THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

Scheme Registration Number: 100030154

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

CONTENTS

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

TRUSTEE AND ADVISERS

Corporate Trustee	- The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited
Trustee Directors:	
Janet Thomson	- National Trust appointed and independent (appointed as Chair 23.3.23)
Gregory Meekings	- National Trust appointed and independent (Chair & resigned 23.3.23)
Nicola Grace	- member nominated
Peter Pearce	- member nominated
Ian Bailey	- National Trust appointed and independent
Peter Nixon	- member nominated
Nicholas Lawrence	- member nominated (appointed 22.3.23)
Ross Russell	- National Trust appointed and independent (appointed 20.6.23)
Juana Tinn	- National Trust appointed and independent (appointed 20.6.23)
Brendan McCarthy	- member nominated (resigned 21.3.23)
Steve Tyson	- National Trust appointed and independent (resigned 22.3.23)

The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited was incorporated on 14 December 2018 pursuant to a deed dated 11 April 2019.

Secretary to the Trustee:
Judith Alborough
The National Trust Retirement and Death Benefits Scheme
Heelis
Kemble Drive
Swindon SN2 2NA

Principal Employer:
The National Trust
Heelis
Kemble Drive
Swindon SN2 2NA

Enquiries:
Judith Alborough
Secretary to the Trustee

Actuary:
John Sydenham
Aon Solutions UK Ltd
1 Redcliff Street
Bristol BS1 6NP

Investment Consultants:
Redington Limited
Floor 6
One Angel Court
London EC2R 7HJ

TRUSTEE AND ADVISERS (continued)

Independent Auditor:	Crowe U.K. LLP Aquis House 49-51 Blagrave Street Reading RG1 1PL
Legal Advisers:	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2HS
Investment Committee:	Juana Tinn (Chair) David Jacob (non-voting Advisor appointed by Trustee) Ian Bailey Nicola Grace Ross Russell
Investment Managers:	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London, EC2N 2DL
	CQS 4th Floor, One Strand London, W2CN 5HR
	Legal and General Investment Management 1 Coleman Street London, EC2R 5AA
	M&G Investments 110 Fenchurch Avenue London, EC3M 5AG
	Stonepeak Infrastructure Partners New York Headquarters 55 Hudson Yards 550W 34th Street, 48th Floor New York NY1001
	Partners Capital LLP 5 Young Street London, W8 5EH
	Schroder Investment Management Limited 1 London Wall Place London, EC2Y 5AU

TRUSTEE AND ADVISERS (continued)

Investment Managers (continued):	Man Risk Premia SPS JP Morgan Hedge Fund Services 200 Capital Dock 79 Sir John Rogerson's Quay Dublin 2 Ireland, D02 RK57
	Systematica (until 22.6.22) PO Box 309, Ugland House South Church Street Grand Cayman KY1-1104 Cayman Islands
	Ownership Capital (until 7.7.22) Fund Servicing Centre C/O Northern Trust 50 Bank Street Canary Wharf London E14 5NT
Investment Custodians:	JPMorgan Chase Bank Bournemouth Dorset, BH7 7DA
	HSBC Private Bank (Luxembourg) S.A 16, boulevard d'Avranches PO Box 733 L-2017 Luxembourg
Bankers:	Barclays Bank plc PO Box 47 37 Milsom Street Bath BA1 1DW
AVC Providers:	Utmost Life and Pensions Zurich Financial

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

TRUSTEE REPORT

INTRODUCTION

The Trustee of The National Trust Retirement and Death Benefits Scheme ("the Scheme") presents its annual report together with the investment report, actuarial statements and accounts for the year ended 5 April 2023.

TRUSTEE

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered scheme under Chapter 2 of part 4 of the Finance Act 2004 with effect from 6 April 2006, for the purpose of providing retirement and death benefits for members and their dependants. Previously, the Scheme was approved as tax exempt by HM Revenue and Customs. The Scheme is controlled and administered by the Trustee in accordance with a governing Trust Deed and Rules.

The Scheme is governed by The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited ("the Trustee") which was appointed Corporate Trustee on 11 April 2019. Prior to this date, the Scheme was governed by individual trustees. The individual trustees at 11 April 2019 became Trustee Directors of the Trustee.

The Trustee is responsible for the administration and investment policy of the Scheme and participates in training throughout the year. The Trustee Directors meet at least four times a year to review the management of the Scheme as reported by the Secretary to the Trustee. This includes amongst other matters an investment review, review of the written agreements with its advisors and consideration of any future legislative changes.

The Trustee Directors of the Scheme are appointed and may be removed in accordance with the governing documents. In accordance with the Pensions Act 2004 the National Trust put forward to members the proposal that there should be eight Trustee Directors, of whom half would be appointed by the National Trust and half would be elected by a ballot of all members from a list nominated by the membership.

SCHEME AUDIT

These financial statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The financial statements summarise the net assets of the Scheme; they do not take account of future obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 6.

TRUSTEE REPORT (continued)

REVIEW OF FINANCIAL DEVELOPMENT OF THE SCHEME

The Fund Account on page 21 shows that the value of the fund stood at £610.8m at 5 April 2023, a decrease of 29.04% compared with 6 April 2022.

The Scheme's asset value fell over the year, predominantly due to large increases in UK Interest rates (designed to curb inflation concerns). In order to hedge changing interest rates and inflation (which can both increase as well as decrease), the Scheme employs a liability hedging strategy, as a result of which there was a reduction in asset values which was matched with a reduction in the Scheme's liabilities. Whilst this led to a large reduction in the Scheme's assets over the year, it was in line with expectations. Over the same period, traditional risk assets (e.g equities and bonds) had a challenging 12 months in light of difficult market conditions, particularly following Russia's invasion of Ukraine, rising inflation, rising interest rates, and ongoing fears of recession. Despite this, the Trustee is encouraged by the fact that the Scheme's funding position remained resilient over the period (largely due to the diversified nature of the investment strategy), and the Scheme continues to be on track to meet all its key strategic objectives.

The Scheme closed to future accrual on 31 March 2016. The salary link has been retained so Cessation Members will receive their pension based on final salary, even when leaving after 31 March 2016. There is no impact on existing pensioners or deferred members of the Scheme.

RECOVERY PLAN

Following the last three-year valuation in 2020, to satisfy the requirements of Section 226 of the Pensions Act 2014, after consultation with the Scheme Actuary and with the National Trust, the Trustee agreed a Recovery Plan on 20 October 2020.

Under the terms of this Recovery Plan, the National Trust has agreed to pay additional contributions as follows:

- From 5 April 2020 to 31 December 2029, £797,773 per month, increasing by the annual increase in CPI (as measured in previous September) plus 1% on 1 April 2021 and each anniversary thereafter.

- From 5 April 2020 to 31 December 2029 – an additional £325,687 per month, increasing by the annual increase in CPI (as measured in previous September) plus 1% on 1 April 2021 and each anniversary thereafter.

The National Trust may choose to pay these contributions annually in advance.

TRUSTEE REPORT (continued)

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions.
The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2020. That showed that on that date:

The value of the Technical Provisions was	£900.3 million
The value of the assets at that date was	£659.9 million.

The Scheme deficit at 5 April 2020 stood at £240.4m but has improved significantly since then. This improvement in funding position has been partially driven by rising gilt yields, which have reduced the Scheme's liabilities by more than the Scheme's assets due to the Trustee's agreed hedging strategy in place. The National Trust paid £32.6m contribution on 26th October 2020 which terminated the previous conditional funding agreement. A further contribution of £75m was made on 9 February 2022. This was in addition to deficit contributions due under Recovery Plan, details of which are given on the previous page.

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

Method
The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. Significant actuarial assumptions are shown below:

Discount rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 0.5% per annum after retirement and 2.25% per annum before retirement.

Future Retail Price Index (RPI) inflation: term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price Index (CPI) inflation: term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 0.60% per annum.

Pension increases: derived from the term dependent rates for future RPI and CPI inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's Rules and the fact that inflation varies from year to year.

TRUSTEE REPORT (continued)

Method (continued)

Pay increases: general pay increases of 0.75% per annum above the term dependent rates for the future CPI inflation.

Mortality: S3PMA and S3PFA_M tables with a scaling factor of 95% for both males and females.

MEMBERSHIP

All employees who were on a regular contract with the National Trust and who were aged between 21 and 60 were eligible to join the Scheme prior to its closing to new entrants from 1 June 2003. In 2010-11 the Scheme was re-opened to admit 8 new members due to a transfer of employment.

The change in membership of the Scheme during the year is given below:

	*Cessation Members	Pensioners	Deferred Pensioners	Total
Opening Members at 5 April 2022	**470**	**2,907**	**2,001**	**5,378**
Movements during the year:				
Members retiring	(17)	129	(112)	-
Members died	(1)	(89)	(5)	(95)
Members left before pensionable age	(17)	-	17	-
New spouse and dependant pensions	-	31	-	31
Transfers out	-	-	(8)	(8)
Retired on full commutation basis	-	-	(2)	(2)
Retired on full commutation basis ill health	-	-	(1)	(1)
Records closed	-	-	(1)	(1)
Total movements during the year	**(35)**	**71**	**(112)**	**(76)**
Closing Members at 5 April 2023	**435**	**2,978**	**1,889**	**5,302**

*Cessation Member means a person who was an active member of the Scheme when it closed to future accrual on 31 March 2016. These members retained a benefit link to their final salary.

TRUSTEE REPORT (continued)

STATEMENT OF TRUSTEE RESPONSIBILITIES

The financial statements which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme 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 the above 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 the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Principal Employer and the Cessation Members of the Scheme 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 Cessation Member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Principal Employer 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 the members.

TRUSTEE REPORT (continued)

INVESTMENT REPORT

Introduction

This report has been prepared by the Trustee, assisted by its appointed investment advisers Redington Ltd, using information that has been supplied primarily by its investment managers (listed on pages 2&3). The Trustee has delegated portfolio management to each of its underlying investment managers, who have full discretion in making investment decisions (subject to the investment guidelines agreed in Investment Management Agreements).

Investment Objectives and Strategy

The general investment objectives of the Scheme are:

- To acquire suitable assets (having due regard to the relevant risks to the Scheme) which will generate income and capital growth to meet, together with necessary deficit repair contributions from the Employer, the cost of current and future benefits which the Scheme provides.
- To limit the risk of the assets failing to meet the liabilities over the long term, especially in relation to an appropriate Long-Term Funding Objective.
- To minimise the long-term costs of the Scheme by achieving an appropriate return on the assets whilst having regard to the objectives shown above.

The Trustee has adopted a Pensions Risk Management Framework, which is used to monitor and report on the Scheme's key investment objectives on a regular basis. These objectives include the return required to meet the Scheme's investment objective versus the expected return of the Scheme's assets, two risk metrics ("Contributions at Risk" and "Funding Ratio at Risk"), interest rate and inflation hedge ratios and collateral adequacy tests. The Trustee selects its investments in order to most appropriately fulfil the Scheme's objectives. Further information on the Trustee's investment strategy is set out in the Statement of Investment Principles.

Investment changes during the year

Over the period, the following strategic changes were approved by Trustee Board following recommendations from the Investment Committee ("IC"):

- The Scheme continued to pay capital into the Schroders FOCUS II Fund as and when called upon by the general partner. This was funded by the Scheme's holdings in the Schroders US Liquidity Fund. As at 5 April 2023, the Scheme had invested 92% of its initially committed capital.

- The Scheme continued to pay capital into the two renewable infrastructure funds managed by BlackRock and Stonepeak, as and when called upon by the general partner. These were funded by excess USD cash held in the Scheme's custody account at JP Morgan. As at 5 April 2023, the Scheme had invested c.51% of its initially committed capital for Blackrock and c.14% for Stonepeak.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

- In April 2022, in response to a de-risking trigger being reached, the Scheme divested £32.4m from in the Ownership Capital Global Equity Fund with proceeds transferred to the LDI portfolio.

- In June 2022, in response to a de-risking trigger being reached, the Scheme fully disinvested its holdings in the Ownership Capital Global Equity Fund and Systematica Alternative Risk Premia Fund (£23.1m and £28.2m, respectively). Partial redemptions were also made from the CQS Credit Multi Asset Fund and the M&G Alpha Opportunities Fund (£21.2m and £22.8m, respectively). All proceeds were transferred to the LDI portfolio.

- In August 2022, the Scheme transferred £4m from the LDI portfolio to the Trustee bank account for cashflow purposes.

- In September 2022, the Scheme agreed to further de-risk and disinvested c.£11.9m from the LGIM Future World Fund, c.£13.1m from the Man Progressive Diversified Risk Premia Fund, c.£10.5m from the Schroders Life DGF, c.£20.0m from the M&G Alpha Opportunities Fund, and c.£19.1 from the CQS Credit Multi Asset Fund. The proceeds of these trades were transferred to the LDI portfolio.

- In November 2022, the Scheme made a £1m investment into the M&G Sustainable Total Return Credit Investment (STRCI) Fund. This was funded from the LDI portfolio.

Statement of Investment Principles (“SIP”)

The investment objectives and investment strategy for the Scheme, together with the main elements of the investment arrangements of the Scheme, are set out in the SIP and the Investment Policy Implementation Document (IPID). The Trustee has produced the SIP as required by section 35 of the Pensions Act 1995 and subsequent legislation, and the SIP is reviewed periodically. A full copy of the SIP is available on the Scheme’s website and is also available upon request in writing. The Trustee confirms that there were no departures from the SIP over the period.

Below is an excerpt from the Scheme’s Statement of Investment Principles, outlining the Trustee’s Environmental Social and Governance (ESG), Stewardship and Engagement, and Asset Manager policies:

Environmental Social and Governance (ESG)

The Trustee seeks to incorporate all financial considerations which are relevant and material to the Scheme into its decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)
The Trustee believes that ESG factors (including but not limited to climate risk) will be financially material over the time horizon of the Scheme and should therefore be considered as part of investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Scheme. These factors may, in particular, be of limited application for the Scheme's investment strategy comprising gilts and hedging instruments.

The Trustee's investment advisers incorporate environmental, social and governance factors into their manager research process, which informs advice provided to the Trustee on selecting, reviewing and changing individual managers. Each time a new active manager is selected, or an existing active manager is reviewed, integration of environmental, social and governance factors is (to the extent relevant to the asset class) one of the key factors considered by the Trustee. The Trustee has also developed with its investment advisers a process for monitoring periodically managers' approach to these factors, which includes requesting relevant information from the managers. The Sponsor has been consulted throughout the process of developing the Trustee's approach to incorporating ESG considerations.

Having delegated responsibility for the selection, retention and realisation of investments to the investment managers, the Trustee expects the Scheme's investment managers to take account of environmental, social and governance considerations insofar as they believe such considerations will benefit performance and/or reduce risk.

The Trustee does not factor non-financial factors (such as members' ethical views) into its investment decision-making.

Stewardship and Engagement – this has been included in the Implementation Statement disclosed in Appendix 1 starting on page 43 which forms part of the Trustee report.

Asset Manager Policy
For any segregated arrangements, the terms of the long-term relationship between the Trustee and its managers are set out in separate Investment Management Agreements (IMAs). These document the Trustee's expectations of its managers alongside the investment guidelines they are required to operate under.

The investment guidelines are based on the policies set out in this document (the SIP). The Trustee shares its SIP with the managers periodically, with the aim of ensuring managers invest in line with the Trustee's policies.

Due to the benefits of cost and ease of implementation, the Trustee primarily invests in pooled investment vehicles. These investments are managed according to standardised fund terms, which are reviewed by the Fund's legal and investment advisors at the point of investment to ensure that they are aligned with the Fund's long-term investment strategy and market best practice. These terms are reviewed at the point of investment and following any material changes notified by the manager.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

When relevant, the Trustee requires its investment managers to invest with a medium- to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based on maximizing long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to an anticipated minimum of three years.

The Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors, such as a significant change in structure of the investment team or investment process.

Managers are typically paid an ad valorem management fee for a defined set of services. For mandates where it is deemed appropriate a performance fee may also be charged for outperformance versus a benchmark or target. The Trustee reviews the fees annually to confirm they are in line with market practices.

The Trustee expects the manager to take an active ownership approach and consider long-term ESG risk factors.

The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.

Custodial Arrangements

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee mitigates custodial risk through investment in pooled vehicles with the investment manager responsible for selecting suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made. The Trustee is satisfied that the managers responsible for the appointment and monitoring of their relevant custodians fulfil this obligation competently, and that they have suitable procedures in place for conducting periodic reviews.

In relation to the Scheme's segregated investment with Schroders, the Trustee has appointed JPMorgan Chase Bank, N.A. as custodian. The Investment Committee, on behalf of the Trustee, has noted the need to conduct periodic reviews of the custodian to ensure its continuing suitability. The Trustee has also appointed JPMorgan Chase Bank to manage an additional custody account to manage the inflows and outflows from the Scheme's other investments.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

Investment Performance

Below is a review of the performance of the Scheme's investments during the year and over a one- to three-year period. The Trustee considers that the Scheme's investment portfolio is structured in accordance with the requirements of the Occupation Pension Schemes (investment) Regulations 2005 in relation to the nature, disposition, marketability, security and valuation of the Scheme's assets.

Investment managers – 1-year & 3-year performance

Fund	Asset Value (£m) 31/03/23	Fund Return (%) 1-year	Benchmark Return (%) 1-year	Fund Return (%) 3-year annualised	Benchmark Return (%) 3-year annualised
Schroders Segregated LDI	402.1	-29.0%	-29.2%	-10.8%	-11.0%
LGIM Future World Fund	13.7	-0.1%	-0.9%	15.6%	16.0%
Man Progressive Diversified Risk Premia Fund	14.1	3.2%	6.4%	7.8%	2.1%
Schroders Life Diversified Growth Fund (DGF)	13.2	-7.4%	6.6%	5.7%	7.7%
CQS Credit Multi Asset Fund	26.9	-5.2%	-0.9%	6.7%	7.0%
M&G Alpha Opportunities Fund	28.0	2.3%	0.1%	6.6%	2.9%
M&G Sustainable Total Return Credit Investment	1.0	5.0%[1]	1.8%[1]	N/A[2]	N/A[2]
Partners Capital Portfolio [3]	29.7	N/A	N/A	N/A	N/A
Schroders FOCUS II[3]	35.4	N/A	N/A	N/A	N/A
BlackRock Global Renewable Power Infrastructure Fund III[3]	8.6	N/A	N/A	N/A	N/A
Stonepeak Global Renewables Fund[3]	3.6	N/A	N/A	N/A	N/A

The Ownership Capital Global Equity Fund and Systematica Alternative Risk Premia Fund were sold in full during the Scheme year.

Footnotes for the above table can be found on the next page.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

As of 31 March 2023, the Scheme also had c.£3.0m invested in the Schroders US Liquidity Fund. This is a USD cash allocation in place to allow easier funding of the USD denominated Schroders FOCUS II Fund. The Scheme also had c.£26.9m in excess cash held across the Trustee Bank Account and a custody account with JP Morgan.

[1] 1-year information unavailable as inception date of allocation is less than 12 months. Performance (if provided) is therefore the performance since inception into the fund.

[2] 3-year information unavailable as inception date of allocation is less than 3 years. Performance (if provided) is therefore provided on the 1-year basis only.

[3] Due to the illiquid nature of the fund, performance is reported as a since inception internal rate of return (IRR) basis. As of 31st March 2023, the portfolio IRR (vs. target) for these allocations were as follows:

Fund	**Inception Date**	**IRR**	**Target IRR**
Partners Capital	Dec 2008	14.7%	12%
Schroders Focus II	June 2020	14.3%	15%
Blackrock Global Renewable Power Infrastructure Fund III	Dec 2020	11.1%	9.5%
Stonepeak Global Renewables Fund	May 2021	42.2% (as at 30/12/22)	10%

<u>Scheme-level – 1-year & 3-year performance</u>

Performance Metric	*1-year*	*3-year (annualised)*
i. Total Scheme performance *(Composite of iii and v)*	-31.6%	-6.6%
ii. Total Benchmark performance *(Composite of iv and vi)*	-30.9%	-7.2%
iii. Matching Asset Performance *(LDI portfolio)*	-51.3%	-20.9%
iv. Matching Asset Benchmark Performance *(LDI benchmark)*	-51.6%	-21.4%
v. Return-Seeking Asset Performance *(Composite of investment manager returns)*	-3.4%	7.1%
vi. Return-Seeking Benchmark Performance *(Composite of investment manager benchmarks)*	-0.5%	6.8%

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

Performance commentary

Scheme-level

The overall size of the Scheme fell in £ terms over the last year, as UK interest gilt yields rose dramatically. Both of these factors led to a reduction in the Scheme liabilities, but also a commensurate fall in the Scheme's LDI portfolio due to the hedging strategy in place. The Scheme's return-seeking assets also had a challenging 12 months in light of difficult market conditions, particularly regarding Russia's invasion of Ukraine, rising inflation, rising interest rates, and ongoing fears of recession. In terms of relative performance, the LDI portfolio marginally outperformed the LDI benchmark, but the return-seeking assets underperformed their representative benchmarks. The underperformance of the return-seeking assets was mainly driven by allocations to the Schroders Life Diversified Growth Fund and the CQS Credit Multi Asset Fund. However, over the last three years, the Scheme outperformed its benchmarks, both in aggregate, as well as from a return-seeking asset and LDI perspective.

Overall, the performance of both the return-seeking assets and the matching portfolio is such that the Scheme remains ahead of track to meet its primary funding target.

Global Equities (LGIM Future World)
There are no major points to note as the Scheme's only allocation to global equities is a passive equity allocation to the LGIM Future World Fund. Over the Scheme year, the LGIM Future World Fund performed in line with the index which it tracks, and outperformed the standard market cap index (which the Trustee monitors performance against).

Diversified Growth Funds (Schroders Life Diversified Growth)
Schroders Life Diversified Growth Fund delivered a return of -7.4% over the year, underperforming its benchmark by 14.1%. The primary driver of underperformance was exposures to equities and credit, which faced headwinds in light of a challenging macroeconomic environment. The Trustee notes that the benchmark for this allocation is an absolute target return rather than being market-based; this benchmark therefore does not reflect the challenging market environment experienced over the year.

Diversified Risk Premia (Man)
Man Progressive Diversified Risk Premia returned 3.2% over the year, underperforming its benchmark by 3.2%. The primary driver of underperformance was equities and fixed income which sold off throughout the latter part of 2022. However, there was a slight rebound in the beginning of 2023 due to gains in stocks, bonds, credit and inflation-sensitive assets.

TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

Credit (M&G)
M&G Alpha Opportunities Fund delivered a return of 2.3%, outperforming the benchmark by 2.2%. Although Q2 2022 saw the fund underperforming as spreads moved wider and central banks' monetary tightening pushed government yields higher, there was a sharp rebound during the last quarter of 2022 and the beginning of 2023, as M&G slowly increased risk. In Q1 2023, the largest contributors to outperformance were exposures to industrial corporate bonds and leveraged loans.

Illiquid Funds (Partners Capital, Schroders FOCUS II, Blackrock and Stonepeak Renewables)
The Partners Capital portfolio continued to perform in line with expectations, with a since inception IRR of 14.7% vs. a target of 12%. The Schroders FOCUS II Fund has a since inception IRR of 14.3% vs. a target of 15%; however, the Trustee does not have any concerns regarding this underperformance. Both the renewable infrastructure funds (managed by BlackRock and Stonepeak) are currently outperforming their target returns; however, given these funds are early in their lifecycle, the Trustee notes it is too early to draw meaningful conclusions from this.

AVC INVESTMENTS

The Trustee provides the facility for members to make Additional Voluntary Contributions (AVCs). The Trustee holds these contributions, which are invested separately from the main fund, in the form of managed funds and a group with-profits policy.

The total number of individual accounts by provider at 5 April 2023 was:

Utmost Life and Pensions	5
Zurich Financial	110

As the Scheme is closed to future accrual it is not possible for members to obtain additional benefits on a money purchase basis. Each member continues to receive an annual statement at the year-end confirming the current sum in their account in respect of contributions made before 1 April 2017.

Tax and Contracting-Out Status of the Scheme
The Scheme is approved as an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988 and to the Trustee Directors' knowledge there is no reason why such approval should be prejudiced or withdrawn. The Scheme was contracted out of the State Earnings Related Pension Scheme/Second Tier State Pension until 31 March 2016 under a certificate issued by the Occupational Pensions Board.

Scheme Advisers
There are written agreements in place between the Trustee and each of the Scheme advisers listed on pages 1 to 3 of this report and with the Principal Employer.

TRUSTEE REPORT (continued)

Cash Equivalent Transfer Values
Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in accordance with appropriate regulations and guidelines issued by the Institute of Actuaries. Allowance for discretionary pension increases is included in the calculation of cash equivalents.

Pension Increases
On 1 January 2023 and in accordance with the Scheme Rules, the following increases were made:

- 5.0% (2022: 4.9%) to pensions in excess of the Guaranteed Minimum Pension;
- 5.0% (2022: 3.1%) to pensions earned 1997 to 2007; and
- 2.5% (2022: 3.1%) to pensions earned post 2007.

On the same date discretionary increases (agreed between the Employer and the Trustee) of 5.0% (2022: 3.1%) were made to pensions earned prior to 1997.

Contacting the Trustee
The Secretary to the Trustee is Judith Alborough, who is responsible for the day-to-day administration of the Scheme. If Scheme members have any queries concerning this Report, the Scheme generally or their own benefits, they should contact her by writing to:

Judith Alborough
Secretary to the Trustee
National Trust Retirement and Death Benefits Scheme
Heelis
Kemble Drive
Swindon
SN2 2NA

Email: judith.alborough@nationaltrust.org.uk
Telephone: 01793 817589

FURTHER INFORMATION
Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided free, but a charge will be made for copies of the Trust Documents (Deed and Rules) and of the Actuary's Report.

Signed on behalf of the Trustee.

Trustee Director		Trustee Director	
Date	2023	Date	2023

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme

Opinion

We have audited the financial statements of the National Trust Retirement and Death Benefits Scheme for the year ended 5 April 2023 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 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; 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, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 Scheme's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme (continued)

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of Trustee

As explained more fully in the statement of Trustee responsibilities set out on page 5, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme'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 Scheme 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 incudes 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken based on 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.

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme (continued)

We set out below the key areas in which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.

- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment fund managers and custodian of investments held at the Statement of Net Assets date.

- Diversion of assets through large investment transactions. A sample of transactions is agreed to supporting documentation testing the authorisation of the amount.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at www.frc.org.uk/auditors responsibilities. This description forms part of our audit report.

Use of our report
This report is made solely to the Scheme’s Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so we might state to the Scheme’s Trustee those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme’s Trustee as a body, for our audit work, this report or the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
Reading

FUND ACCOUNT

	NOTE	**£'000**	**2023 £'000**	£'000	2022 £'000
CONTRIBUTIONS AND OTHER INCOME					
Employer's contributions receivable	4	**14,716**		89,136	
			14,716		89,136
BENEFITS AND OTHER PAYMENTS					
Benefits payable	5	**(25,149)**		(24,169)	
Payments to and on account of leavers	6	**(642)**		(3,743)	
Administrative expenses	7	**(946)**		(729)	
			(26,737)		(28,641)
NET (DECREASE) / INCREASE FROM DEALINGS WITH MEMBERS			**(12,021)**		60,495
RETURNS ON INVESTMENTS					
Investment income	8	**6,555**		6,721	
(Decrease) / Increase in market value of investments	9	**(242,621)**		35,629	
Investment management expenses	10	**(1,828)**		(3,736)	
NET RETURNS ON INVESTMENTS			**(237,894)**		38,614
NET DECREASE / INCREASE IN THE FUND			**(249,915)**		99,109
NET ASSETS BROUGHT FORWARD			**860,697**		761,588
NET ASSETS CARRIED FORWARD			**610,782**		860,697

The notes on pages 24 to 39 form part of these financial statements.

STATEMENT OF NET ASSETS (available for benefits)

	NOTE	2023 £'000	2022 £'000
INVESTMENTS	9		
Assets - Return Seeking Strategy			
Pooled investment vehicles		**178,218**	379,899
Cash deposits		**22,218**	21,095
		200,436	400,994
Total Net Return Seeking Strategy Investments		**200,436**	400,994
Assets –Liability Matching Strategy			
Pooled investment vehicles		**4,677**	5,414
Bonds		**600,509**	826,135
Derivatives		**1,864**	521
Cash deposits		**146**	3,657
Other investment balances		**1,553**	1,334
		608,749	837,061
Liabilities - Liability Matching Strategy			
Derivatives		**-**	(405)
Other investment balances		**(201,346)**	(378,322)
		(201,346)	(378,727)
Total Net Liability Matching Investments		**407,403**	458,334
AVC Investments		**2,250**	2,713
TOTAL INVESTMENTS	9	**610,089**	862,041
CURRENT ASSETS	11	**4,508**	2,896
CURRENT LIABILITIES	12	**(3,815)**	(4,240)
NET CURRENT ASSETS / (LIABILITIES)		**693**	(1,344)
NET ASSETS AT 5 APRIL		**610,782**	860,697

STATEMENT OF NET ASSETS (continued)

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 6 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 2023.

Signed on behalf of the Trustee:

Trustee Director Trustee Director

The notes on pages 24 to 39 form part of these financial statements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 April 2023

1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by The Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

2 SCHEME CONSTITUTION

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee Report.

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements:

(a) Investments

Investments are included at fair value as explained below:

i) Fixed interest securities are stated at their clean price, where applicable including the indexation element which is payable on maturity. Accrued interest is excluded from the market value of fixed income securities and is included in other investment balances.

ii) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

iii) Swaps are valued based on the present value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

iv) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

v) Annuities are not material to the Scheme and have been excluded from the Statement of Net Assets.

vi) With profit insurance policies are reported at the policy value provided by Utmost Life and Pensions and Zurich Financial based on the cumulative reversionary bonuses declared and the current terminal bonus.

3 ACCOUNTING POLICIES (continued)

vii) Under repurchase agreements, the Scheme continues to recognise and value the securities that are delivered to the counterparty as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back recognised as a payable amount.

viii) Shares in other pooled arrangements have been valued at the latest available net asset value, determined in accordance with fair value principles, provided by the pooled investment manager.

(b) Investment Income

Income is recognised as explained below:

i) Income from bonds is accounted for on an accruals basis. Accrued interest on bond income is excluded from the market value of the bond and included in income.

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

iii) Income from pooled investment vehicles is accounted for when declared by the fund manager. Other income from pooled investment vehicles is reinvested without the purchase of additional units, included in change in market value within the Fund account.

iv) Receipts from annuity policies held by the Trustee are accounted for as investment income on an accruals basis.

v) Cash receipts and payments on swap contracts are included in investment income when they are due.

vi) Investment income includes recoverable withholding tax. Irrecoverable withholding tax is shown as an expense.

(c) Contributions

i) Employer deficit funding contributions and contributions towards administrative expenses are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier and with the agreement of the Employer and Trustee. Additional contributions are accounted for on receipt.

NOTES TO THE ACCOUNTS (continued)

3 ACCOUNTING POLICIES (continued)

(d) Benefits Payable
Payments to members are recognised as follows:

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

ii) Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

iii) Individual transfers out of the Scheme are accounted for when the member liability is discharged which is normally when the transfer amount is paid or received.

(e) Administrative Expenses

i) Expenses are accounted for on an accruals basis.

ii) Investment management expenses are accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sales proceeds.

(f) Other

i) 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 profit and losses on sales of investments during the year.

ii) Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year end date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

NOTES TO THE ACCOUNTS (continued)

4 EMPLOYER'S CONTRIBUTIONS RECEIVABLE

	2023 £'000	2022 £'000
Employer - deficit funding	14,245	13,683
- additional contribution	-	75,000
- administration expenses	471	453
	14,716	89,136

The Scheme closed for future accrual on 31 March 2016. Therefore, there are no normal employer contributions for the year ended 5 April 2023. The deficit funding contribution was paid monthly (£1,187,065) along with monthly contributions (£39,276) towards administration expenses.

The deficit contributions increased to £15,825,960 per annum in April 2023, increasing by the annual increase in CPI plus 1% on 1 April each year thereafter until 31 December 2029.

5 BENEFITS PAYABLE

	2023 £'000	2022 £'000
On or during retirement:		
Pensions	21,366	20,230
Commutation and lump sum benefits	3,728	3,851
Death benefits:		
Death in service	53	64
Death in retirement / deferment	2	24
	25,149	24,169

NOTES TO THE ACCOUNTS (continued)

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023 £'000	2022 £'000
Individual transfers to other schemes	**642**	3,743

7 ADMINISTRATIVE EXPENSES

	2023 £'000	2022 £'000
Investment advice	442	402
Actuarial advice	219	234
Audit fees	32	29
Legal Fees	24	6
Levies	39	27
Professional subscriptions and membership fees	3	4
Consultancy	162	-
Sundry costs	25	27
Total administration expenses	**946**	729

The costs of administering the Scheme are borne by the Principal Employer in line with the Schedule of Contributions.

The £162k consultancy costs include £91k relating to GMP equalisation, £39k on feasibility study and £24k on advisor selection review.

8 INVESTMENT INCOME

	2023 £'000	2022 £'000
Income from bonds	6,209	4,595
Annuity income	35	23
Income from Pooled Investment Vehicles	690	518
Other income	18	1
Net interest on swaps	(397)	1,584
Total investment income	**6,555**	6,721

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS

RECONCILIATION OF INVESTMENTS

	Value at 6.4.22	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market value	Value at 5.4.23
	£'000	£'000	£'000	£'000	£'000
Bonds	826,135	262,898	(262,136)	(226,388)	600,509
Pooled investment vehicles	385,313	247,733	(448,689)	(1,462)	182,895
Derivatives	116	176,713	(173,125)	(1,840)	1,864
AVC investments	2,713	-	(329)	(134)	2,250
	1,214,277	687,344	(884,279)	(229,824)	787,518
Cash deposits	24,752			-	22,364
Other investment balances	(376,988)			(12,797)	(199,793)
Total investments	862,041			**(242,621)**	610,089

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year and gains and losses on foreign currency investment.

Included within the purchase and sales figures above, is £202.3m relating to transitions between Fund Managers as described under Investment changes on pages 9&10. The remaining purchase and sale transactions within the pooled investment vehicles relate to cash transactions in the unit trust fund.

The following investments exceed 5% of the value of the net assets of the Scheme:

	2023	2022
	£'000	£'000
Schroder – Index-Linked & Treasury Gilts	600,509	826,135
Focus II Fund	36,403	32,572

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

FAIR VALUATION HIERARCHY ANALYSIS
The fair valuation of investments shown below has been determined using the following hierarchy:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Fair Value Hierarchy As at 5 April 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Bonds	-	600,509	-	600,509
Pooled investment vehicles	-	104,452	78,443	182,895
Derivatives	-	1,864	-	1,864
Cash	22,364	-	-	22,364
Subtotals	22,364	706,825	78,443	807,632
Other investment balances	1,553	(201,346)	-	(199,793)
AVC Investments			2,250	2,250
TOTAL INVESTMENTS*	23,917	505,479	80,693	610,089

Fair Value Hierarchy As at 5 April 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Bonds	-	826,135	-	826,135
Pooled investment vehicles	-	316,815	68,498	385,313
Derivatives	-	521	(405)	116
Cash	24,752	-	-	24,752
Subtotals	24,752	1,143,471	68,093	1,236,316
Other investment balances	1,334	(378,322)	-	(376,988)
AVC Investments			2,713	2,713
TOTAL INVESTMENTS*	26,086	765,149	70,806	862,041

*These figures exclude Net Current Assets / (Liabilities)

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Pooled Investment Vehicles

These can be analysed following the Fund Manager analysis as follows:

	2023	2022
	£'000	£'000
Credit Funds	64,585	151,739
Equity Funds	13,574	85,972
Risk Premia Funds*	14,004	53,010
Property Funds	1,341	1,290
Private Equity Funds (excluding property)	68,459	59,426
Absolute Return*	-	23
Diversified Growth Funds	13,247	25,654
Cash	7,685	8,199
Total Pooled Investment Vehicles	**182,895**	385,313

*These funds include equities, bonds, derivatives, and cash.

The Diversified Growth fund solely relates to investment in the Schroders Diversified Growth Fund. This investment includes equities, corporate and government bonds, high yield and emerging market debt, property, private equity, and cash.

Except for the cash balance, all the investments shown with Pooled Investment Vehicles relate to the Scheme's return seeking strategy.

The Absolute Return are investments in the following funds:

	2023	2022
	£'000	£'000
Aeolus Property Catastrophe	-	23
Total	**-**	23

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Derivatives

Forward Foreign Exchange

Contracts	Settlement date	Currency bought	Currency sold	Asset	Liability
		'000	'000	£'000	£'000
Forward	16/06/23	£51,211	$61,741	1,691	-
			At 5 April 2023	**1,691**	**-**
			At 5 April 2022	197	-

Swaps

Nature	Expiration		Notional	Asset	Liability
			£'000	£'000	£'000
Total return swap	0-10 Years		16,189	174	-
		At 5 April 2023	**16,189**	**174**	**-**
		At 5 April 2022	22,439	324	(405)

The asset value above includes accrued interest of £ nil. (2022: £ nil)

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Transaction Costs

The majority of transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. There were no direct transaction costs incurred during the year (2020: £nil). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. In respect of Schroders, Blackrock, LGIM, Systematica, MAN Group, CQS and M&G Investments the amount of indirect costs is not separately provided to the Scheme. Partners Capital advise indirect transaction costs of £nil (2022: £1,625).

Collateral

Schroders held £7,872,499 at year end (2022: pledged £9,549,304) in gilts as collateral on the swap and repurchase agreement positions.

Other investment Balances

	2023 £'000	2022 £'000
Repurchase agreements	(201,346)	(378,322)
Accrued income	1,553	1,334
	(199,793)	(376,988)

Repurchase and reverse repurchase agreements

The Scheme has entered repurchase agreements using its UK government gilts as the underlying security. The Scheme retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date.

The securities are included in the financial statements as assets of the Scheme at their market value. At 5 April 2023 the market value of securities sold under repurchase agreements was £205,121,264 (5 April 2022 £368,877,696).

Amounts payable to counterparties under repurchase agreements are shown as liabilities in the Scheme's financial statements under investment liabilities. At 5 April 2023 this amounted to £201,346k (5 April 2022; £378,322k).

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

AVC investments

	2023	2022
	£'000	£'000
Utmost Life and Pensions	27	29
Zurich Financial	2,223	2,684
	2,250	2,713

The Trustee holds assets invested separately from the main fund in the form of individual policies with Utmost Life and Zurich. These policies secure additional benefits on a money purchase basis for certain members electing to pay AVCs.

Investment Risks

FRS102 requires the disclosure of information in relation to certain investment risks 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: comprises the following three types of risk:

i) Interest rate risk: The risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market interest rates.

ii) Currency risk: The risk that the fair value of future cashflows of a financial asset will fluctuate due to changes in foreign exchange rates,

iii) Other price risk: The risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market prices (other than those caused by interest rates and currency movements).

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Investment Risks (continued)

How risks are managed

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy as set out above. The Trustee manages investment risks, including credit risk and market risk, within an agreed risk budget which is set taking into account the Scheme's strategic investment objectives. The investment objectives and risk budget are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee through regular reviews of the investment portfolio.

Details on the Scheme's investment strategy are noted under the statement on investment policy on page 9 of this annual report. Further information on the Trustee's approach to risk management in set out below.

Credit Risk

The Scheme is subject to direct credit risk via its holdings in multi-class credit, absolute return bonds, diversified strategies (such as Man and Schroders DGF), private equity, private credit and renewable infrastructure. Credit risk is indirect through holdings in pooled vehicles. Credit risk on the underlying holdings is managed by the relevant asset managers through both in-house credit assessments and review of external credit rating reports.

Counterparty 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. 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.

Counterparty credit risk also arises from entering into derivative contracts as part of the LDI hedging programme. This is mitigated by daily collaterisation, by diversifying exposure across a number of counterparties and by the LDI manager's ongoing assessment of the creditworthiness of each counterparty.

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Credit Risk (continued)

Pooled investment arrangements used by the Scheme comprise shares in limited liability partnerships of £29,735,133 (2022: £30,764,000) and units in open ended investment funds of £153,160,299 (2022: £354,160,000).

The total assets exposed to Credit risk are shown below:

	2023 £m	2022 £m
Direct credit risk	401.4	482.0
Indirect credit risk	163.5	291.9

Interest Rate Risk

The Scheme is subject to interest rate risk because some of its investments are held in bonds, interest rate swaps and derivatives which are sensitive to interest rates. These investments are used to hedge interest rate risk arising from the Scheme's liabilities. The Trustee targets a hedge ratio equal to the funding ratio on a Gilts Flat basis. As interest rates have risen significantly over the last 12 months, the present value of the Scheme's liabilities has fallen, as has the size of the Scheme's LDI portfolio. The target hedge ratio of the Fund was c. 81.5% as at 5 April 2023.

The Scheme is subject to indirect interest rate risk because some of its investments are held in pooled investment vehicles and further analysis is provided on page 31.

The total assets exposed to Interest rate risk are shown below:

	2023 £m	2022 £m
Interest rate risk	564.9	773.9

Currency Risk

The Scheme is subject to indirect currency risk because some of the Scheme's pooled investment vehicles invest in overseas markets. This exposure specifically arises from exposure to overseas public and private equity, renewables and private debt. The Scheme has in place a currency hedging mandate with Schroders which hedges 100% of exposure to US Dollars arising from the Renewables holdings with Blackrock and Stonepeak, as well

NOTES TO THE ACCOUNTS (continued)

Currency Risk (continued)

as the private debt holdings in the Schroders Focus II Fund and the holdings in the Schroders US Liquidity Fund.

Currency exposure on the public equity mandates in place with LGIM is unhedged. Some managers may also take active currency positions as permitted as part of their wider mandates.

The total assets exposed to Currency risk are shown below:

	2023 £m	2022 £m
Currency risk	90.5	213.3

Other Price Risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio. As at 5 April 2023, £200,436,000 equating to 32.8% of the portfolio was held in return seeking investments (2022: £400,994,000 equating to 51.1%).

Other price risk also arises on the underlying assets within the Pooled Investment Vehicles including the Diversified Growth Fund, equity funds, property funds and absolute return funds because the funds invest in equities, private equity and property. The Scheme manages this exposure to price risk by constructing a diverse portfolio of investments across various markets. The value of these funds can be seen on page 31.

The total assets exposed to Other Price risk are shown below:

	2023 £m	2022 £m
Other Price Risk	472.1	676.7

NOTES TO THE ACCOUNTS (continued)

10 INVESTMENT MANAGEMENT EXPENSES

	2023	2022
	£'000	£'000
Investment management fees	1,810	3,719
Custody fees and other expenses	18	17
	1,828	3,736

11 CURRENT ASSETS

	2023	2022
	£'000	£'000
Cash balances	4,395	2,773
Other debtors	113	123
	4,508	2,896

12 CURRENT LIABILITIES

	2023	2022
	£'000	£'000
Accrued expenses	604	1,356
Due to Employer	3,211	2,884
	3,815	4,240

13 RELATED PARTIES

The Member Nominated Trustee Directors are members of the Scheme. No National Trust appointed Trustees are members of the Scheme. The balance due to the Employer at year end was £3,211,397 (2022: £2,884,028). This arises as the Employer pays the pension payroll and gets reimbursed periodically throughout the year.

Trustees perform their duties on a voluntary basis and were reimbursed £1,574 (2022: £178) for travel costs during the year.

14 EMPLOYER RELATED INVESTMENTS

No employer-related investments were held at any time during the year.

NOTES TO THE ACCOUNTS (continued)

15 CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Scheme had the following fund commitments, totalling $136,550,000 (£109,665,502) (2022: $136,550,000 (£103,998,477)) and no contingent liabilities, at 5 April 2023 other than to pay future pension benefits.

Fund	Uncalled Commitment ($)
Partners Capital Condor Fund V	2,130,000
Partners Capital Condor Fund VI	2,300,200
Partners Capital Condor Fund VII	2,009,000
Partners Capital Condor Fund VIII	1,320,000
Partners Capital Condor Fund IX	1,177,500
Partners Capital Condor Fund X	814,998
Partners Capital Phoenix Fund Ltd	627,652
Lone Star Fund VIII	31,220
Partners Capital Peregrine Fund III Ltd	1,109,910
Schroders Focus II Fund	3,689,516
Stonepeak Global Renewables Fund	21,588,644
Blackrock Global Renewable Power Infrastructure Fund	13,604,483

16 GMP EQUALISATION

In October 2018 a Court ruling determined that defined pension schemes must equalise the guaranteed minimum pension ("GMP") element of men and women which was earned between May 1990 and April 1997. The disparity arose because of government legislation which required the GMP element of men's and women's pensions to be calculated differently in the past. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on backdated amounts.

The Trustee has obtained an estimate of the overall impact of GMP Equalisation based on the 5 April 2020 actuarial data covering both backdated payments and future pension instalments of £4.5m. This is calculated on a technical provision basis. The element of the £4.5m that relates to the backdated payments is not currently available. A provision has not been recognised in the accounts in respect of this element as it is expected to be immaterial and given the uncertainty surrounding the final amount.

A 2020 High Court ruling on GMP equalisation means that there is a need to estimate further equalisation costs. The estimated cost of equalising for the impact of the GMP element of historic individual transfer values paid from the Scheme was estimated to be £54,000 on an accounting basis used in the Employers accounts. The impact is relatively low because transfer volumes are low relative to the overall liability.

Independent auditors' statement about contributions to the Trustee of The National Trust Retirement and Death Benefits Scheme.

Statement about contributions payable under the Schedule of Contributions
We have examined the summary of contributions payable to The National Trust Retirement and Death Benefits Scheme, for the Scheme year ended 5 April 2023 which is set out on page 41.

In our opinion contributions for the Scheme year ended 5 April 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 3 April 2018 and 20 October 2020 which covers the period 6 April 2022 to 5 April 2023.

Basis of opinion
Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Responsibilities of Trustee
As explained more fully in the Statement of Trustee Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the Cessation Members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of Cessation Members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

Auditors' responsibilities for the Statement about Contributions
It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement
This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinion we have formed.

Crowe U.K. LLP
Statutory Auditor
Reading

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

	£'000
Contributions payable under the Schedule of Contributions	
Deficit funding	14,245
One-off additional contribution	-
Administration expenses	471
Total contributions payable under the schedule	**14,716**
Other contributions	
Employer additional voluntary contributions	-
Total contributions payable to the Scheme per the financial statements.	**14,716**

Signed on behalf of the Trustee on 2023

Trustee Director

Trustee Director

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: The National Trust Retirement and Death Benefits Scheme

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 be met by the end of the period specified in the recovery plan dated *20 October 2020*

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 October 2020*

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

Signature: *John Sydenham*

Date *20 October 2020*

Name: John Sydenham FIA
Address: 1 Redcliffe Street
Bristol
BS1 6NP

Qualification: FIA
Name of employer: Aon Solutions UK Limited

APPENDIX 1

IMPLEMENTATION STATEMENT

Introduction / Summary
Under the regulatory requirements covering occupational pension schemes, the National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited in its capacity as Trustee of the National Trust Retirement and Death Benefits Scheme (the “Trustee” / “we”) is required to produce an annual Implementation Statement stating how the policy covered in the Statement of Investment Principles (the “SIP”) regarding the exercise of the rights attached to the investments and the undertaking of engagement activities in respect of the investments has been followed.

This document has been prepared by the Trustee, covering the period 6 April 2022 to 5 April 2023. This time period has been covered in order to report up to the end of the Scheme year on the regulations that came into force in October 2019.

The document looks to set out at a high level how the Trustee’s policy on stewardship and engagement has been implemented. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee’s opinion on the outcomes of voting and engagement activity for managers that hold listed equities (where engagement is most easily evidenced within the portfolio).

From 1 October 2022, further Department of Work and Pensions (‘DWP’) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance as the Trustee moves towards meeting the DWP’s updated stewardship expectations, although the Trustee recognises this is an evolving area, where best practice is expected to evolve over time.

Overall, the Trustee is comfortable that the voting and engagement policies set out in the SIP have been properly adhered to over the period.

Changes to the SIP over the period
There were no changes made to the SIP over the reporting period. However the Trustee has agreed a new Stewardship Policy setting out its expectations with regards to the engagement and voting practices undertaken by its investment managers. This is outlined in further detail below.

The Trustee’s Stewardship Policy
Being cognisant of the DWP’s updated guidance emphasising the need for asset owners to be more “active” in their approach to stewardship, the Trustee has reviewed and updated the Stewardship Policy in 2023. The new Stewardship Policy states:

We understand good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for our members, leading to sustainable benefits for the economy, the environment and society. We will aim to use our influence as an owner of assets to ensure that as far as possible best practices are reflected in terms of environmental, social and governance

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

(“ESG”) factors, and we will hold our investment managers to account for the effective use of their influence as owners of assets.

Resourcing stewardship

Our approach to stewardship reflects our broad investment approach: our role is to hire appropriately skilled investment managers, set clear expectations, assess the quality of their performance, and hold them to account where we identify deficiencies or areas for further improvement. We, via the Investment Committee (IC), carry out our stewardship through oversight and challenge of our investment managers rather than ourselves operating as active stewards directly of the underlying assets in which we invest.

Our key areas of focus

To best channel our stewardship efforts, we believe that we should focus on two key themes. Our key themes have been selected by assessing their relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for ease of integration into our approach. Our key themes are:

- Climate Change
- Biodiversity

Significance of stewardship in appointment and monitoring of investment managers

It is the responsibility of the IC to lead our engagements with investment managers. We will not appoint new investment managers that cannot demonstrate the standards to which we hold existing investment managers. These expectations can be summarised as:

- Effective processes for, and delivery of, stewardship activity, alignment with leading standards, and evidence of positive engagement outcomes related to our key themes;
- Provision of tailored reporting on stewardship activities and outcomes;
- Participation as appropriate in public policy debates and the development of best practices.

We expect our investment managers to provide specific evidence they have acted in accordance with these expectations which should provide us with enough insight to ascertain whether our investment managers are practising effective stewardship that is best aligned with our long-term interests. Where we identify deficiencies we will escalate accordingly, with the ultimate response being the removal of mandates where we believe it is in the interests of our members to do so. We view incremental improvements by our investment managers as the key success measure of our own stewardship activities.

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Engagement: expectations and process

We expect investment managers to engage with issuers to maintain or enhance long-term value of our investments and limit negative externalities on the planet and society. We recognise that there is no 'one-size-fits-all' stewardship approach and instead encourage our investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.

Investment managers are expected to have robust ESG, climate change, and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured, and when escalation is required. We expect manager engagement with companies to be underpinned by engagement on public policy matters where relevant. We expect that these assessments and progress in stewardship activities are tracked over time, to maintain continuity of activity and to assess the effectiveness of stewardship delivery. We challenge our investment managers when we feel their engagements are not sufficiently focused on decision-makers such as management or board.

In order to drive corporate change, and where initial engagement has made little progress, we expect our investment managers to escalate engagement accordingly. We allow our investment managers discretion over the appropriate tools to deploy; however, we expect these to be communicated with issuers' management teams. Should there still be little progress made after escalation, we expect our investment managers to consider disinvestment as a final course of action.

Voting: expectations and process

We expect our managers to use as appropriate all the tools arising from their investments, including the rights and responsibilities associated with the instruments or other assets in which they invest. The Scheme currently holds some equity investments with LGIM, Schroders and Man (see referenced later in this Statement), and so has the voting rights that are associated with such instruments. However, as part of a review of the investment strategy, the Trustee is currently exploring a switch from equity investments into corporate bonds, which will lead to a reduction in the importance of voting as a way in which the Scheme's managers are expected to practice good stewardship. We recognise that there are rights and responsibilities associated with other asset classes. Should we make further equity investments in the future we will review this part of our stewardship policy.

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

How have the Trustee's voting and engagement (stewardship) policies been followed?

The Trustee has received regular updates from the investment adviser on the investment managers' performance including receiving ESG ratings for each manager that factor in voting and engagement. The Trustee has also been notified whether there have been any changes to the investment adviser's overall ratings of the managers. This reporting is discussed at IC meetings together with whether the managers are performing in line with the wider objectives of the Scheme.

Over the year the Trustee met with their two Renewable Infrastructure managers, BlackRock and Stonepeak. The IC selects which managers to meet as part of a rolling programme of reviews or when required due to performance/other issues. As part of these sessions, investment managers are asked to provide information about their Environmental, Social and Governance ("ESG") practices and questioned on the extent to which ESG factors are integrated into their investment decisions. They are also asked to provide information on their approach to stewardship and engagement. Over the reporting period, the Trustee also assessed its investment adviser against the objectives it had set for the adviser, which included delivery against ESG-related topics.

All the Scheme's investment managers are signatories to the UK Stewardship Code except Stonepeak and Partners Capital. Although the Trustee expects the Scheme managers to be signatories to the Stewardship Code, the Trustee understands that there are valid reasons as to why a manager may not be a signatory. Given the nature of the strategies that Stonepeak and Partners Capital manage, and the region in which the managers primarily operate, the Trustee has no immediate concerns.

Looking ahead

Over the upcoming year, the Trustee plans to continue considering how best to meet the DWP's new expectations on stewardship. Changes to the Trustee's approach will be taken with regard to the Scheme's time and cost constraints and in the best interest of the Scheme's members.

Engagement

The Trustee expects the nature of engagement to vary between asset classes. The Trustee also believes engagement can take place across the Scheme's investments and is not restricted to equity investments. With this in mind, below are examples of engagement across different asset classes. This year, the Trustee asked managers to provide examples related to the Trustee's two agreed themes of climate change and/or biodiversity.

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

CQS – Direct Engagement

Company: Jadex

Focus of the engagement: Environment – Climate Change

Details of the engagement: CQS have been engaging with material science manufacturer Jadex as they were impressed by the work they were doing to produce sustainable products and wanted to see them continue making progress by committing to net zero.

Outcome of the engagement: In February 2023, Jadex revealed that they have released their first ESG report and announced a decarbonisation target of 10% reduction in scope 1 & 2 emissions by 2025. CQS see this as a positive first step and will continue to encourage them to commit to net zero.

M&G – Direct Engagement

Company: Badische Anilin und Sodafabrik (BASF)

Focus of the engagement: Environment – Climate Change

Details of the engagement: M&G have been engaging with BASF, a chemical company, to add scope 3 to the existing scope 1 & 2 carbon emission reduction targets and commit to decarbonising its feedstock by 2050.

Outcome of the engagement: The company explained that it is making good progress with its 45,000 suppliers in terms of upstream scope 3 emissions but there still is a gap for downstream scope 3 emissions due to the lack of a methodology and a lack of end-of-life data for the thousands of applications in which BASF products are used. BASF is now part of the SBTi expert group working on a sector-specific methodology for the chemical industry and hopes to be in a position to get good enough data to set a scope 3 target by the end of 2023. No promise was made on decarbonising feedstock. The company explained that the majority of its products will always be carbon-based. However, in future, carbon from CCU (carbon capture and utilisation), recycling or bio-based feedstocks such as biomethane will increasingly replace fossil-based feedstocks.

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Voting

The Trustee delegates responsibility for the exercising of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies.

Although equity investments are currently held in the portfolio, given the Trustee is currently exploring switching these assets into corporate bonds, the importance of assessing voting is likely to be drastically reduced as compared to engagement. As a result, the Trustee has not formally agreed its own definition of what it considers to be a significant vote. However, for this Implementation Statement, the Trustee has asked its voting managers to provide significant votes which took place at one of the fund's top 25 largest holdings (proxying where the Scheme itself has most exposure), which was related to the Trustee's two agreed themes of climate change and/or biodiversity, and has assessed which of the votes provided are most significant based on the information provided.

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Voting is therefore only relevant to the LGIM Future World Fund, Man Progressive Diversified Risk Premia Fund and Schroders Life DGF. As these investments are made via pooled funds, the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee and the Trustee's ability to influence voting activities undertaken is therefore limited.

Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' policies, the Trustee is satisfied that the voting policies have all been adequately followed over the Scheme year.

A summary of voting activities conducted by the LGIM Future World Fund, the Man Progressive Diversified Risk Premia Fund and the Schroders Life DGF on behalf of the Scheme over the year to 5 April 2023 is provided in the tables below (where information was not available for the period ended 5 April 2023, the information was instead provided until 31 March 2023):

IMPLEMENTATION STATEMENT (continued)

APPENDIX 1 (continued)

Key Voting Statistics (6/4/22 to 5/4/2023)	LGIM	Man	Schroders Life DGF
Number of Equity holdings at period end	1,391	1,422	1,059
Value of Trustees' Assets	£13.7m	£14.1m	£13.2m
Number of meetings eligible to vote during the period	1,917	708	1,270
Number of resolutions eligible to vote during the period	25,282	8,123	15,662
% of resolutions voted	99.8%	99.8%	95.3%
% of resolutions voted with management	80.8%[1]	85.8%	89.9%
% of resolutions voted against management	18.8%[1]	13.3%	9.5%
% of resolutions abstained	0.4%[1]	0.9%	0.6%
% of resolutions where manager voted contrary to recommendation of proxy adviser	13.4%[1]	7.0%	2.5%
Any use of proxy voting services during the period	LGIM investment Stewardship team uses institutional Shareholder Services 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM's position on ESG, a custom voting policy with specific voting instructions has been put in place	Glass Lewis are the dedicated voting provider. Man Group use their own bespoke policy rather than standardised terms.	Schroders uses Institutional Shareholder Services (ISS) as the service provider for the processing of all proxy votes in all markets. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, they receive ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

[1]Sum of total resolutions do not total 100% due to accounting for the small amount of cases where there was no management recommendation.

APPENDIX 1 (continued)

Significant votes

The Trustee has considered votes with the following criteria (reviewed annually) to be considered "significant":

- Votes relating to one of our key stewardship themes;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

An example of a significant vote from each of the Scheme's relevant managers is shown on the following pages.

IMPLEMENTATION STATEMENT (continued)

APPENDIX 1 (continued)

Significant votes (continued)

LGIM Future World Fund

Company name	Alphabet Inc
Date of vote	01-Jun-22
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.2%
Summary of the resolution	Resolution 7 - Report on Physical Risks of Climate Change
How the manager voted	For
Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	The resolution received the support of 17.7% of shareholders (including LGIM)
Implications of the outcome e.g. were there any lessons learned and what likely future steps will the manager take in response to the outcome?	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Why has the Trustee determined this vote to be significant?	Relates to the Trustee’s selected themes and also represents a large holding the fund.

APPENDIX 1 (continued)

Significant votes (continued)

Man Progressive Diversified Risk Premia

Company name	Sumitomo Mitsui Financial Group Inc
Date of vote	29-Jun-22
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.0%
Summary of the resolution	Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement
How the manager voted	For
Rationale for the voting decision	Favour increased environmental reporting/responsibility.
Outcome of the vote	Companies in Japan do not always clearly disclose meeting results on their websites. Sumitomo Mitsui Financial Group Inc has not disclosed these results, therefore Man are unable to provide the outcome of this particular vote.
Implications of the outcome e.g. were there any lessons learned and what likely future steps will the manager take in response to the outcome?	A key component of Man's ESG Proxy Voting Policy is shareholder proposals. Their policy is particularly supportive of positive environmental and social-related shareholder proposals and the Stewardship Team reviews all shareholder proposals to ensure that voting instructions are appropriate and aligned with the promotion of higher ESG principles and standards. Man think that active voting, particularly through shareholder proposals, is essential to their stewardship responsibilities and a powerful way of making investee companies think and act on important topics.
Why has the Trustee determined this vote to be significant?	Relates to the Trustee's selected themes and also represents a large holding the fund.

IMPLEMENTATION STATEMENT (continued)

APPENDIX 1 (continued)

Significant votes (continued)

Schroders Life Diversified Growth Fund

Company name	TotalEnergies SE
Date of vote	25-May-22
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.22%
Summary of the resolution	Approve Company's Sustainability and Climate Transition Plan
How the manager voted	Against
Rationale for the voting decision	Schroders believe voting against would maximise value to their clients. Whilst the company has set a net zero by 2050 target covering scope 1 and 2 emissions, their scope 3 reductions are limited to Europe and overall targets are not verified. At present, Schroders view is that the company's plan does not meet the goal of limiting global warming to 1.5 degrees and therefore they voted against this resolution.
Outcome of the vote	For (89.2%)
Implications of the outcome e.g. were there any lessons learned and what likely future steps will the manager take in response to the outcome?	Schroders will continue to monitor the Company's progress and may choose to escalate engagement should they deem this to be appropriate.
Why has the Trustee determined this vote to be significant?	Relates to the Trustee's selected themes and also represents a vote against a management recommendation relating to climate change.