	**146**	213

L&G and Invesco are remunerated on a fee basis and are paid quarterly and monthly, respectively, by disposal of units.

Schroders are paid directly from the investment fund, meaning that returns are net of fees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Pooled investment vehicles

By type	**2021**	2020
Bonds	**82,778**	80,757
Diversified growth	**9,205**	7,477
Targeted return	**9,208**	8,378
Liability driven investment	**57,424**	53,373
Cash	**1,235**	7,426
	159,850	157,411

13. AVC Investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive annual statements confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2021	2020
Utmost Life & Pension Limited		
– unit linked	**-**	78
– with Profits	**32**	35
Phoenix Life – with profits	**29**	29
Prudential Assurance Company – with profits	**16**	16
Legal and General – unit linked	**81**	-
	158	158

14. Fair value of investments

The fair value of financial instruments has been estimated 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 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.

Pooled investment vehicles which are traded regularly are generally included in category (2). Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted and the vehicles are included in category (3).

14. Fair value of investments (continued)

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

Level	(1)	(2)	(3)	**2021 Total**
Pooled investment vehicles	-	159,850	-	**159,850**
AVC investments	-	81	77	**158**
2021 Total	**-**	**159,931**	**77**	**160,008**

Analysis for the prior year was as follows:

Level	(1)	(2)	(3)	2020 Total
Pooled investment vehicles	-	157,411	-	157,411
AVC investments	-	78	80	158
2020 Total	-	157,489	80	157,569

15. Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed to at the end of the reporting period. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee has produced a Statement of Investment Principles (“SIP”) in accordance with Section 35 of the Pensions Act 1995. A copy of the SIP is available on request. The main objective of the Trustee is to invest the Plan’s assets such that members' benefits under the Plan are met as they fall due and to act in the best interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of objectives to help guide them in the strategic management of the assets. These objectives are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment risks (continued)

Market risk (continued)

- To optimise returns from investments over the long terms which are consistent with the long term assumptions of the Actuary in determining the funding of the Plan
- To control the various funding risks to which the Plan is exposed
- To achieve fully funded status on a low-risk liability basis
- To gradually de-risk to a lower risk investment strategy over time

The Plan has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment manager and monitored by the Trustee through regular reviews of the investment portfolios. The investment objectives and risk limits of the Plan are further detailed in the SIP.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include any legacy insurance policies nor Additional Voluntary Contribution ("AVC") investments as these are not considered significant in relation to the overall investments of the Plan.

(i) Investment strategy

The Trustee is responsible for determining the Plan's investment strategy. The Trustee has set the investment strategy for the Plan after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the portfolio which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Plan, including the full discretion for stock selection, is the responsibility of the investment manager.

The main priorities of the Trustee when considering the investment policy for the Plan are:

- To make sure that the obligations to the beneficiaries of the Plan are met.
- To pay due regard to the Company's interest in the size and incidence of the employer's contribution payments.

The Plan's current investment strategy can be found in the Trustee Report, which these Risk Disclosures accompany.

(ii) Market risk

Credit risk

The Plan is subject to indirect credit risk as it invests in fixed interest gilts, index-linked gilts and associated derivatives (as part of the pooled Liability Driven Investing ("LDI") vehicle) and the pooled corporate bond vehicle. This risk is mitigated through investment in high-quality bonds which are at least investment grade and daily collateralisation of derivative contracts.

The Plan also invests in funds which hold non-investment grade credit rated instruments via the diversified growth funds with a view to adding value and indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment risks (continued)

Credit risk (continued)

The Plan's Matching portfolio comprises of the total pooled LDI portfolio and a separate allocation to a pooled corporate bond fund. The total pooled LDI portfolio comprises of an allocation to liability matching funds, a pooled cash fund and a pooled corporate bond fund. The target allocation for the total pooled LDI portfolio is 70.0% of Plan assets, with an equal target allocation of 35.0% to both the liability matching funds (including cash), and the pooled corporate bond fund. As at 31 March 2021, the total LDI portfolio represented 71.1% of the portfolio, with the pooled liability matching funds (including the pooled cash fund) representing 36.8% and the pooled corporate bond fund representing 34.4% of the total investment portfolio. The separate pooled corporate bond vehicle represented 17.1% of the Plan assets as at 31 March 2021, versus a target allocation of 20.0%.

The Plan is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed as follows:

			Exposed to			
Fund	**2021 (£,000)**	**2020 (£,000)**	**Currency Risk**	**Interest Rate Risk**	**Credit Risk**	**Other Price Risk**
Schroders – DGF	9,205	7,477	✓	✓	✓	✓
Insight – DGF	9,208	-	✓	✓	✓	✓
Invesco - DGF	-	8,378	✓	✓	✓	✓
LGIM – Corporate Bonds (separate to LDI portfolio)	27,696	27,652		✓	✓	✓
LGIM – Corporate Bonds (within LDI portfolio)	55,017	53,034		✓	✓	✓
LGIM – LDI portfolio (including Sterling Liquidity Fund)	58,660	60,799		✓	✓	✓

Based on information provided by the Investment managers

Pooled investment arrangements

The Plan's investments are held via pooled investment vehicles. Pooled investment arrangements used by the Plan comprise unit linked insurance contracts and open ended investment companies. The Plan is therefore directly exposed to credit risk arising from these pooled investment vehicles and is indirectly exposed to credit risks arising on the underlying investments held by these pooled investment vehicles.

The Plan's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Cash held by the pooled managers' custodians is ring-fenced where possible. Where this is not possible, the credit risk arising is mitigated by the use of regular cash sweeps (typically daily) and investing cash in liquidity funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment risks (continued)

Investments backing unit-linked insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Plan may be protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for at least 100% of its policy value, although compensation is not guaranteed. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

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

	Newmond Pension Plan DB Assets	
	2021	**2020**
	£'000	**£'000**
Unit Linked insurance contracts	150,642	157,411
Open ended investment companies	9,208	-
Total	**159,850**	**157,411**

Currency risk

The Plan is subject to indirect currency risk as the Plan invests in Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies.

The currency risk exposures the Plan faces are from the allocation to Diversified Growth Funds ("DGFs") (which consist of underlying investments across a range of asset class and regions, exposing the Plan to indirect currency risk). The DGFs also use currency exposures as part of the managers' investment strategy to add value.

As at 31 March 2021, DGFs represented 11.4% (2020: 10.1%) of the total investment portfolio.

Interest rate risk

The Plan is subject to indirect interest rate risk because some of the Plan's investments are held in index-linked gilts, fixed interest gilts, interest rate swaps and short term fixed income and variable rate securities through pooled investment vehicles. The Trustee has set targets for their exposure to interest rates, as part of their LDI investment strategy. Under this strategy, if interest rates fall, the value of LDI investments 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 investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Trustee has set a benchmark for the total pooled LDI vehicle of 70.0% of the total investment portfolio. As at 31 March 2021, the total pooled LDI vehicle (including liability matching funds, cash and corporate bonds) represented 71.1% of the total investment portfolio. The Plan's current pooled LDI vehicle holding is slightly overweight compared to the target allocations set out in the SIP, however the Trustee is comfortable with this and will look to rebalance as and when appropriate. The Trustee is also exposed to another pooled corporate bonds portfolio (outside LDI) that represented 17.1% of the Plan assets invested as at 31 March 2021. This holding was underweight compared to the target allocation.

The Trustee also has an exposure to growth fixed income assets through diversified growth funds. The interest rate exposure that this asset class introduces is taken by the investment managers as part of their investment strategy to add value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment risks (continued)

Inflation risk

The Plan holds index-linked gilts and associated derivatives as part of the pooled LDI vehicle to manage against inflation risk associated with pension liability increases.

Other price risk

The Plan is exposed to indirect other price risk in relation to the Plan's return seeking portfolio which includes diversified growth funds (comprising primarily bonds, equities and illiquid assets such as infrastructure and property), held through underlying investments in pooled investment vehicles.

The Trustee has set target asset allocations of around 10% of assets being held in return seeking investments. As at 31 March 2021, the return seeking portfolio represented 11.5% (2020: 10.1%) of the total investment portfolio.

16. Concentration of investments

Investments accounting for more than 5% of the net assets of the plan were:

	2021 Value	**%**	2020 Value	%
Schroder Life Diversified Growth Fund	**9,205**	**5.7**	7,477	4.7
Invesco Targeted Return Fund	**-**	**-**	8,378	5.3
Insight Broad Opportunities Fund	**9,208**	**5.7**	-	-
Legal & General Bonds over 15 years	**82,778**	**51.5**	80,757	50.8
Legal & General 2042 Index Linked Gilt	**8,337**	**5.2**	6,665	4.2

17. Employer related investments

There were no direct or indirect employer related assets at the year end.

18. Current assets

	2021	2020
Employer contributions due	**116**	347
Cash at bank	**803**	1,282
Due from Baxi Group Pension Scheme	**4**	-
Other debtors	**2**	3
	925	1,632

All contributions were received within the deadlines specified in the Schedules of Contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Current liabilities

	2021	2020
Benefits payable	**-**	92
Investment manager fees	**71**	59
Other creditors	**1**	1
	72	152

20. Related party transactions

Transactions with related parties of the Plan comprise:

Key Management personnel

None of the Trustee Directors were active members of the Plan during the year, however there were 9 Trustee Directors who were active members of the Baxi Group Pension Scheme during the year, 1 of whom became a deferred member by the year end. 1 Trustee Director is a retired member of the Baxi Group Pension Scheme and is in receipt of a pension from the Scheme. The Baxi group Pension Scheme is a related pension scheme as explained on page 2 of the report.

The employer meets the administrative costs of the Plan directly. Fees of £16,986 of which £3,898 was outstanding at year end, (2020: £23,049) have been paid by the employer and not recharged to the Plan in respect of independent trustee services. The Trustee represented by BESTrustees during the year was Mark Taylor, who also received fees for the Baxi Group Pension Scheme of £33,098 (2020: £26,682) in addition to those disclosed above, £10,116 (2020: £5,955) of which remained outstanding at the year end.

21. Contingencies and commitments

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Fund must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. In addition in November 2020 the High Court also ruled that the past transfers had to be equalised. Following the ruling, it is expected that the Trustee will need to amend the Plan rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Plan. Based on the initial estimations performed by the Plan actuary, the Trustee is not expecting the impact of this to be material to the financial statements and therefore have not included a liability in respect of these financial statements. They will be accounted for in the year they are determined.

Benefit Audit

The Trustee is undertaking a check of historic benefits to ensure they are paid in accordance with the Trust Deed and Rules. This project is on-going, and several issues have been identified. The Trustee considers the impact of these issues is unlikely to be material to the financial statements and, therefore, has not included a liability or asset in respect of them in these financial statements. Any adjustments to pensions paid will be accounted for in the year they are determined.

In the opinion of the Trustee the Plan had no other contingent liabilities or contractual commitments at 31 March 2021 (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Covid-19

Since March 2020, Covid-19 has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with their advisers, monitors the situation closely and reviews any actions that are deemed to be necessary. This includes monitoring the employer covenant, the operational impact on the Scheme and the investment portfolio. The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF NEWMOND PENSION PLAN

Statement about contributions

Opinion

In our opinion, the contributions required by the schedules of contributions for the Plan year ended 31 March 2021 as reported in Newmond Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Plan actuary on 27 August 2019 and 14 May 2020.

We have examined Newmond Pension Plan's summary of contributions for the Plan year ended 31 March 2021 which is set out on the following page.

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
~~30 September~~ 2021
18/10

SUMMARY OF CONTRIBUTIONS

Summary of Contributions
For the year ended 31 March 2021

All amounts in the table below are in £ thousands

During the year, the contributions required to be paid to the Plan were as follows:

	Employer
Contributions required by the schedules of contributions, as reported on by the Plan auditors:	
Deficit	2,080
Total as per fund account	**2,080**

Signed on behalf of the Trustee:

[redacted]

Trustee

15 October 2021

Date

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Newmond Pension Plan ('the Plan')

Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2021

1. Introduction

This statement sets out how, and the extent to which, the Plan's Engagement Policy has been followed during the year to 31 March 2021. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Scheme and changes which have been made to the Statement of Investment Principles ("SIP") during the year to 31 March 2021, respectively.

A copy of the SIP is available at https://baxipensions.co.uk/downloads.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers of the Plan, and also sets out how the Plan's engagement and voting policy has been met.

2. Statement of Investment Principles

2.1. Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

The objectives for the Plan specified in the SIP are as follows:

- To optimise returns from investments over the long term which are consistent with the long term assumptions of the Actuary in determining the funding of the Plan.
- To control the various funding risks to which the Plan is exposed.
- To achieve fully funded status on a low-risk liability basis.
- To gradually de-risk to a low-risk investment strategy over time.
- To provide a suitable range of investment funds for AVC contributions.

2.2. Review of the SIP

During the year, the Trustee reviewed and amended the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was agreed by the Trustee in September 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 to outline the Trustee's arrangements with its asset managers including:

- How the arrangements with the asset managers incentivises them to align their investment strategies and decisions with the Trustee's investment policies.
- How those arrangements incentivises the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration of asset managers are in line with the Trustee's investment policies.
- How the Trustee monitors "portfolio turnover costs" incurred by the asset managers.
- The duration of the arrangements with the asset managers.

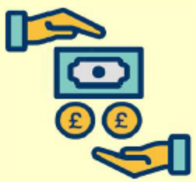
The SIP was also updated during the year to reflect the strategic changes to the Plan's investments. In particular, the Matching Portfolio was restructured to hedge inflation and interest rate exposure up to the Plan's funding level, from 80% to 100%, on the Plan's Technical Provisions basis. The Plan fully redeemed its investment in the Invesco Global Targeted Returns Fund and invested in Insight's Broad Opportunities Fund, following advice from the Plan's Investment Consultant.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

3. Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers.

Schroders challenges Tesco board on executive pay



As has been widely covered in the news, the former chief executive of Tesco was awarded a £6.4 million pay package in May 2020, the biggest of any executive at the chain in almost a decade.

Schroders have been questioning Tesco on remuneration issues since 2015. In 2018, they voted against its pay policy.

They had historically supported Tesco's executives being predominantly incentivised to increase total shareholder returns, and approved its remuneration package in 2017. But in 2018 Tesco shifted its remuneration policy to focus on earnings per share instead – something that Schroders felt was less aligned with the interests of shareholders.

Executive pay is influenced by Tesco's share performance relative to a custom list of rivals.

In 2020, Tesco removed Ocado from that custom list, with effect from May 2018. By doing so, Tesco's relative share performance notably improved, leading to a handsome benefit for company executives.

The company explained that because Ocado was a technology provider rather than a company in the food and retail index it should no longer be considered a direct competitor.

Executive remuneration performance criteria are approved by shareholders at the company's Annual General Meetings, so Schroders consider any retrospective changes a red flag.

While Schroders would agree that Ocado has shifted away from being a retail-focused business, this technology strategy was actually announced prior to 2017 when the peer group was set.

However, the vote to approve the remuneration report was advisory rather than binding, meaning the former chief executive was still eligible for the boosted pay package.

Insight engages with HICL Infrastructure over financial performance

Insight has been engaging with HICL Infrastructure (HICL) since early 2020.

In 2020, the company decided not to increase dividends for the 2020/21 financial year due to pandemic related uncertainty in the companies underlying investments. Insight decided to engage the company on this issue as dividends are a key component in the expected total returns from the Fund's listed infrastructure exposures. Therefore, significant changes in the underlying cashflow generation capability have the potential to affect expected returns.

In 2020, Insight met with the company four times to discuss the cash flow generation potential from the companies underlying investments. Further to these meetings, Insight agreed with the company's rationale for not increasing target dividends for FY 20/21. The decline in the dividend cash cover was expected to be a timing issue and the company was expected to return to fully covered cash dividends.

Insight will continue to monitor HICL's performance and the impact that the pandemic has had on the company's investments. Insight remain comfortable that expected cashflow generation remains broadly unchanged.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

4. Voting Activity during the Plan year

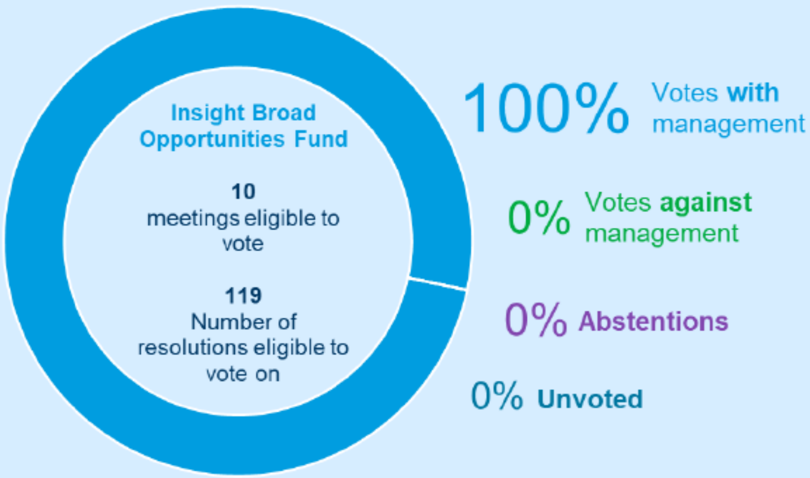
The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 6 (Policy on Socially Responsible Investment and Corporate Governance) of the SIP.

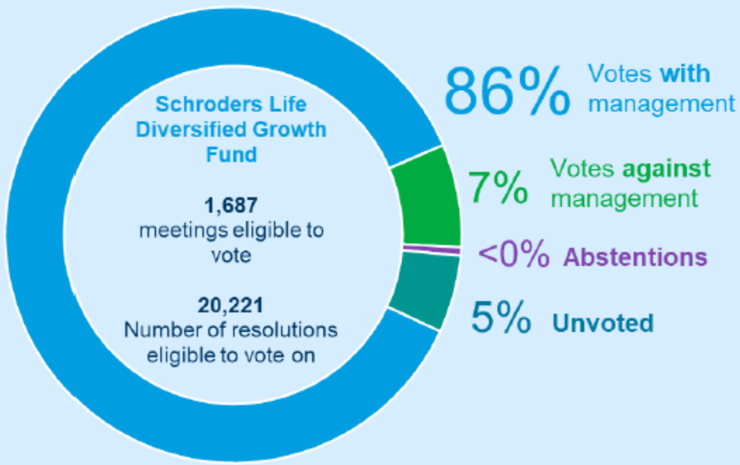
How has this policy been met over the year to 31 March 2021?

The Trustee does not use the direct services of a proxy voter.

The Trustee expects that the Scheme's investment managers will vote on the Plan's UK shares in accordance with the guidelines set down by the UK Stewardship Code and UK Corporate Governance Code. All of the Plan's investment managers are currently signatories to the current UK Stewardship Code.

Set out below is a summary of voting activity for this reporting period and a sample of the most significant votes cast on behalf of the Trustee by the Plan's investment managers (with investments in equities) is shown on the following page.





Source: Investment managers, data may not sum due to rounding.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Sample of signficant votes

There is no official definition of what constitutes a significant vote; managers have adopted a variety of interpretations such as:

- There is a particular interest in a specific vote relating to an issue,
- The potential impact on the financial outcome,
- Size of the holding in the fund / mandate,
- Voting against management, and
- Whether the vote was high-profile or controversial.

Manager	Fund	Company	Date of vote	How the Manager voted	Rationale of Manager vote
Insight[1]	Broad Opportunities	The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.			
Schroders[2]	Diversified Growth	International Personal Finance Plc	30 April 2020	The Manager voted **against** the resolution to approve the Remuneration Policy	There was too much viewed on short term targets.
		Ocado Group Plc	6 May 2020	The Manager voted **against** the resolution to approve the Remuneration Report	Remuneration framework is highly dependent on short-term targets.
		Amazon.com, Inc	27 May 2020	Schroders voted **against** electing Director Jonathan J. Rubinstein	Schroders voted against management by taking active ownership to express ongoing concerns about labour standards within its warehouses and company responsiveness to shareholder concerns
		Sportech Plc	26 June 2020	The Manager voted **against** the resolution to re-elect Giles Vardey as Director	All male board.
		Vodafone Group Plc	28 July 2020	The Manager voted **against** the resolution to approve the Remuneration Policy	Poor disclosure and targets lack specific stretch. There is high potential single figure.

Source: Investment managers

[1] *Overview of Insight's voting process:*

"Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote."

[2] *Overview of Schroders voting process:*

"We evaluate voting issues arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. We utilise company engagement, internal research, investor views and governance expertise to confirm our intention."