NEWMOND PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Registrar of Occupational and Pension Schemes
Registration Number: 10227400

CONTENTS

Contents

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2022

TRUSTEE AND ADVISERS

Trustee	Baxi Group and Newmond Pension Trustees Limited	
Trustee Directors	BESTrustees Limited (the independent trustee) (represented by Mark Taylor - Chairman)	
	Philip Lowton*	(until 7 October 2022)
	Simon Oliver	
	Karen Roberts	(until 30 June 2021)
	Diane Sutherland*	
	Steve Randall	
	John McFaull**	
	Katie Wright*	
	Claire Carlin	
	* Member Nominated Director	
	** Pensioner Director nominated by both the Plan and related Baxi Group Pension Scheme	
Secretary to the Trustee	Karen Roberts	(until 30 June 2021)
	Tanya Russell	(from 1 July 2021 until 6 August 2021)
	Vikki Hall	(from 29 September 2021)
Secretary to the Trustee Directors	Trustee Solutions Limited	(from 1 July 2021)
Principal employer	Baxi Group Limited	
Participating employer	Baxi Heating UK Limited	
Actuary	Matthew Jones, Mercer Limited	(until 31 July 2022)
	Sophie Young, Mercer Limited	(from 1 August 2022)
Plan 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	
	Insight Investment Management Limited	
	Schroder Investment Management Limited	

TRUSTEE AND ADVISERS

Covenant adviser	Grant Thornton UK LLP
Investment Custodians	Citibank NA for Legal & General Assurance (Pensions Management) Limited
	Chase Nominees Limited – for Schroder Investment Management 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 2022.

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 now closed to new members as from 2 July 2002.

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, the sole corporate Trustee (the "Trustee") of 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.

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 Adviser and Managers. The Administrator and Investment Adviser 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, including the Administration sub-committee, on 12 occasions (2021:12).

All occupational pension schemes must implement arrangements that provide for at least one-third of the total number of Trustee board directors 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). Two 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 related 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's 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 decreased by £6.2 million (2021: increased £1.8m), arising as follows:

	2022 £m	2021 £m
Net withdrawals from dealings with members	**(4.2)**	**(4.4)**
Net returns on investments	**(2.0)**	**6.2**
Net (decrease)/increase in the fund	**(6.2)**	**1.8**

Membership

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

	Deferred	Pensioners	Dependants	Total
Membership at 31 March 2021	998	652	86	1,736
Adjustments	(3)	(3)	-	(6)
Adjusted membership at 1 April 2021	995	649	86	1,730
Members retiring	(20)	20	-	-
Deaths in the year	-	(7)	(2)	(9)
New dependants pensions	-	-	4	4
Members leaving with refund / transfer out	(2)	-	-	(2)
Trivial commutations	(4)	-	-	(4)
Total membership at 31 March 2022	969	662	88	1,719

The above membership details include one member (2021: one) for whom the Plan is in receipt of annuity payments.

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 2022 by 3% in respect of benefits earned up to 5 April 1997 and by 4.8% for benefits earned after this date. The increases applied in previous years were:

	Pre 1997 elements	Post 1997 elements
January 2021	0.5%	0.5%
January 2020	2.6%	2.6%

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

TRUSTEE'S REPORT

Pension Increases (continued)

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 4.9% Limited Price Index ("LPI").

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, a copy of which is available to members on request.

The last full actuarial valuation of the Plan was undertaken as at 31 March 2021.

A summary of the funding position in accordance with the Statutory Funding Objective, at the valuation date, was as follows:

Value of assets available to meet technical provisions	£160.7m
Value of technical provisions	£160.6m
Past service surplus	£0.1m
Funding ratio	100%

The value of the 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 using the projected unit credit method:

- 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 1.1% 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.

TRUSTEE'S REPORT

Report on actuarial liabilities (continued)

- 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).
- 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 2021 valuation the adjustment was a deduction of 1.0% per annum until 2030 and no deduction after 2030.
- 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 2021, 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 S3PA Year of Birth tables ("middle" tables for females), with improvements based on the CMI 2020 model (smoothing parameter of 7.5 and a w parameter of 0) with a long term improvement rate of 1.5% p.a. The following weightings are applied to the base tables:
    - Male non-pensioners: 115%
    - Female non-pensioners: 106%
    - Male pensioners: 115%
    - Female pensioners: 109%

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

The actuarial valuation at 31 March 2021 revealed a funding surplus of £0.1m. As there is no shortfall, the Principal employer is not required to pay any deficit contributions. This is reflected in the Schedule of Contributions signed on 24 June 2022 and certified by the actuary on 27 June 2022.

The next full actuarial valuation of the Plan is due as at 31 March 2024.

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. During the year, the Trustee completed a review of the Plan's AVC arrangements and transferred all unit-linked AVCs from Utmost to Legal & General Assurance (Pensions Management) Limited. All with-profits assets remained with the current AVC providers.

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
- Contributions have been paid in accordance with the schedule of contributions certified by the Actuary.

Taking into account the measures taken which and will be taken, 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 financial statements.

GMP equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is reviewing, with its advisers, the implication of this ruling on the Plan and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Plan and the value of an estimate of the Plan's potential liability arising from GMP equalisation in respect of backdated benefits and related interest. Once the effect on individual members' benefits has been calculated and the liability quantified, this will be communicated to the members.

A supplemental ruling in November 2020 clarified the position in relation to historic transfers out. This ruling requires the rectification of any shortfall in these transfer values, calculated on the basis of unequalised GMPs. The Trustee is working with the Plan administrator to finalise GMP and data rectification. It is not expected that the amount will be material to the Plan's financial statements.

Benefit audit

The Trustee is undertaking a check of historic benefits to ensure that 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 benefits paid will be accounted for in the year they are determined.

Administration services

The Trustee has taken the decision to change the provider of the administration services from Buck to Mercer. However, prior to transferring the administration services the Trustee is going to deal with the issues identified from the benefit audit referred to above and so the transfer is unlikely to be completed until late 2023.

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 Money and Pensions Service ("MAPS") who can be contacted at 120 Holborn, London EC1N 2TD. If a member has a complaint which MAPS is unable to resolve, then they can ask for a ruling from the Pensions Ombudsman who can be contacted at the same address.

Changes to the Plan

Matthew Jones, from Mercer Limited, resigned his position as the Plan Actuary on 31 July 2022. Sophie Young was appointed as the replacement Actuary, also from Mercer Limited from 1 August 2022. In his letter of resignation Mr Jones confirmed that he was not aware of any circumstances connected with his resignation which, in his opinion, significantly affect the interests of members or prospective members of, or beneficiaries under, the Plan.

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. Email: baxipensions@buck.com.

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") and Insight Investment Management Limited ("Insight"). Some members also have 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 (previously invested with Equitable Life Assurance Society), Phoenix Life, Scottish Friendly Assurance Society, Prudential Assurance Company and LGIM.

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 2022 is to hold (all through pooled investment vehicles):

- 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.

Full details of the Plan's investment strategy as at the accounting end of year can be found in the Statement of Investment Principles ("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 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 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: https://baxipensions.co.uk/downloads/, 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, including climate related risks, 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 adviser, 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 adviser'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 adviser'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)

Investment Manager Appointment, Engagement and Monitoring (continued)

Aligning Manager Appointments with Investment Strategy (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 focuses 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; and
- There is a significant change to the investment consultant's rating of the manager.

Market Background

Investment Markets[1]

The world entered the second quarter of 2021 with heavy Covid-19 related restrictions in place but the successful roll-out of vaccinations in developed countries created optimism over imminent reopenings that would be more sustainable this time than a year before. The reopening rebound in July and August 2021 in developed countries did indeed materialise and drove risk-on sentiment initially. However, some emerging economies re-imposed restrictions, which added to already existing supply chain pressures. The supply impact was felt with increasing intensity in September with bottlenecks in a large number of areas. One major event was a run on UK petrol stations at the end of September after rumours of fuel shortages became a self-fulfilling prophecy.

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

TRUSTEE'S REPORT

Investment Report (continued)

Market Background (continued)

Investment Markets[1] (continued)

Soaring energy future prices in the UK and Europe led to a further deterioration in sentiment. In the emerging world, China's attempt to deflate its property market by tightening credit increased financial distress and led to the bankruptcy of some large property developers, most notably Evergrande. This came in addition to its disruptive regulatory campaign that created enormous uncertainty for Chinese companies and led to a sharp deterioration in business sentiment.

The fourth quarter did not bring much better news for investors. Persistently high inflation in both developed and emerging countries prompted central banks to become more hawkish. Tightening in emerging markets that had already started reacting earlier in the year continued. The Federal Reserve began to taper asset purchases, setting the stage for interest rate rises as early as in 2022. The Bank of England increased rates by 15bps to 0.25% in December. Only the European Central Bank and Bank of Japan remained on the fence. There was a further Covid-19 variant scare from late November onwards but with a more limited impact this time. International travel restrictions were somewhat tightened and only few countries in Europe re-imposed meaningful domestic restrictions. The US and UK opted instead for a more pragmatic approach of keeping their economies open and focusing on making booster vaccinations more widely available.

Some optimism returned late in the year as existing vaccines proved to still be sufficiently effective against severe symptoms whilst the new variant also appeared to be less severe than feared, although more contagious.

At first, 2022 started on a positive note. The continued absence of far-reaching Covid restrictions in developed countries supported demand. Although inflation came in at elevated levels, a combination of improving supply chains and moderate monetary tightening was expected to bring it under control. The invasion by Russia of Ukraine and subsequent spike in commodity markets completely changed this narrative, however. Central banks were forced to accelerate this pace of tightening even as growth expectations were dialled down. The recovery in supply chains was nipped in the bud both due to Russia's war in Ukraine, and sanctions on Russia and China locking down large manufacturing hubs.

Overall, the 12-month period was shaped by a strong global economic recovery supported by economies reopening, higher increased household savings and loose monetary policy. This position fell under pressure in 2022 amid rising inflation, tightening monetary policy, the war in Ukraine and renewed lockdowns in China, just when there was hope that supply chains would improve and Covid-19 would cease to cause major economic disruptions.

Equity Markets[2]

At a global level, developed markets as measured by the FTSE World index, returned 14.9%. Meanwhile, a return of -3.3% was recorded by the FTSE All World Emerging Markets index.

[2] Statistics sourced from MSCI Investment Property Database.

TRUSTEE'S REPORT

Investment Report (continued)

Market Background (continued)

Equity Markets[2] (continued)

At a regional level, European markets returned 6.5% 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 13.0%. The FTSE USA index returned 19.3% while the FTSE Japan index returned -2.3%. UK equities caught up considerably with global equities in the first quarter of 2022 due to the index's large exposure to oil, gas and basic materials.

Equity market total return figures are in Sterling terms over the 12-month period to 31 March 2022.

Bonds[2]

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -5.1%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -7.2% over the year. The yield for the FTSE Gilts All Stocks index rose over the year from 1.2% to 1.7% while the Over 15 Year index yield rose from 0.7% to 1.1%.

The FTSE All Stocks Index-Linked Gilts index returned 5.1% with the corresponding over 15-year index exhibiting a return of 3.9%. Rising inflation expectations offset rising nominal yields to an extent, cushioning the fall of real yields somewhat which explains the outperformance of index-linked gilts relative to nominal gilts.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned -5.1%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 March 2022.

Property[2]

Over 12-month period to 31 March 2022, the MSCI UK All Property Index returned 13.4% in Sterling terms. All three main sectors of the UK Property market recorded positive returns over the period (retail: 7.7%; office: 2.2%; and; industrial 29.6%).

Commodities

The price of Brent Crude Oil rose 69.2% from $63.52 to $107.46 per barrel over the one-year period. Over the same period, the price of Gold increased 13.9% from $1,704.74 per troy ounce to $1,941.15. Commodities rallied significantly in the first quarter of 2022, as Russia invaded Ukraine. As Russia was sanctioned by large parts of the world, energy markets spiked due to the uncertainty of supply given Russia being such a large supplier of oil and gas to Europe.

The S&P GSCI Commodity Spot Index returned 62.4% over the one-year period to 31 March 2022 in Sterling terms.

Currencies

Over the 12-month period to 31 March 2022, Sterling remained the same against the US Dollar at $1.32. Sterling appreciated by 4.8% against the Yen from ¥152.46 to ¥159.81. Sterling appreciated against the Euro by 0.9% from €1.17 to €1.18 over the same period.

TRUSTEE'S REPORT

Investment Report (continued)

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):

	2022 (£m)	2021 (£m)
Return seeking assets		
Pooled diversified growth vehicles	**19.0**	18.4
Liability matching assets		
Pooled corporate bonds vehicles (outside LDI Portfolio)	**23.0**	27.8
Pooled liability driven investment ('LDI') vehicles (within LDI Portfolio)*	**63.7**	58.7
Pooled corporate bonds vehicle (within LDI Portfolio)	**48.3**	55.0
Total invested assets	**154.0**	159.9

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

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; and
- The pooled diversified growth vehicles managed by Insight and Schroders are daily priced and traded.

Investment Performance

The performance of the Plan's assets compared with its benchmark including fees for periods to 31 March 2022 are shown in the table below:

	1 Year % per annum	**3 Years % per annum**	**5 Years % per annum**
Plan	-1.1	3.7	4.0
Benchmark	-1.5	2.9	4.5

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

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's auditors are authorised to make whatever investigations they deem 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	Citibank N.A.

* The Plan's fund holdings with Schroder 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.

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 2022, 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

Investment Report (continued)

Post year end investment update

As noted in this report, the Plan's investment strategy includes the use of liability driven investment (LDI) funds that seeks to provide a broad match to changes in the Plan's liability values to help protect the Plan's overall funding position. These LDI investments respond in a similar way to the Plan's liabilities, when government bond yields and expected inflation change.

Since the beginning of 2022, government bond (gilt) yields have been increasing noticeably. However, in September 2022, following a change in the UK government's fiscal policy, and lower than expected Bank of England (BoE) interest rate increases, exacerbated by concerns over rising inflation, triggered significant increases and volatility in gilt yields. This led to a significant fall in the value of assets invested in the Plan's LDI funds and an increase in collateral calls being made by the Plan's LDI manager (LGIM) to support the LDI funds. It is worth noting that this was a systemic issue affecting defined benefit pension schemes across the UK. In response to this market turmoil, the BoE set aside £65bn to buy back government bonds, in order to seek to mitigate gilt yield rises and ease pressure on pension funds and insurance companies.

LGIM are managing the LDI portfolio in line with an Enhanced Service Agreement. Under the Enhanced Service Agreement, the Plan has in place with LGIM, the investment manager is responsible for managing the LDI portfolio to maintain target hedge ratios (within agreed tolerance ranges) and meeting capital calls within the leveraged LDI funds as and when they fall due. All such capital calls have been met, to date, from within the full LDI portfolio, comprising the liquidity fund therein; without the need to liquidate any other of the Plan's assets.

However, consequent on the above and changes in bond values, the overall value of the Plan's investment portfolio has significantly declined. That said, the value of the Plan's liabilities (as measured on the technical provisions basis) has fallen by a similar amount which has left the Plan's estimated funding levels to remain broadly stable.

Despite the fact that the Plan is now much smaller in asset value terms, there are no concerns regarding its funding level, its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

The Trustee will continue to monitor the situation and is well placed to take any further action as required.

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.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT

Approval of Report

The Trustee's Report on pages 3 to 19 was approved by the Trustee and signed on its behalf by:

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

Name......MARK TAYLOR FOR BESTRUSTEES LIMITED

Date........25 October 2022........

ACTUARIAL CERTIFICATE

Mercer

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

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 20 June 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature	[redacted]
Name	Matthew Jones FIA
Date of signing	27 June 2022
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 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets Available for Benefits as at 31 March 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the 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 by the engagement team include:

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF NEWMOND PENSION PLAN

Auditors' responsibilities for the audit of the financial statements (continued)

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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

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

Use of this report

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

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 26/10/22

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2022

FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

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

	Note	**2022**	2021
Contributions and other income			
Employer contributions	5	**-**	2,080
Total contributions		**-**	2,080
Other income		**-**	1
		-	2,081
Benefits and other outgoings			
Benefits paid or payable	6	**4,109**	4,062
Transfer out to other schemes	7	**125**	2,381
Administrative expenses	8	**1**	1
		4,235	6,444
Net withdrawals from dealings with members		**(4,235)**	(4,363)
Net returns on investments			
Investment income	9	**3**	4
Change in market value of investments	10	**(1,799)**	6,317
Investment management expenses	11	**(138)**	(146)
		(1,934)	6,175
Net (decrease)/increase in the fund		**(6,169)**	1,812
Opening net assets		**160,861**	159,049
Closing net assets		**154,692**	160,861

The notes on pages 26 to 37 form part of these financial statements.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2022

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 MARCH 2022

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

	Note	2022	2021
Investment assets			
Pooled investment vehicles	12	**154,006**	159,850
AVC investments	13	**160**	158
		154,166	160,008
Current assets and liabilities			
Current assets	18	**633**	925
Current liabilities	19	**(107)**	(72)
Closing net assets available for benefits		**154,692**	160,861

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 26 to 37 form part of these financial statements.

These financial statements on pages 24 to 37 were approved by the Trustee and signed on their behalf by:

…[redacted]….
Trustee

Name…MARK DAYLEN…for BESTMOUNTZES LONDON

Date…25 October 2022

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Plan is an occupational pension scheme, 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 closed to new members on 2 July 2002.

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 (the “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

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 other schemes

Transfer values represent the capital sums 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 insurance policies is included in investment income and the pensions paid included in pension 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

4. Accounting policies (continued)

Critical accounting judgements and estimates

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of net assets date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

For the Plan, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are related to the valuation of the Plan's investments. Explanation of the key assumptions underpinning the valuation of investments are included within the valuation and classification of investments note above and within note 14.

5. Contributions

	2022	2021
Employer contributions – deficit	**-**	2,080

Employers

The Schedule of Contributions agreed on 14 May 2020 required 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. No deficit contributions were due for the year ended 31 March 2022. Contributions under the previous recovery plan ceased as at 31 March 2021. A new Schedule of Contributions was agreed on 27 June 2022; and as there was no funding shortfall there is no recovery plan needed or deficit payments required to be made.

In accordance with the Schedule of Contributions, the employer pays directly the running costs of the Plan including administrative expenses, life assurance premiums, and Pension Protection Fund levies.

6. Benefits paid or payable

	2022	2021
Pensions	**3,597**	3,454
Commutations and lump sum retirement benefits	**473**	604
Lump sum death benefits	**26**	-
Benefits under income drawdown arrangements	**13**	4
	4,109	4,062

7. Transfers out to other schemes

	2022	2021
Individual transfers to other schemes	**125**	2,381

NOTES TO THE FINANCIAL STATEMENTS

8. Administrative expenses

	2022	2021
Administration and processing	**1**	1

9. Investment income

	2022	2021
Interest on cash deposits	**-**	1
Annuity income	**3**	3
	3	4

10. Reconciliation of net investments

	Value at 1 April 2021	Purchases at cost	Sales proceeds	Change in market value	**Value at 31 March 2022**
Pooled investment vehicles	159,850	27,614	(31,653)	(1,805)	**154,006**
AVC investments	158	-	(4)	6	**160**
	160,008	27,614	(31,657)	(1,799)	**154,166**

The purchase and sales of investments are aligned to the Plan's investment strategy.

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 2022, all investment assets were considered to be marketable on a short term basis.

11. Investment management expenses

	2022	2021
Administration, management and custody	**138**	146

LGIM are remunerated on a fee basis and are paid quarterly, by disposal of units.
Schroders are paid directly from the investment fund, meaning that returns are net of fees.

NOTES TO THE FINANCIAL STATEMENTS

12. Pooled investment vehicles

By type	**2022**	2021
Bonds	**71,331**	82,778
Diversified growth*	**19,026**	18,413
Liability driven investment	**58,872**	57,424
Cash	**4,777**	1,235
	154,006	159,850

* The diversified growth fund includes an additional targeted return fund. The targeted return fund was reflected separately in the prior year.

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:

	2022	2021
Utmost Life & Pension Limited		
– with profits	**34**	32
Phoenix Life – with profits	**29**	29
Prudential Assurance Company – with profits	**18**	16
Legal & General – unit linked	**79**	81
	160	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).

NOTES TO THE FINANCIAL STATEMENTS

14. Fair value of investments (continued)

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

Category	Level 1	Level 2	Level 3	2022 Total
Pooled investment vehicles	-	154,006	-	**154,006**
AVC investments	-	79	81	**160**
2022 Total	**-**	**154,085**	**81**	**154,166**

Analysis for the prior year was as follows:

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

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. 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

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.

(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 Investment ("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

15. Investment risks (continued)

Credit risk (continued)

The Plan's Liability 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 2022, the total LDI portfolio represented 72.7% of the portfolio, with the pooled liability matching funds (including the pooled cash fund) representing 41.4% (2021: 36.8%) and the pooled corporate bond fund representing 31.4% (2021: 34.4%) of the total investment portfolio. The separate pooled corporate bond vehicle represented 14.9% of the Plan assets as at 31 March 2022 (2021: 17.1%), versus a target allocation of 20.0%.

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.

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:

	2022	2021
Unit Linked insurance contracts	144,456	150,642
Open ended investment companies	9,550	9,208
Total	**154,006**	**159,850**

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

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 2022, DGFs represented 12.4% (2021: 11.4%) 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 2022, the total pooled LDI vehicle (including liability matching funds, cash and corporate bonds) represented 72.7% 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 14.9% of the Plan assets invested as at 31 March 2022 (2021: 17.1%). 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.

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 2022, the return seeking portfolio represented 12.4% (2021: 11.5%) of the total investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

Risk summary

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	**2022**	**2021**	**Currency Risk**	**Interest Rate Risk**	**Credit Risk**	**Other Price Risk**
Schroders – DGF	9,476	9,205	✓	✓	✓	✓
Insight – DGF	9,550	9,208	✓	✓	✓	✓
LGIM – Corporate Bonds (separate to LDI portfolio)	22,988	27,761		✓	✓	✓
LGIM – Corporate Bonds (within LDI portfolio)	48,343	55,017		✓	✓	✓
LGIM – LDI portfolio	58,872	57,424		✓	✓	✓
LGIM – Sterling Liquidity Fund	4,777	1,235		✓	✓	

The Trustee has selected the above funds and has considered the indirect risks in the context of the investment strategy described here and in the Statement of Investment Principles.

16. Concentration of investments

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

	2022	**%**	2021	%
Schroder Life Diversified Growth Fund	**9,476**	**6.1**	9,205	5.7
Insight Broad Opportunities Fund	**9,550**	**6.2**	9,208	5.7
Legal & General Bonds over 15 years	**71,331**	**46.1**	82,778	51.5
Legal & General 2042 Index Linked Gilt	**8,832**	**5.7**	8,337	5.2

NOTES TO THE FINANCIAL STATEMENTS

17. Employer related investments

There were no direct or indirect employer related investments at the year end (2021: nil).

18. Current assets

	2022	2021
Employer contributions due	-	116
Cash at bank	624	803
Due from Baxi Group Pension Scheme	6	4
Other debtors	3	2
	633	925

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

19. Current liabilities

	2022	2021
Benefits payable	38	-
Investment manager fees	68	71
Other creditors	1	1
	107	72

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 7 Trustee Directors (2021:9) who were active members of the Baxi Group Pension Scheme (the "Scheme") during the year, 1 of whom first became deferred and then transferred out of the Scheme. 1 Trustee Director retired during the year, and therefore 2 of the Trustee Directors (2021: 1) are retired members of the Scheme and are currently in receipt of a pension. 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 £16,399 of which £4,200 was outstanding at year end, (2021: £16,986) have been paid by the employer and not recharged to the Plan in respect of independent trustee services. The Trustee director – BESTrustees, represented by Mark Taylor, also received fees for the Baxi Group Pension Scheme of £34,775 (2021: £33,098) in addition to those disclosed above, £8,400 (2021: £10,116) of which remained outstanding at the year end.

Except as noted above and elsewhere within the financial statements there are no further related party transactions to disclose.

NOTES TO THE FINANCIAL STATEMENTS

21. Contingencies and commitments

GMP Equalisation

In October 2018, the High Court ruled that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997 for both men and women. The Trustee is reviewing, with its advisers, the implication of this ruling on the Plan and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Plan and the value of an estimate of the Plan’s potential liability arising from GMP equalisation in respect of backdated benefits and related interest. Once the effect on individual members’ benefits has been calculated and the liability quantified, this will be communicated to the members. It is not expected that the amounts will be material to the Plan’s financial statements. They will be accounted for in the year they are determined.

A supplemental ruling in November 2020 clarified the position in relation to historic transfers out. This ruling requires the rectification of any shortfall in these transfer values, calculated on the basis of unequalised GMPs. The Trustee is working with the Plan administrator to finalise GMP and data rectification. It is not expected that the amounts will be material to the Plan’s financial statements.

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 benefits 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 2022 (2021: £nil).

22. Covid 19 and other matters

Since March 2020, Covid-19 and other, more recent geopolitical (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies), have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Plan’s investment portfolio, the operational impact on the Plan and the covenant of the Employers. The extent of the impact on the Plan’s investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Plan’s investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS

Statement about contributions

Opinion

In our opinion, the contributions required by the schedule of contributions for the plan year ended 31 March 2022 as reported in Newmond Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the plan actuary on 14 May 2020.

We have examined Newmond Pension Plan's summary of contributions for the plan year ended 31 March 2022 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 schedule 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
London
Date: 26/10/22

SUMMARY OF CONTRIBUTIONS

Summary of Contributions
For the year ended 31 March 2022

All amounts in the table below are in £ thousands

During the year, the contributions required to be paid to the Plan under the schedule of contributions dated 14 May 2020 were as follows:

	Employer
Contributions required by the schedule of contributions, as reported on by the Plan's auditors:	
Deficit	-
Total as per fund account	-

Approved by the Trustee and signed on its behalf by:

[redacted]
Trustee

MANEL MAYOR PER BEJINARES
Name

25 October 2022
Date

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Newmond Pension Plan ('the Plan')

Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2022

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 2022. 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 2022, 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 the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). There were no updates to the Plan's investment strategy over the year, therefore no amendments to the SIP were required.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 Bank of America on ESG Commitments

In 2021, Schroders asked the bank to develop interim milestones and science-based targets relating to their Paris commitment, plus transparency over methodology.

Schroders also asked the bank to provide supplementary metrics that would support its analysis of the banking sector - in this case Scope 3 Category 15 emissions relating to its financing activities. In addition to this, they asked them to disclose further information on the engagements they are having with highest-risk clients on the climate transition in the banking side of the business e.g. numbers or % engaged, success rates, case studies, and consider setting climate related targets / goals for banking clients.

As a result of these consultations, Bank of America published 2030 interim operational targets. The company does not appear to have science based target initiatives or specific targets for high risk sectors, however it plans to develop these in the future. The company has committed to disclosing its financed emissions no later than 2023.

Bank of America also has said that they engage with clients in high risk sectors on net zero. However, Schroders would like to see increased detail surrounding this topic before they can class the objective as achieved.

Insight engages with The Renewable Infrastructure Group plc on governance

Over 2022, a number of The Renewable Infrastructure Group's (the "company") independent Board members are expected to retire, having served 9 years in their roles. This dynamic heightens the need for effective strategies for succession planning. Moreover the company's dividend target has remained unchanged from 2020 whilst Insight have continued to express a preference for fully covered, progressive increases.

During Q4 2021, Insight held meetings with the board and asset manager of this renewable infrastructure holding, with a particular focus on succession planning and capability transitions.

The company remains an important component of the Insight Broad Opportunity Fund's renewable infrastructure exposures providing higher scale, liquidity and a diversified portfolio exposed to a mix of renewable technologies across Europe and the UK. Insight aim to follow up on Board personnel changes to ensure successful capability transition and continue to express our preference for fully covered dividend growth.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

4. Voting Activity during the Plan year

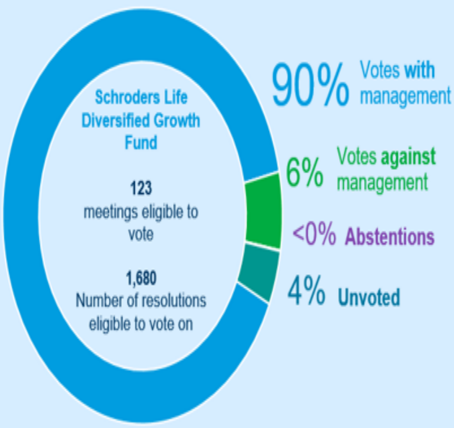
The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 6 (Policy on Socially Responsible Investment and Corporate Governance) of the SIP.

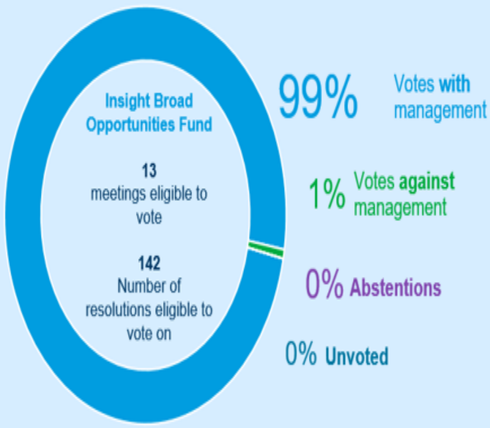
<u>How has this policy been met over the year to 31 March 2022?</u>

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

The Trustee expects that the Plan'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 2022

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.

✗ Resolution **not** passed ✓ Resolution passed

Manager	Fund	Company	Date of vote	How the Manager voted	Rationale of Manager vote	Final outcome following the 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	XP Power Ltd	20 April 2021	The Manager voted **against** the resolution to approve the Remuneration Policy	Schroders voted against the resolution as it believed there were excessive increases in salary and incentives.	✓
		Xenia Hotels & Resorts, Inc.	18 May 2021	Schroders voted **against** management in the advisory vote to ratify named Executive Officers' compensation	The lack of disclosure around annual bonus individual objectives and goal setting was a primary reason for Schroders voting against the proposal. Also, the long term incentive replacement awards were entirely time-vesting.	✓
		Informa Plc	3 June 2021	The Manager voted **against** the application to re-elect Stephen Davidson as director	Schroders voted against the proposal as it believed the company has poor governance practices on the back of continued shareholder descent.	✓

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."