NEWMOND PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Registrar of Occupational and Pension Schemes
Registration Number: 10227400

Contents

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

TRUSTEE AND ADVISERS

Trustee	Baxi Group and Newmond Pension Trustees Limited
Trustee Directors	BESTrustees Limited (the independent trustee) (represented by Chris Parrott – Chairman from December 2022, previously Mark Taylor until December 2022) Philip Lowton* (until 7 October 2022) Simon Oliver (until 3 May 2023) 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	Vikki Hall
Secretary to the Trustee Directors	Trustee Solutions Limited
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, A Gallagher Company (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
Covenant adviser	Grant Thornton UK LLP

TRUSTEE AND ADVISERS

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

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

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 2023.

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, appointed by the principal employer.

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. During the year under review, the Trustee held meetings, including the Administration sub-committee, on 15 occasions (2022:12).

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 19 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.

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.

NEWMOND PENSION PLAN
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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 £41.0 million (2022: decreased by £6.2m), arising as follows:

	2023 £m	**2022 £m**
Net withdrawals from dealings with members	**(4.6)**	**(4.2)**
Net (losses)/returns on investments	**(36.4)**	**(2.0)**
Net decrease in the fund	**(41.0)**	**(6.2)**

Membership

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

	Deferred	**Pensioners**	**Dependants**	**Total**
Membership at 31 March 2022	969	662	88	1,719
Adjustments	(4)	1	1	(2)
Adjusted membership at 1 April 2022	965	663	89	1,717
Members retiring	(24)	24	-	-
Deaths in the year	-	(12)	(2)	(14)
New dependants pensions	-	-	8	8
Members leaving with transfer out	(3)	-	-	(3)
Trivial commutations	(4)	(1)	-	(5)
Total membership at 31 March 2023	934	674	95	1,703

The above membership details include one member (2022: 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 year end.

Pension increases

In accordance with the Plan rules pensions in payment were increased on 1 January 2023 by 3% in respect of benefits earned up to 5 April 1997 and by 5.0% for benefits earned after this date. The increases applied in previous years were:

	Pre 1997 elements	Post 1997 elements
January 2022	3.0%	4.8%
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.

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 Indexation ("LPI").

TRUSTEE'S REPORT

Pension increases (continued)

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. An updated Actuarial Report was produced as at 31 March 2022.

A summary of the funding position in accordance with the Statutory Funding Objective, at the valuation date and as at 31 March 2022, were as follows:

	Actuarial Valuation 31 March 2021	**Update 31 March 2022**
Value of assets available to meet technical provisions	£160.7m	£154.5m
Value of technical provisions	£160.6m	£155.7m
Past service surplus/ (deficit)	£0.1m	(£1.2m)
Funding ratio	100%	99%

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:

1. Discount rate:

    a) 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.

    b) 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.

Report on actuarial liabilities (continued)

2. Future Retail Price Inflation: 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).
3. Future Consumer Price Inflation: 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.
4. 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.
5. 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:

   a) Male non-pensioners: 115%
   b) Female non-pensioners: 106%
   c) Male pensioners: 115%
   d) Female pensioners: 109%

   - An additional reserve, calculated as 2% of the liabilities, is also included in the technical provisions.

The actuarial valuation at 31 March 2021 revealed a funding surplus of £0.1m. As there was no shortfall at the valuation date, 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 Scheme 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 also have with-profits AVCs in Phoenix Life, Scottish Friendly, Clerical Medical and Prudential Assurance.

TRUSTEE'S REPORT

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 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.

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 that 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 Limited. 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.

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"). The AVC assets have been managed during the year under review by the Clerical Medical Investment Group Limited, Utmost Life & Pension Limited, Phoenix Life, Scottish Friendly Assurance Society, 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 2023 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 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 AVC investment funds

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 governance ("ESG") and ethical 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 investments 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 Limited 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 Limited 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 has carried out an ESG beliefs session which determined its key themes and priorities in relation to ESG and sustainability risks are in relation to:

- **Environment** – reduction in carbon emissions and align with the Paris Agreement on climate change
- **Governance –** commitments to board diversity.

The above key themes and priorities aligns with the strategic priorities of the Principal Employer. The Trustee will look for opportunities to engage with its investment managers on these areas, where appropriate, and disclose voting information in its SIP Implementation Statement in connection with these two key themes.

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.

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TRUSTEE'S REPORT

Investment Report (continued)

Investment Manager Appointment, Engagement and Monitoring (continued)

Aligning Manager Appointments with Investment Strategy (continued)

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.

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 it 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.

Implementation Statement

The Plan's annual Implementation Statement for the year ended 31 March 2023 is set out in the Appendix and forms part of this Trustee's Report.

TRUSTEE'S REPORT

Investment Report (continued)

Market Background

Investment Markets[1]

The second quarter of 2022 saw a continuation of the broad macro trends seen since the beginning of 2022. Surging commodity prices, to some degree the result of the ongoing conflict in Ukraine and associated sanctions against Russia, alongside the enormous monetary and fiscal stimulus of the last two years led to new multi-decade inflation records. Central banks in major regions doubled down on monetary tightening as a consequence, resulting in elevated market volatility and a sell-off in pretty much all asset classes except commodities. Growth expectations were dialed down over the quarter, with a growing number of investors seeing a recession as an increasingly plausible scenario. On the brighter side, there was evidence of supply chains gradually beginning to improve.

Inflation and central bank policy continued to drive markets in the third quarter of 2022. Inflation readings in most major regions remained high and rising. Central banks therefore continued to tighten monetary policy and maintained a hawkish outlook, resulting in elevated market volatility. Risk assets rose in July on the back of hopes of inflation peaking and the hiking cycle ending, but these hopes were quashed later in the quarter. Furthermore, markets priced in the increasing risk of a recession resulting from the monetary tightening. Therefore most major asset classes ended the quarter with negative returns. Significant continued weakening in sterling mitigated the drawdown for unhedged UK investors. The conflict in Ukraine added to negative sentiment as Russia stepped up its anti-west rhetoric and further restricted natural gas supplies to Europe which exacerbated pressure on energy prices. Volatility spiked in UK markets at the end of Q3 2022 as an unfunded fiscal budget led to a sell-off in government bond markets.

In Q4, developed market central banks continued tightening monetary policy but at a slowing pace. Inflation remained on a downward trend from high levels. In China, an end to all Covid-related restrictions boosted sentiment as investors priced in an economic rebound. The narrative of peaking inflation and resilient economic growth drove positive equity returns during October and November, but hawkish messaging from central banks in December led to a premature end of the "Santa rally" even though the quarter as a whole ended with positive equity returns for the first time in a year.

The first quarter of 2023 started with optimism over declining inflation and a hope of an end to monetary tightening. The demise of Silicon Valley Bank (SVB), the second largest US bank failure in history, and UBS's shotgun takeover of Credit Suisse in March were the major events of the quarter that briefly rattled markets until calm returned towards quarter end. Developed market central banks continued raising interest rates through the quarter as overall growth momentum remained robust. Headline inflation continued to slow in major developed economies, except for the UK, but core inflation remained more elevated than expected.

Overall, the year to 31 March 2023 saw tightening of financial conditions by major central banks, with the notable exception of China and to some extent Japan, who changed their yield curve control in Q4 2022 by widening the permitted range of the 10-year yield. Inflation remained elevated and peaked in Q4 2022.

On a year-on-year basis to 31 March 2023, Sterling returns for developed market equities were marginally negative, -0.7%. Sterling depreciation mitigated negative equity performance for unhedged UK investors. Emerging market equities also posted negative returns. Markets sold off

[1] Statistics sourced from Refinitiv unless otherwise specified.

TRUSTEE'S REPORT

Investment Report (continued)

Market Background (continued)

Investment Markets[1] (continued)

for the first three quarters of 2022 as inflationary pressures, exacerbated by Russia's invasion of Ukraine, accelerated monetary tightening from developed market central banks and heightened recessionary risks. Markets attempted to stage a mini-rally in July 2022 but this proved short lived as the Federal Reserve re-iterated its hawkish outlook for monetary policy. A similar rally took place in October and November following some softer than expected US inflation data but positive momentum came once again to an end in December after major central banks retained their hawkish forward guidance. Q1 was a volatile quarter once again as a speculative rally in January characterized by short selling gave way to a risk off environment driven by distress in the banking system with investor expectations pivoting between monetary tightening ending and having to continue for longer. The quarter ended with positive returns for most equity sub sectors, in particular technology, which benefited from falling real yields.

On a year-on-year basis to 31 March 2023, UK government bond returns were deeply negative, -16.3%, as were returns for UK corporate bonds, -10.3%. Inflation-linked bonds also performed poorly over the year, -26.7%.

In 2022, inflation pressures in the UK showed little signs of receding until very late in the year. The Bank of England had started its hiking cycle as early as late 2021. By the end of Q2 2022 the UK base rate reached 1.25%. In September 2022, the UK went through a major government bond (gilt) sell-off after the government announced a mini budget that markets deemed fiscally unsound. In the immediate aftermath following the mini-budget, 10-year yields spiked ~70 bps higher. Two weeks following the announcement despite volatility falling, 10-year yields remained 40 bps higher than where they were prior to the announcement, this said over this period gilts did not perform considerably different to other government bonds globally. For context, over the year to 31 March 2023, 10-year UK gilts yields rose 188 bps. Markets positioned for the Bank of England having to double down on tightening in order to offset the expansionary mini budget. Soaring yields led to a scramble for collateral by UK pension plans who were exposed to leveraged liability hedging strategies. This ultimately led to the Bank of England providing liquidity support at the longer end of the yield curve. However, the Bank of England also continued to raise rates in the third and fourth quarter of 2022, ending the year at a base rate of 3.5%. Bond yields fell slightly through Q1 2023 despite the Bank of England continued raising rates, with the base rate increasing 0.75%, finishing March 2023 at 4.25%.

UK real yields rose over the year to 31 March 2023, with most of the increase in yields occurring in Q3 2022, in particular September. 10-year real yields rose 247 bps over the year to 31 March 2023. Market-based measures of inflation, as measured by the 10-year break-even inflation rate fell by 57 bps over the year reaching 3.7% as at the end of March 2023 – lower than the recent peak of 4.5% reached in May 2022. For context, the 5-year high for 10-year UK breakeven inflation was in March 2022 when market-based measures of inflation expectations were 4.64%.

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[1] Statistics sourced from Refinitiv unless otherwise specified.

TRUSTEE'S REPORT

Investment Report (continued)

Market Background (continued)

Investment Markets[1] (continued)

Both investment grade and high yield credit spreads widened over the year to 31 March 2023, leading to a negative performance for spread based assets, albeit most of the negative impact was led by rising gilt yields. The negative return impact of rising government bond yields was exacerbated by rising credit spreads. Non-gilt credit spreads widened by 39 bps over the year to March 2023. Credit marginally underperformed equivalent duration government bonds. However, given most bond indices were down in double digit figures over the year to 31 March 2023 this relative underperformance was not a headline.

Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned -0.7%. Meanwhile, a return of -3.9% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 8.7% 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 2.9%. The FTSE USA index returned -2.4% while the FTSE Japan index returned 2.0%. The considerable outperformance of UK equities is attributed to the index's large exposure to oil, gas and basic materials. Equity market total return figures are in Sterling terms over the year to 31 March 2023.

Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -16.3%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -29.7% over the year. Yields at the longer end of the nominal yield curve rose less than the shorter end but this was offset by the duration impact on the longer-dated gilt returns. The yield for the FTSE Gilts All Stocks index rose over the year from 1.7% to 3.7% while the Over 15 Year index yield rose from 1.1% to 3.8%.

The FTSE All Stocks Index-Linked Gilts index returned -26.7% with the corresponding over 15-year index exhibiting a return of -39.1%. The combination of falling inflation expectations and increasing nominal yields led to a sharp rise in real yields and underperformance of index-linked gilts relative to nominal gilts.

Currencies

Over the year to 31 March 2023, Sterling depreciated by 6.1% against the US Dollar from \$1.32 to \$1.24. Sterling appreciated by 3.0% against the Yen from ¥159.81 to ¥164.56. Sterling depreciated against the Euro by 4.2% from €1.19 to €1.14 over the same period.

[1] Statistics sourced from Refinitiv unless otherwise specified.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

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):

	2023 (£m)	2022 (£m)
Return seeking assets		
Pooled diversified growth vehicles	**15.4**	19.0
Liability matching assets		
Pooled corporate bonds vehicles (outside LDI Portfolio)	**-**	23.0
Pooled liability driven investment ('LDI') vehicles (within LDI Portfolio)*	**49.5**	63.7
Pooled corporate bonds vehicle (within LDI Portfolio)	**47.8**	48.3
Total invested assets	**112.7**	154.0

Subject to rounding. Data sourced from investment managers. Bid values where relevant.
* includes cash held in the Sterling Liquidity Fund of £3.2m (2022: £4.8m).

The Trustee's objective is to hedge 100% of the impact of changes in long-term interest rates and inflation expectations on the value of the Plan's liabilities (measured on the technical provisions basis). This is achieved mainly via the use of a combination of UK government bonds and leveraged LDI solutions within the LDI portfolio.

LGIM has discretion over how the liability hedge within the LDI portfolio is constructed, using a range of eligible pooled funds specified by the Trustee. LGIM will monitor the level of liability hedging at each five-year tenor point, as well as at the total Plan level, and will rebalance the hedge if the level of liability hedging is not within a ±5% tolerance range of the 100% target (at both the tenor point and total Plan level). The rebalancing activity is carried out under the Enhanced Service Agreement. LGIM's objective is to maintain a pro-rata hedge relative to the term structure of the Plan's liabilities, taking into account the liability hedging provided by the Plan's allocation to the corporate bond holdings.

During the gilt crisis over September/October 2022, LGIM carried out several hedging rebalancing trades which involved transferring assets between leveraged gilt funds, physical gilt funds and the Sterling Liquidity Fund. LGIM traded in order to fund capital calls from underlying leveraged pooled funds in the portfolio and maintain liability hedging within a ±5% tolerance range of the 100% target. This is the process embedded in the Enhanced Service Agreement.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

TRUSTEE'S REPORT

Investment Report (continued)

Asset Allocation (continued)

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

- The pooled corporate bonds vehicles and pooled liability driven investment vehicles are weekly priced and traded; 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 2023 are shown in the table below:

	1 Year % per annum	3 Years % per annum	5 Years % per annum
Plan	-23.7	-7.9	-1.9
Benchmark	-23.5	-8.2	-2.0

Performance figures shown are net of fees and based on performance provided by the Investment Managers, Mercer Limited estimates and Refinitiv.
For periods over one year the figures in the table above have been annualised.

Market turmoil September 2022

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.

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 and an increase in collateral calls being made by the Plan's LDI manager to support the LDI funds. It is worth noting that this was a systemic issue affecting many 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.

The Plan was able to maintain its liability hedge ratios in line the current agreed strategy over the year despite a very challenging and volatile market environment which has seen regular calls for cash collateral to support the LDI portfolio. However, consequent on the above and changes in bond values, as expected, the overall value of the Plan's investment portfolio has significantly fallen in value. That said, the value of the Plan's liabilities (as measured on the technical provisions basis) has also significantly fallen, in line with the risk management approach of using LDI, which has allowed the Plan's estimated funding level to remain relatively stable.

Owing to changes in market values, the Plan is now much smaller in asset value terms, however 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.

In overall terms, the Plan's total net assets have fallen from £155m at 31 March 2022 to £114m at 31 March 2023, principally as a result of a change in market value of investments of negative £36m and commensurate with the negative investment performance in the year shown above.

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 2023, ERI does not exceed 5% of the market value of the Plan's assets, as no ERI were held as at this date, similar to the position as at 31 March 2022. Consequently, the Trustee is comfortable that the Plan complies with the legislative requirements. This will continue to be monitored going forward.

TRUSTEE'S REPORT

Statement of trustee's responsibilities

The trustee's responsibilities in respect of the financial statements

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

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

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

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

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

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

The trustee's responsibilities in respect of contributions

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

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

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

TRUSTEE'S REPORT

Approval of Report

The Trustee's Report on pages 3 to 20 was approved by the Trustee and signed on its behalf by:

Trustee [redacted]
4DFBBE18A12B4B5...

Name Chris Parrott

Date 13 October 2023

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

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 2023, 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 2023; 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.

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 included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.

- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 13/10/23

FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

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

	Note	**2023**	2022
Other income	5	**2**	-
Benefits paid or payable	6	**(4,377)**	(4,109)
Transfers out to other schemes	7	**(218)**	(125)
Administrative expenses	8	**(1)**	(1)
		(4,596)	(4,235)
Net withdrawals from dealings with members		**(4,594)**	(4,235)
Net returns on investments			
Investment income	9	**6**	3
Change in market value of investments	10	**(36,368)**	(1,799)
Investment management expenses	11	**(85)**	(138)
		(36,447)	(1,934)
Net decrease in the fund		**(41,041)**	(6,169)
Opening net assets available for benefits		**154,692**	160,861
Closing net assets available for benefits		**113,651**	154,692

The notes on pages 27 to 38 form part of these financial statements.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 MARCH 2023

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

	Note	2023	2022
Investment assets			
Pooled investment vehicles	12	**112,656**	154,006
AVC investments	13	**159**	160
		112,815	154,166
Current assets	18	**964**	633
Current liabilities	19	**(128)**	(107)
Net current assets		**836**	526
Total net assets available for benefits		**113,651**	154,692

The financial statements summarise the transactions of the Plan and deal with the net assets available for benefits 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 27 to 38 form part of these financial statements.

These financial statements on pages 25 to 38 were approved by the Trustee and signed on their behalf by:

[redacted]……………………
Trustee

Name……………………………… Chris Parrott

Date……………………………… 13 October 2023

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. Summary of significant 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).

Benefits

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.

NOTES TO THE FINANCIAL STATEMENTS

4. Summary of significant accounting policies (continued)

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.

Income on cash and short term deposits is accounted for on an accruals basis.

Investment management expenses are accounted for on an accruals basis.

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.
- With profits insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.
- 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. Summary of significant 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. Other income

	2023	2022
Fees receivable	**2**	-

6. Benefits paid or payable

	2023	2022
Pensions	**3,769**	3,597
Commutations and lump sum retirement benefits	**583**	473
Lump sum death benefits	**20**	26
Benefits under income drawdown arrangements	**5**	13
	4,377	4,109

7. Transfers out to other schemes

	2023	2022
Individual transfers out to other schemes	**218**	125

8. Administrative expenses

	2023	2022
Administration and processing	**1**	1

	2023	2022

NOTES TO THE FINANCIAL STATEMENTS

9. Investment income

Interest on cash deposits	**3**	-
Annuity income	**3**	3
	6	3

10. Reconciliation of net investments

	Opening Value at 1 April 2022	Purchases at cost	Sales proceeds	Change in market value	**Closing Value at 31 March 2023**
Pooled investment vehicles	154,006	131,275	(136,256)	(36,369)	**112,656**
AVC investments	160	-	(2)	1	**159**
	154,166	131,275	(136,258)	(36,368)	**112,815**

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 2023, all investment assets were considered to be marketable on a short term basis.

11. Investment management expenses

	2023	2022
Administration, management and custody	**85**	138

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

12. Pooled investment vehicles

	2023	2022
By type		
Bonds	**47,771**	71,331
Diversified growth	**15,422**	19,026
Liability driven investment	**46,283**	58,872
Cash	**3,180**	4,777
	112,656	154,006

NOTES TO THE FINANCIAL STATEMENTS

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:

	2023	2022
Utmost Life & Pension Limited – with profits	**32**	34
Phoenix Life – with profits	**31**	29
Prudential Assurance Company – with profits	**18**	18
Legal & General – unit linked	**78**	79
	159	160

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.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

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).

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	2023 Total
Pooled investment vehicles	**-**	**112,656**	**-**	**112,656**
AVC investments	**-**	**78**	**81**	**159**
Total investments	**-**	**112,734**	**81**	**112,815**

NOTES TO THE FINANCIAL STATEMENTS

14. Fair value of investments (continued)

Analysis for the prior year was as follows:

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

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:

- 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 managers 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.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

Types of risk relating to investments (continued)

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

(i) Investment strategy

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

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

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

The long-term investment strategy as at 31 March 2023 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.

Risk summary

			Exposed to			
Fund	**2023**	**2022**	**Currency Risk**	**Interest Rate Risk**	**Credit Risk**	**Other Price Risk**
Schroders – DGF	7,686	9,476	✓	✓	✓	✓
Insight – DGF	7,736	9,550	✓	✓	✓	✓
LGIM – Corporate Bonds (separate to LDI portfolio)	-	22,988		✓	✓	✓
LGIM – Corporate Bonds (within LDI portfolio)	47,771	48,343		✓	✓	✓
LGIM – LDI portfolio	46,283	58,872		✓	✓	✓
LGIM – Sterling Liquidity Fund	3,180	4,777		✓	✓	

Source: Investment managers. Figures may not sum due to rounding. Values based on bid prices where applicable.

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 SIP.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

(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.

For the year ended 31 March 2023, the two pooled corporate bond funds were consolidated such that the interest rate exposure from all of the assets held in the pooled corporate bond funds was taken into account within the target levels of liability hedging. The Liability Hedging portfolio comprises of an allocation to liability matching funds (including swaps), a pooled cash fund and a pooled corporate bond fund. The target allocation for the Plan's matching portfolio is 90.0% of Plan assets, with an equal target allocation of 45.0% to both the liability matching funds (including cash), and the pooled corporate bond fund. As at 31 March 2023, the total matching portfolio represented 86.3% (2022: 72.7%) of the portfolio, with the pooled liability matching funds (including the pooled cash fund) representing 43.9% (2022: 41.4%) and the pooled corporate bond fund representing 42.4% (2022: 31.4%) of the total investment portfolio. The separate pooled corporate bond fund represented 0% of the Plan assets as at 31 March 2023 (2022: 14.9%).

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.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

Pooled investment arrangements (continued)

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

	2023	2022
Unit Linked insurance contracts	104,920	144,456
Open ended investment companies	7,736	9,550
Total	**112,656**	**154,006**

Values based on bid prices where applicable.

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 classes 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 2023, DGFs represented 13.7% (2022: 12.4%) of the total investment portfolio.

Interest rate risk

The Plan is subject to 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 matching portfolio of 90.0% of the total investment portfolio.

As at 31 March 2023, the Liability Hedging portfolio (including liability matching funds, cash and corporate bonds) represented 86.3% of the total investment portfolio. The Plan's current pooled LDI vehicle holding is slightly underweight compared to the target allocations set out in the SIP, however this is within the +/-5% rebalancing tolerance range set by the Trustee and the asset allocation is reviewed on a regular basis.

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 portfolio to manage against inflation risk associated with pension liability increases.

NOTES TO THE FINANCIAL STATEMENTS

15. Investment risks (continued)

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 2023, the return seeking portfolio represented 13.7% (2022: 12.4%) of the total investment portfolio.

Other matters

During 2022/2023, geopolitical issues (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 Employer.

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 the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

16. Concentration of investments

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

	2023	**%**	2022	%
Legal & General Bonds over 15 years Fund	**47,771**	**42.0**	71,331	46.1
Insight Broad Opportunities Diversified Growth Fund	**7,736**	**6.8**	9,550	6.2
Schroder Life Diversified Growth Fund	**7,686**	**6.8**	9,476	6.1
Legal & General 2035 Index Linked Gilts	**7,056**	**6.2**	4,071	**
Legal & General 2042 Index Linked Gilts	**2,183**	**	8,832	5.7

** Not disclosed as the value is below 5%.

NOTES TO THE FINANCIAL STATEMENTS

17. Employer-related investments

There were no direct or indirect employer-related investments at the year end (2022: nil).

18. Current assets

	2023	2022
Prepaid pensions	**280**	-
Cash balances	**675**	624
Due from Baxi Group Pension Scheme	**6**	6
Other debtors	**3**	3
	964	633

19. Current liabilities

	2023	2022
Benefits payable	**100**	38
Investment management expenses	**25**	68
Due to HMRC	**3**	1
	128	107

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 5 Trustee Directors (2022: 7) who were active members of the Baxi Group Pension Scheme (the "Scheme") during the year. 1 of the Trustee Directors (2022: 2) is a retired member of the Scheme and is currently in receipt of a pension. The Baxi Group Pension Scheme is a related pension scheme as explained in note 1.

The employer meets the administrative costs of the Plan directly. Fees of £17,454 (2022: £16,399) of which £4,602 (2022: £4,200) was outstanding at year end, have been paid by the employer and not recharged to the Plan in respect of independent trustee services. The Trustee director – BESTrustees Limited, represented by Chris Parrott and previously Mark Taylor, also received fees for the Baxi Group Pension Scheme of £35,666 (2022: £34,775) in addition to those disclosed above, £9,425 (2022: £8,400) of which remained outstanding at the year end.

An amount of £5,679 is due to the Plan from the Baxi Group Pension Scheme due to the AVC provider Utmost Life & Pension Limited making payments for two members of the Plan to the Baxi Group Pension Scheme bank account in error.

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. 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. They will be accounted for in the year they are determined.

Benefit Audit

The Trustee is undertaking a check of historic benefits to ensure they are paid in accordance with the Trust Deed and Rules. This project is on-going, and several issues have been identified. The Trustee considers the impact of these issues is unlikely to be material to the financial statements and, therefore, has not included a liability or asset in respect of them in these financial statements. Any adjustments to 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 2023 (2022: £nil).

Independent auditors' statement about contributions to the trustee of Newmond Pension Plan

Statement about contributions

Opinion

In our opinion, the contributions required by the schedules of contributions for the plan year ended 31 March 2023 as reported in Newmond Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the plan actuary on 14 May 2020 and 27 June 2022.

We have examined Newmond Pension Plan's summary of contributions for the plan year ended 31 March 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 13/10/23

SUMMARY OF CONTRIBUTIONS

Summary of Contributions
For the year ended 31 March 2023

All amounts in the table below are in £ thousands

During the year, the contributions required to be paid to the Plan under the schedules of contributions dated 27 June 2022 and 14 May 2020 were as follows:

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

Approved by the Trustee and signed on its behalf by:

[redacted]……………………
4DFBBE18A12B4B5...
Trustee

Chris Parrott
………………………………………………
Name

13 October 2023
………………………………
Date

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

Newmond Pension Plan ('the Plan')

Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2023

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 2023. 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 including the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the Statement of Investment Principles ("SIP") during the year to 31 March 2023, 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.

NEWMOND PENSION PLAN
YEAR ENDED 31 MARCH 2023

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 Norsk Hydro on environmental contamination

In 2022, Schroders investment team conducted an engagement call with Norsk Hydro during the first quarter in response to an article which rehashed some allegations of environmental contamination within Alunorte during 2018.

Schroders learnt from Norsk that there were no new developments on this topic, and that all of the issues highlighted in the article have either been addressed as part of the company's initial response, as part of an ongoing lawsuit in the Dutch courts or are inaccurate and/or overblown.

Schroders have been comfortable with Norsk's efforts (both in 2018 and more recently) and remain assured that action taken has been substantial and thorough enough for this to be treated as a one off incident. This is, however a stark reminder of the ongoing risk of its significance in the local communities in Barcarenca and the potential likelihood of it being revived following a different political climate within Brazil.

Insight engages with Greencoat UK Wind Plc on reporting

In Q1'22, the company's Board sought feedback on proposed changes to the agreement with the investment manager that had been in place initially for a period of 5 years since IPO in 2013. A change in the investment manager's ownership announced in Q4 2021 and portfolio growth additionally highlighted the need to renew IMA terms and ensure continuity of capabilities.

Insight engaged with the Chairperson and expressed their preference for a longer tenure in the IMA. This is to afford continuity that has been instrumental in the company's successful track record. Insight discussed other terms and the new fee structure which could lower overall cost to investors.

In Q1 2023, Insight met with the investment manager to review succession planning at its board, and related capability transfers. The board changes followed on from retirement of the chairperson since the company's IPO. The company maintains gender diversity with 60% female representation on the board and c30% at investment manager level.

The company remains an important component of the Fund's infrastructure exposures providing higher scale, liquidity and exposure to UK renewable assets. At this stage, Insight have retained the holding in the portfolio.

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

4. Voting Activity during the Plan year

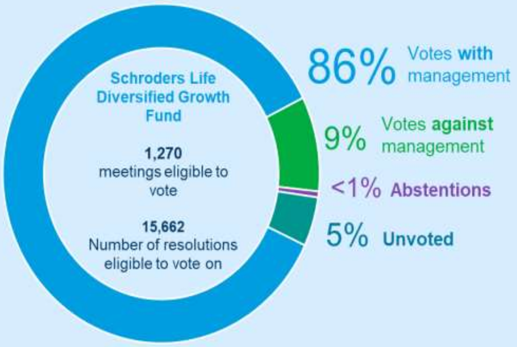
The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 6 (Policy on Socially Responsible Investment and Corporate Governance) of the SIP.

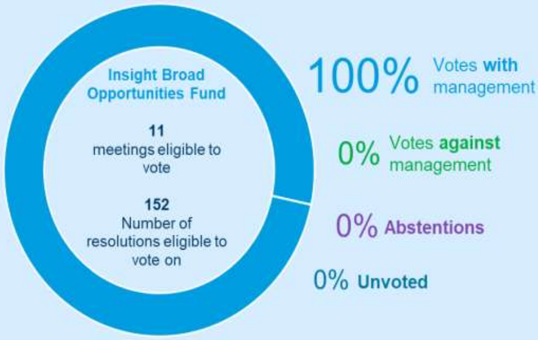
How has this policy been met over the year to 31 March 2023?

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 2023

Most significant votes

A 'Significant Vote' is defined as one that is related to the Plan's beliefs and stewardship priorities, which refers to voting in relation to Climate Change and Diversity, Equity & Inclusivity. The Trustee considers the four largest equity based holdings based on the relevant fund assets at the time of voting to be a most significant vote.

⊗ Resolution **not** passed ✓ Resolution passed

Manager	Fund	Company	Date of vote	Summary of vote and how the Manager voted	Rationale of Manager vote	% of Fund	Vote Type	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, significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.						
Schroders[2]	Diversified Growth	Alphabet	01 June 2022	The Manager voted **for** the report on Steps to Improve Racial and Gender Board Diversity	Schroders voted for the proposal as the company does not comprise 33% women and the board does not address global diversity as requested in the proposal. Given the nature of the company's business we believe that the board needs to address its global stakeholders in its response to the proposal	0.21%	Diversity, Equity & Inclusivity	⊗
				The Manager voted **for** a report on Climate Lobbying	The company is asked to produce a report on climate lobbying. Shareholders are likely to benefit from a review of how the company and its trade associations' lobbying positions align with Paris Agreement.		Climate Change	⊗
				The Manager voted **for** a report on Physical Risks of Climate Change	Schroders believe their vote for this item will maximise the value to their clients. The company is asked to report on the physical risks of climate change. Schroders feel that shareholders would benefit from increased disclosure regarding how the company is assessing and managing its climate change risks.		Climate Change	⊗
		Apple	10 March 2023	The Manager voted **for** a report on Median Gender/Racial Pay Gap	Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.	0.16%	Diversity, Equity & Inclusivity	⊗

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."