

The T&N UK Asbestos Trust

The T&N EL Trust

Trustees' report for the year to 30 September 2025

Executive summary

Overview

- The purpose of this report is to provide an update to the key stakeholders of the T&N UK Asbestos Trust and the T&N EL Trust (the **Trusts**)
- The T&N UK Asbestos Trust consists of four separate funds: the T&N Fund, the Chester Street Fund, the TBA Fund and the FMFP Fund (the **Funds**). Each of the Funds hold cash and investments. Under the terms of the Trust Deed, the Funds must remain separate and cannot be co-mingled
- This report is the 19th report issued by the T&N Asbestos Trustee Company Limited (the **Trustee**) and covers the financial year to 30 September 2025 (**FY25**). This report uses terms which are defined in the Trust Distribution Procedures (the **TDP**)

Claims

- During the year 526 Trust Claims were received and 524 settled for payment
- Payments to Trust Claimants totalled £4.78m, which was a fall of 9% on the previous year. Claim numbers are overall on a downward trend with two notable exceptions
- Firstly, Chester Street Fund Trust Claims continue to be ahead of forecasts, particularly mesothelioma claims
- Secondly, the Trusts continue to receive Cape Trust Claims from India on a large batch basis. Claims are received periodically, which can impact overall numbers from year to year. Whilst claim numbers are high, individual payments are relatively small with £0.78m being paid during the year. Nevertheless, handling these claims does require a considerable administration commitment from the team with 357 Cape Trust Claims being settled during the year. The rate of these claims being received is expected to remain at the current rate for the medium term

Investments

- During the year, the Trusts' investments gained 5.3%
- Investment markets continue to be volatile, and the performance of the Trusts' investments is reviewed quarterly by Mercer
- The Trusts' profile of investments has moved towards fixed income allocations as the property derived investments continue to run down. The Trustee is also focused on allocating assets to products with increased levels of liquidity
- The investment strategy is continually under review with support from Mercer

Dividend policy

- The dividend policy during this financial year reflected changes made during a review during August 2023, impacting dividends from 1 October 2023
- A full actuarial review will commence in Autumn 2026, when the dividend policy will be reviewed in full
- **In line with a decision taken by the Trustee as part of the 2021 actuarial valuation, no second dividends will be paid after 1 October 2026**

Administration of the Trusts

- In FY25 administration fees totalled £338,000 which was a 7% increase on the previous year. This follows the 7% reduction achieved in both FY23 and FY24
- Whilst the cost of operating the Trusts has continued to be impacted by inflation, the Trustee continues to seek cost saving opportunities

Claims summary (1)

Overview of Trust Claims in FY25

- During the year, the Trusts received 526 Trust Claims and settled 524
- In terms of Trust Claims activity, we note the following:
 - The T&N Fund (non-Cape Trust Claims) received 50 Trust Claims, which was in line with claims received the previous year
 - 358 Cape Trust Claims were received during FY25 compared to 4 the previous year. These claims are received in batches, so comparison on a linear basis is not applicable
 - T&N EL Trust Claims increased to 19 against 16 which had been received the previous year, though actual cash payments were lower
 - Chester Street Fund Trust Claims were down 5% on the previous year at 99 claims received. However, this is ahead of the modelling forecast by the Actuary
- Overall, £4.78m was paid to Trust Claimants during FY25, which was a reduction on the £5.27m paid during the previous year
- Second dividends will not be paid from 1 October 2026

Claims activity in FY25

	Received	Paid
T&N excluding Cape Trust Claims	50	48
T&N - Cape Trust Claims	358	357
T&N EL Trust	19	21
Chester Street	99	98
Total	526	524

Payments to Claimants during FY25

£ million	Initial	Second	Total
T&N Fund	1.92	0.24	2.16
T&N EL Trust	0.64	0.17	0.81
Chester Street	0.73	0.12	0.85
FMFP Fund	0.02	-	0.02
TBA Fund	0.11	0.05	0.16
T&N Fund - Cape Trust Claims	0.70	0.08	0.78
Total	4.12	0.66	4.78

Claims summary (2)

Chester Street Fund

- The purpose of this Fund is to provide compensation to Chester Street, an insolvent insurer, and related parties. This fund provides a contribution towards Trust Claims made against T&N and other Federal-Mogul companies, as joint tortfeasors, by Chester Street
- The Chester Street Fund dividend is determined by the T&N Fund dividend which is set following advice from the Actuary
- During the year a total of £0.73 million was paid out in respect of admitted Chester Street Trust Claims. This is more than the Actuary had forecast and was driven predominantly by Trust Claim numbers being higher than expected, particularly those in relation to mesothelioma
- The Trust Claims against the Chester Street Fund have been above that forecast by the Actuary for some time. The Actuary notes that this could be an acceleration of Trust Claims being received, suggesting lower than forecast Trust Claims in future years
- To support the Actuary in the upcoming actuarial valuation, PwC has agreed to share information so that the forecasting process for the Chester Street Fund is better informed

Cape Trust Claims

- Cape Trust Claims are received from two former T&N subsidiaries: Hindustan Ferodo and Asbestos Cement
- Initially claims were submitted from Hindustan Ferodo, based in Mumbai, that was sold to Hindustan Composites at the beginning of 1993
- Subsequently claims have been submitted from Asbestos Cement which had factories in Mumbai, Kolkata, Kymore and Coimbatore. This business was sold to Eternit Everest at the beginning of 1988. Most Indian Cape claims received in the last two years have been from the Asbestos Cement factories with fewer coming from Hindustan Ferodo
- Most Cape Trust Claims being submitted are now household exposure claims to which a 75% discount is applied for litigation risk. Consequently, whilst Cape Trust Claim numbers from India are high, individual payments are relatively low
- Over 80% of Cape Trust Claimants have developed mild asbestosis. Additionally, there are cases of moderate and severe asbestosis claims plus a very small amount of lung cancer Cape Trust Claims. For context whilst Cape Trust Claims are high in number, they accounted for £0.78m of payments in FY25
- The current view of the team submitting the claims from India is that they expect submissions to continue at the current rate for the medium term

Claims summary (3)

Trusts since inception

- Trust Claims submitted to the Trustee in the last 20 years of operation are summarised in the two tables opposite
- At FY25, c90% of T&N Trust Claims submitted to the Trusts were accepted and paid

Rejected Trust Claims

- During the year 7 Trust Claims were rejected, making a total of 324 rejected Trust Claims over 20 years of receiving Trust Claims
- All rejected Trust Claims are reviewed and discussed in detail at a meeting of the directors of the Trustee. A detailed explanation of the reason for rejection is provided to the Trust Claimant at the time of rejection
- There were no referrals to the Expert during FY25

Indemnity Rights

- The Employers Liability insurers who contributed to the T&L EL Scheme Trust were indemnified against T&N Limited and its subsidiaries. These Indemnity Rights were assigned to the Trustee of the T&N EL Scheme Trust. The Indemnity Rights amount to an Indirect Asbestos Claim from the T&N EL Scheme Trust to The UK Asbestos Trust each time the T&N EL Scheme Trust pays a claim and incurs costs in settling that claim
- The next payment, which has yet to be calculated, will be paid during 2026 covering claims from 2017 to 2022 and will be lower than the previous payment of £1.9m paid in 2022

T&N Trust Claims handled by the Trustee

Claim status	At 30 Sep 2024	At 30 Sep 2025
Paid	5,618	6,039
Awaiting further information from Trust Claimants	26	26
Pending issue of Admission Notice	2	6
Withdrawn	134	134
Rejected	317	324
Total	6,097	6,529

Chester Street Trust Claims handled by the Trustee

Chester Street Fund - Trust Claims	At 30 Sep 2024	At 30 Sep 2025
Paid/established	1,325	1,417
British Shipbuilders Settlement	2,219	2,219
Awaiting further information	2	-
Rejected/Withdrawn	202	210
Total	3,748	3,846

Rejected Trust Claims

Reason for rejection	At 30 Sep 2024	Activity	At 30 Sep 2025
Failure to satisfy exposure criteria	114	5	119
Failure to satisfy medical criteria	72	2	74
No response to requests for further information	45	-	45
Trust Claimant already compensated in full	23	-	23
Exposure pre-1965 and outside Mergereson/Hai	26	-	26
Limitation grounds	25	-	25
Lung cancer not meeting Helsinki criteria	6	-	6
Other	6	-	6
Total	317	7	324

Investment summary

Overview

- During the year, the Trusts' investments gained 5.3%. Mercer continues to provide investment advice
- The Trusts had holdings in the following investments at 30 September 2025
 - BlackRock Strategic Alternative Income Fund (**BlackRock SAIF**). This private fund invests in infrastructure debt, renewable energy, real estate debt and private credit to deliver predictable long-term cash flows
 - M&G Real Estate Debt Fund (**M&G REDF**). This private fund concentrates on lending across the capital structure of high-quality real estate investments throughout Europe
 - Mercer Short Duration Global Bond Funds (**Mercer SDB**). This actively managed fund seeks to provide exposure to short duration, investment grade securities globally

Investment strategy

- The Trustee continues to support an investment strategy which maximises returns from investment products that have low volatility and good liquidity
- Investment markets continue to be volatile but with support from Mercer the Trustee views the current investment portfolio as appropriate to meet the investment strategy

Summary of investments

£ million	Holding	Target return	Allocation
BlackRock SAIF	8.75	5.0%	39%
M&G REDF	6.11	5.6%	28%
Mercer SDB	6.30	5.0%	28%
Cash	1.17		5%
Total	22.33		100%

Investments by Fund

£ million	Holding
T&N Fund	12.61
T&N EL Trust	4.82
Chester Street Fund	4.36
FMFP Fund	0.41
TBA Fund	0.13
Total	22.33

Investment returns

£ million	At 30 Sep 2024	At 30 Sep 2025
Investment income	0.52	0.48
Change in market value of investments	1.37	0.74
Total	1.89	1.22

Dividend policy

Overview

- The most recent five-year actuarial review was completed during 2021. As previously reported a review of dividends was completed during the Summer of 2023 and new dividend rates set from 1 October 2023. These are set out in the table across
- Setting dividends is a challenging exercise for the Trustee as it comprises two variables over which the Trustee has no control:
 - Future investment returns
 - Actual Trust Claims experience being in line with liability forecasts provided by the Actuary
- The Trustee will be starting work on the next actuarial valuation in Autumn 2026

Dividends during FY25

Dividend policy	Initial	Second	Total
T&N Fund	24	-	24
T&N EL Trust	65	-	65
Chester Street Fund	27	-	27
FMFP Fund	20	-	20
TBA Fund	10	-	10
T&N Hercules Fund	-	-	-
Chester Street Hercules Fund	-	-	-

Administration of the Trusts

Overview

- The administration of the Trusts is completed by Amianto Operating Company Limited, which is the parent company of the Trustee
- Fees during FY25 totalled £338,000, which was an increase of 7% on the previous year
- In the previous two financial years the Trustee has successfully achieved annual fee reductions of 7% in an environment of considerable cost inflation. The Trustee closely monitors costs and always seeks opportunities to reduce them where possible without impacting the high-quality support given to Trust Claimants and strong governance structure in place
- Professional fees were in line with expectations and overall lower than the previous year with no actuarial fees being incurred
- The market outlook suggests the UK will experience inflationary pressures driven by geopolitical events

Contact

- The Trustee and claims handling team can be contacted as follows:

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Administration fees

£000	Total
T&N Fund	158
T&N EL Trust	90
Chester Street Fund	90
	338

Professional fees

£000	T&N Fund	Chester St	T&N EL
Legal and professional fees	48	24	24
Audit fees	7	2	9
Actuarial fees	-	-	-
Total	55	26	33