



ELECTRICITY SUPPLY PENSION SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

PENSION SCHEME REGISTRATION NUMBER: 10200656

Electricity Supply Pension Scheme

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Electricity Supply Pension Scheme

MESSAGE FROM THE CHAIR OF THE SCHEME TRUSTEE

Changes during the year

The notable events for the Electricity Supply Pension Scheme (“the Scheme”) for the year ended 31 March 2022 were as follows:

- The Scheme paid benefits of £2.2 billion in the year and received contributions of £0.8 billion whilst investment income of £2.2 billion (net of fees) was received into the Scheme;
- The Scheme’s net assets have increased by £2.1 billion since the previous financial year-end, with total assets standing at £48.3 billion;
- The Task Force on Climate-Related Financial Disclosures (“TCFD”) and the impact of the forthcoming Pensions Regulator (“TPR”) Single Code of Practice were considered and the necessary actions taken.
- The Scheme’s Tax Adviser, KPMG was re-engaged and the Scheme’s Auditor reviewed;
- Work on development of the ESPS website (www.espspensions.co.uk) continued;
- The EDF Energy Generation and Supply Group merged into the British Energy Generation Group with the name of the British Energy Generation Group changing to the EDF Group.
- The Eggborough Group was wound up.

Acknowledgements

I would like to convey many thanks to the Directors who served on the Board of Electricity Pensions Trustee Limited (“EPTL”) during the year for their service to EPTL and the Electricity Supply Pension Scheme (“ESPS”) generally.

I also wish to convey our thanks and appreciation of the work of Capita Pension Solutions, who carry out the administrative and accounting functions on behalf of EPTL, and the work of our professional advisers and Scheme custodians for the support they have provided over the year.

DocuSigned by:

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Melanie Cusack of Zedra Governance Limited
CHAIR OF THE SCHEME TRUSTEE

Electricity Pensions Trustee Limited
Date: 28 October 2022

Electricity Supply Pension Scheme

INTRODUCTION

The Annual Report and Financial Statements for the Scheme year ended 31 March 2022 are presented by the Scheme Trustee, Electricity Pensions Trustee Limited (“EPTL”), in accordance with the provisions of the ESPS (registration number: 10200656).

Separate Annual Reports and Financial Statements are also prepared by each of the Groups which together constitute the Scheme.

For individual members, the Annual Report and Financial Statements of their own Group are the primary source of information. These include details of the investment performance of Group assets, information relating to the Group actuarial liabilities, the Actuarial Certificate of the Schedule of Contributions from the Group Actuary, information on employer-related investments and pension increases.

For the Scheme year ended 31 March 2022, the Financial Statements of the Scheme taken together with the Financial Statements of the Groups, have been prepared and audited in accordance with the Regulations made under Sections 41(1) and (6) of the Pensions Act 1995, the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and adopt the Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (Revised June 2018).

A glossary of terms has been included as part of the Annual Report and Financial Statements. This provides brief explanations of pension and investment related terms which members may not be familiar with.

STRUCTURE OF THE SCHEME

Industry-wide pension scheme

The ESPS is an industry-wide pension scheme in which the Participating Employers are companies formed upon the privatisation of the electricity industry in 1990, associated companies, and companies established within the electricity industry since privatisation.

The Scheme is established under irrevocable trusts and its provisions are set out in the Clauses and Rules contained in the Scheme Document. The Scheme is a registered pension scheme under the Finance Act 2004 and was contracted out of the State Second Pension until the introduction of the single tier flat rate State pension in April 2016. The Scheme is also registered for tax.

The Scheme provides for two types of pensions:

- Defined Benefit (“DB”) pensions which provide benefits based on a member’s salary and length of service; and
- Defined Contribution (“DC”) pensions which are based on contributions made by a member and their employer which are invested to buy a pension and/or other benefits at retirement.

The facility for DC benefits was utilised by seven Groups during the financial year.

Electricity Supply Pension Scheme

Organisation of the Scheme

The Scheme has separate actuarially independent sections (known as “Groups”) in respect of each of the companies participating in the Scheme as Principal Employers, and each Group has its own share of the assets of the Scheme. Each Group is administered by its Group Trustees or by the Directors of a Group Trust Company. In addition, there is a central Scheme Trustee, EPTL, with defined Scheme-wide responsibilities.

Each Principal Employer has the power to amend certain provisions of the Scheme, insofar as they apply to its Group. As a consequence of the exercise of this power by Principal Employers, the benefit structures of the Groups differ. Scheme-wide amendments may also be made to the provisions of the Scheme on behalf of the Principal Employers collectively by the Co-ordinator, Electricity Pensions Limited (“EPL”), subject to the unanimous approval of all the Principal Employers.

The Groups within the Scheme

As at 31 March 2022 the number of Groups within the Scheme was 24 Groups (2021: 26) following the merger of two Groups and the exit of one Group from the Scheme, and now comprising the following:

Carillion	National Grid Electricity
Central Networks	Northern Powergrid
Drax Power	Npower (formerly Innogy until 1 January 2022)
EA Technology	OVO Energy
EDF (from 31 December 2021)*	Powerhouse Retail
Electricity North West	RWE
E.ON UK	Schneider
EPSL	SSE Southern
First Hydro Company	UK Power Networks
International Power	Uniper
Magnox Electric	United Utilities plc
Manweb	Western Power Distribution

*The EDF Energy Generation and Supply Group (“EEGS”) was merged into the British Energy Generation Group (“BEGG” on 31 December 2021 and BEGG was renamed the EDF Group (“EDFG”).

The following Groups have actuarially independent sections:

Npower Group – Innogy and Retail sections (until 1 January 2022).

Magnox Electric Group – Atkins, Cavendish, National Nuclear Laboratories and Site Licence Company sections.

OVO Energy Group – SEPS and SHEPS sections.

RWE Group – Innogy (includes the merger of the Former E.ON Section which merged into the Innogy Section on 20 December 2021) and RWE sections.

The Trustees of the Scheme

(a) Group Trustees

The Group Trustee bodies take the form either of individual trustees, or of a trust company with a Board of Directors, both referred to in this Report as “Group Trustees”.

Half of the Group Trustees, in voting power, are chosen by members of each Group, and half are appointed by the Principal Employers. Issues put to the vote at Group Trustee meetings are decided on a majority vote, and in the event of an equality of votes, the Chair, who is appointed by

Electricity Supply Pension Scheme

The Trustees of the Scheme (continued)

the Principal Employer, has a casting vote. No issues discussed by Group Trustees during the year under review were decided based on the casting vote of the Chair.

Group Trustees appointed by the Principal Employer may be removed by the Principal Employer. Group Trustees elected by members may be removed on a majority resolution by the other Elected Group Trustees.

(b) Independent Trustee

Some Principal Employers with the consent of their Group Trustees have appointed an Independent Trustee with specific adjusted powers. The appointment of an Independent Trustee does not affect the powers of the Group Trustees. Certain powers, which were previously the exclusive right of the Principal Employer can, however, only be exercised in the Groups concerned either with the approval of, or after consultation with, the Independent Trustee. The Independent Trustee can also call an extraordinary meeting of Group members in circumstances where it believes that the actions of the Principal Employer are not in accordance with the provisions of the Scheme or with legislation.

(c) Scheme Trustee

In addition to the Group Trustee bodies, there is a central trustee body, the Scheme Trustee, EPTL. EPTL is a trust corporation with a Board of Directors - who with the exception of the Independent Chair - are appointed by the EPTL Council.

Each Group has the option to appoint two individuals to be Councillors in EPTL's Council; one chosen by the Principal Employers and the other by the Elected Group Trustees. A Councillor nominated by a Principal Employer can only be replaced by the Principal Employer who nominated him/her and a Councillor nominated by Elected Group Trustees can only be replaced by the Elected Group Trustees who nominated him/her. These individuals may be Group Trustees, or other persons nominated with the consent of the Group Trustees as a body.

The Council is responsible for the appointment of a smaller Board of eight Directors, selected from their number under the following criteria:

- (a) Four Directors must be Councillors chosen by the Elected Group Trustees; and
- (b) Four Directors must be Councillors chosen by Principal Employers.

Directors of EPTL are appointed for two-year terms. Half the Board is elected each year on a biennial basis to ensure continuity in the composition of the Board.

The Board has an Independent Chair; Zedra Governance Limited (previously PTL Governance Ltd until 18 July 2022) who is normally represented by Melanie Cusack.

The Council also select a panel of four reserves to fill any Director vacancies arising during the year, two chosen by the Elected Group Trustees and two by the Principal Employers. The reserves can also attend Board Meetings as observers but have no voting rights.

The Directors and Councillors who have served during the year are disclosed on page 59. The importance of diversity in effective decision making is acknowledged and is encouraged when Groups nominate candidates to serve on the Council.

Any issues put to the vote at meetings of EPTL Directors are decided on a majority vote. Each EPTL Director has one vote, and in the event of an equality of votes the Independent Chair has a casting vote. No issues discussed by the Directors during the year were decided based on the casting vote of the Chair.

Electricity Supply Pension Scheme

The powers and responsibilities of the Group Trustees and EPTL respectively are summarised as follows.

Trustee Responsibilities

Separate responsibilities have been allocated under the Scheme's provisions to the Group Trustees and EPTL.

EPTL, as the Scheme Trustee, is responsible for the registration and safe custody of all the assets of the Scheme, and for the administrative control of and transfers of assets between all portfolios. EPTL is also responsible for the production of the Scheme Annual Report and Financial Statements; and the investment management of the Unitised Fund.

Certain other formal responsibilities of EPTL are set out in more detail on page 17 and the manner in which EPTL carries out its responsibility for the registration and safe custody of the Scheme's assets is set out on page 8. In addition to the responsibilities imposed on Group Trustees and EPTL under the provisions of the Scheme, powers and responsibilities are imposed on them by pensions legislation. These statutory powers and responsibilities have been allocated to Group Trustees or to EPTL under the Scheme Document, in the light of their respective responsibilities under the Scheme.

The Group Trustee bodies are responsible for the administration of the Scheme in relation to their Group, including the collection of Employees' contributions and Employers' contributions; the calculation and payment of member benefits; the preparation of Group Annual Report and Financial Statements; the investment strategy in relation to their Group assets; monitoring the investment performance of Group assets; and the monitoring of Group AVC and DC funds.

Group Trustees are also responsible for managing the specific risks associated with the operational running of their Groups which include, but are not limited to, funding, covenant, administration and investments.

Each Group is treated as a separate pension scheme under the Pensions Act 2004 funding regime. As a consequence, the Group Trustees are responsible for appointing a Group Actuary to carry out the actuarial valuations of their Group.

Investment Management Arrangements

Group Trustees may at their discretion invest Group assets, in accordance with their investment strategy, in external funds or in the Sector of the Unitised Fund and are responsible for monitoring investment performance. Details of Groups' investments and their performance are given in the Annual Report and Financial Statements of the Group concerned. The responsibilities for AVC and DC arrangements lie with the Group Trustees. Information about the performance of the Unitised Fund is included on page 58.

EPTL is responsible for Scheme-wide investment arrangements. EPTL is also responsible for the investment management of the Unitised Fund, including the selection, appointment and monitoring of fund managers. Details of the Unitised Fund and the investment performance of the Unitised Fund Sectors is given in the Appendix for the Unitised Fund, on pages 56 to 58 of this Annual Report and Financial Statements.

Statements of Investment Principles

Each Group Trustee body has prepared a Statement of Investment Principles ("SIP") in accordance with the provisions of the Pensions Act 1995, setting out the principles on which the decisions on the investment of their Group's assets are made. A copy of that Statement may be obtained from

Electricity Supply Pension Scheme

Statements of Investment Principles (continued)

the Group Administrator for the relevant Group using the contact details given on the page 63 of this Scheme Annual Report and Financial Statements. Members may also be able to access this Report electronically through their Group's website or member site.

EPTL has also prepared a SIP in relation to its responsibilities for the Unitised Fund, and relevant extracts from that Statement are included in the SIPs of each Group Trustee body which invests in the Unitised Fund. EPTL's SIP can be accessed on the Scheme's website (details shown on page 63) as well as its Implementation Statement which is shown in page 55.

Administration Arrangements

Group Trustees delegate day to day administration of their Group to the Principal Employer or outsource the administration to companies offering pension administration services.

Administration of the Scheme, in relation to those areas for which EPTL is responsible, was carried out on its behalf by Capita Pension Solutions.

GENERAL DATA PROTECTION REGULATION ("GDPR")

From 1 January 2021, the UK GDPR came into effect which will run alongside the Data Protection Act 2018 ("DPA 2018"), and the EU GDPR to which all EU nations remain subject, and this includes where the Scheme operates in the EU. This ensures that there is adequate provision for the safe processing of data in the UK and in the EU/EEA.

Obligations under the UK GDPR are fundamentally the same as obligations under the EU GDPR and the Scheme continues to remain subject to UK Data Protection laws.

The European General Data Protection Regulation (GDPR) sets out eight data protection principles which govern the way that personal data is obtained, stored, used and shared including the conditions subject to which personal data may be processed.

Personal data must:

- be processed fairly and lawfully (including meeting appropriate conditions);
- be obtained and processed for specified and lawful purposes and is not processed in any manner incompatible with those purposes;
- be adequate, relevant and not excessive in relation to the processing purpose;
- be accurate and kept up-to-date;
- be kept no longer than is necessary;
- be processed in accordance with the rights of data subjects;
- ensure that appropriate technical and organisational measures must be in place to protect against unauthorised or unlawful processing, and against accidental loss or destruction of personal data; and
- not be transferred to a jurisdiction that does not offer an adequate level of protection.

Under data protection laws, pension scheme trustees are generally the data controller under the GDPR, and as such have legal responsibilities as data controllers. The Scheme Trustee produced a GDPR policy and given the Scheme's two-tiered structure, in most instances Group Trustees will bear the responsibility to act as data controllers (as Groups hold personal data on their members), and therefore, Group Trustees will need to ensure that they are compliant with GDPR requirements.

The Scheme Trustee in limited circumstances may hold personal data (for governance, member disputes and support purposes) and in such occurrences have taken steps to ensure that they are GDPR compliant.

Electricity Supply Pension Scheme

REPORT OF THE SCHEME TRUSTEE

The Board of EPTL held six meetings during the year. Additionally, some business was covered via an electronic rapid approvals process when required.

Pensions Legislative Reforms

The following were some of the main pension issues during the year under review:

- As noted in the report last year, the Pension Schemes Act 2021 gained Royal Assent in February 2021 and various elements of this came into force during the year including: new grounds for the Pension Regulator to issue a contribution notice; new criminal offences and civil penalties; new climate change risk reporting and governance; and, tightening of the rules on defined benefit pension transfers. Further provisions of this Act will come into force in the future including new notifiable events and the introduction of pension dashboards.
- The Finance Act 2022 included provisions which will increase the normal minimum pension age from age 55 to age 57 from 2028.

The implications to the Scheme of these reforms are addressed at a combination of Scheme and Group level depending on the actual impact.

Other Issues

Other regular matters considered by EPTL during the year included:

- focusing on its business timetable and governance requirements, including various risk issues;
- completing the Scheme Annual Report and Financial Statements;
- making arrangements for the Scheme Annual General Meeting and issuing guidelines for Resolutions to be submitted to the AGM;
- the ongoing review of the Scheme advisers;
- monitoring of the Scheme's contract with Capita Pension Solutions;
- monitoring of risks through the Scheme Trustee's Risk Register which is considered at each main meeting and includes Covid-19 risks and its effect on the suppliers of services;
- completion of a consolidation exercise of the Scheme Document;
- further development of the ESPS website;
- monitoring the management and performance of the Unitised Fund UK Forestry Sector;
- monitoring claims in respect of discriminatory withholding tax and VAT;
- monitoring and participating in class action and investor litigation matters;
- continuing work on the tax governance framework;
- monitoring the custodian, The Bank of New York Mellon;
- managing Group structure changes (EDF Group merger and the winding up of the Eggborough Group);
- actively engaging with both the Department for Work and Pensions ("DWP") and TPR regarding the requirements in respect of TCFD and the Pensions Dashboard for the Scheme and in particular whether this applies at Scheme or Group level; and
- considering the implications of TPR's proposed Single Code of Practice.

Electricity Supply Pension Scheme

Changes in Scheme Provisions - Scheme wide amendments by the Scheme Co-ordinator, EPL

EPL may amend the provisions of the Scheme with the unanimous consent of all of the participating Principal Employers. During the year ended 31 March 2022 one Scheme-wide amendment was made:

- Deed of Amendment dated 26 August 2021 which updated the Deemed Consent Process for EPL and adopted the Consolidated Scheme Document.

Custody and Accounting Arrangements

EPTL's primary roles during the year continued to be its responsibilities for the registration, safe custody and administrative control of all the Scheme's assets, and for production of the Scheme Annual Report and Financial Statements, which is undertaken by Capita Pension Solutions on behalf of the Scheme.

All the assets managed in the Scheme's investment portfolios are subject to EPTL's overall custody and control. The custody responsibility was discharged through the continued appointments of the Bank of New York Mellon ("BNYM") (in respect of all assets excluding property) and EPTL's solicitors (in respect of property and forestry) as Scheme custodians to safeguard all assets. Fund managers investing in quoted assets are required to use the custodian appointed by EPTL to safeguard these assets.

Maintenance of the majority of the Scheme's prime investment records continues to be undertaken through the outsourced arrangements with BNYM.

Capita Pension Solutions, with assistance from MJ Hudson Amaces Ltd, a company that provides custodian benchmarking services, has responsibility on behalf of EPTL for monitoring the quality of BNYM's services, including custody and investment accounting services.

Custody of the Scheme's Assets

BNYM is the custodian in relation to securities. Where certificates are available in relation to such securities, they are held by BNYM and identified as investments of the Scheme. Where certificates are not available, but records are held on computer-based systems, the relevant data records the Scheme's interest.

Documents of title in relation to UK properties are held by EPTL's conveyancing solicitors in the name of EPTL's wholly owned nominee companies, Electricity Supply Nominees (Forestry) Limited, BEGG (Nominees) Limited, Central Networks Nomineeco Limited, Manweb Nomineeco Limited and Western Power Distribution Nomineeco Limited.

All cash is held in bank accounts in the name of the Scheme or in institutional cash funds, commonly referred to as STIFs (short term investment funds). This type of investment allows cash to be invested across a broad range of institutions thereby reducing risk and exposure.

Investment of Assets

Details of the investment performance of individual Groups' funds and the compliance of each Group with its individual Statement of Investment Principles are given in the respective Groups' Annual Reports and Financial Statements.

A report on the investment performance of the Unitised Fund Sector and other investments for which EPTL has responsibility is provided as an appendix to this Report (see pages 56 to 58).

Electricity Supply Pension Scheme

Investment of Assets (continued)

During the year the value of the Scheme's net assets increased from £46.2 billion to £48.3 billion. The effect varied from Group to Group, and members should refer to their own Group's Annual Report and Financial Statements for details of the investment performance of their Group's assets.

The liquidity of the Scheme's investments varies across asset classes and according to market conditions - for example property by its nature is less liquid than market traded equities. Where investments are held in pooled vehicles, contract terms can also sometimes restrict liquidity/realisation. This is often the case for alternative asset investments, where some managers specify an initial period where new funds invested cannot be disinvested. Thereafter, further investment/disinvestment can often only be made on specific monthly, quarterly or annual dates. Private equity investments tend to have a ten to fifteen-year period of investment duration. A secondary market does exist for some private equity funds, but cannot be relied upon to provide liquidity.

Following the recent volatility in nominal and real gilt yields, liability hedges have been retained in line with the LDI strategies requirements for the relevant Groups (further information can be found on page 11 and in note 30 on page 49).

Disposition of Scheme's Assets

The disposition of the Scheme's assets at the year-end was as follows:

	2022 £ million	2021 £ million
Market value of discretionary mandates and pooled funds	46,850	44,778
Market Value of Defined Contribution unitised insurance policies (see note 25 on pages 47 - 48)	257	249
Market value of the ESPS Unitised Fund (see pages 56 - 58)	254	181
AVC Investments	118	116
Insurance Policies	735	784
Current assets	139	162
Current liabilities	(57)	(51)
Total net assets of the Scheme	48,296	46,219

See note 31 on page 50 for an analysis of the assets by Group.

Contributions

Details of contributions received are given in the statement about contributions in the respective Groups' Annual Report and Financial Statements. As there are more than 20 participating Employers, a statement about contributions is not required at a Scheme level.

Employer related investments

Pension legislation requires that Employer contributions are paid on a timely basis and any late contributions are treated as employer-related investments until they are paid. During the year three Groups had instances of late payments of contributions, which resulted in modified opinions. All other instances were immaterial for both the Groups and the Scheme, and therefore, not reportable or disclosable.

There are no other Employer related investments.

Electricity Supply Pension Scheme

Recent events

On 26 October 2018, the High Court ruled that schemes must equalise for the effect of GMPs (Guaranteed Minimum Pension) providing different benefits for men and women. In 2020, the High Court determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member. As this is a Group matter, members should refer to their own Group's Annual Report and Financial Statements for further details as some Groups are still in the process of assessing the impact on their Group which will be reflected in future years' accounts whilst other Groups have disclosed that the impact was immaterial.

From 1 October 2021, the Scheme is in scope of the climate change governance and reporting requirements. The Scheme's first TCFD report will be published by 31 October 2022 and can be viewed by visiting <https://www.espspensions.co.uk/#useful-documentation> where details can be obtained on the Scheme Trustee's identification, assessment and management of climate risk.

EPL may amend the provisions of the Scheme with the unanimous consent of all the participating Principal Employer. Following a long project, which included discussions with EPTL and consultation with the Principal Employers, a Deed of Amendment was signed on 9 June 2022 which amends the rules to enable partial or full solvent buy-outs and bulk transfer without consent to a relevant scheme outside the Scheme.

Following the continuing impact of Covid-19 the Scheme Trustee continues to carry out a review of its service providers in conjunction with the latest guidance issued and with a focus on business continuity. The Scheme has continued to operate in a robust manner with effective Scheme Trustee governance. There has been no disruption or deterioration to the services carried out by the Scheme's custodian nor with any other service provider. Groups' individual Annual Report and Financial Statements provides information about Covid-19 related matters specific to each Group.

The Scheme Trustee has also monitored the consequences of the Ukraine conflict which in addition to the grave human implications created uncertainty and impacted the investment markets. Due to the volatility created, the Scheme Trustee asked Group Trustees to consider the implications on the payment on pensions, any impact on Employer Covenants and to monitor market movements of investments held. Groups' individual Annual Report and Financial Statements can provide more detailed information on the impact of the conflict for each Group.

Following the UK government's announcement on 23 September 2022 of unexpected additional tax cuts and increased borrowing requirements, UK gilt yields rose creating extreme volatility in the gilt market. Consequently, the Bank of England was forced to take measures to suppress yields. Although on the whole this had a positive impact on funding levels, for some Groups the extreme volatility put LDI collateral positions under pressure and some Groups sought to increase liquidity and improve the resilience of their Group's portfolios to manage future volatility.

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date.

This is assessed at least every three years using assumptions agreed between the Group Trustees and the Employers and is set out in the Statement of Funding Principles for each Group, a copy of which is available to members on request from their Group.

Extracted from the respective Group Financial Statements, a summary of the actuarial valuations and the assumptions used by the Groups is as follows (unaudited):

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date £ million	Value of the assets at latest valuation date £ million	Discount rate*	Price Inflation (RPI) p.a.	Price Inflation (CPI) p.a.	Key Assumptions			Future Deficit Contributions
							Pension Increase rates p.a.	Salary increase rates p.a.	Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	
Carillion	31-Mar-16	122	95	Pre-retirement: +2.2 % Post-retirement: +0.25%	BOE RPI yield curve at the valuation date with no allowance for inflation risk premium.	RPI inflation assumption.	-	RPI inflation + 1.5%	Males: Table S2 SAPS (All Amounts (Year of Use) with scaling factors 102% to 100%) with future mortality improvements in line with CMI 2014 projection with a long term improvement rate of 1.5% p.a. Females: Table S2 SAPS (All Amounts (Year of Use) with scaling factor 100% to 92%) with future mortality improvements in line with CMI 2014 projection with a long term improvement rate of 1.5% p.a.	N/A
Central Networks	31-Mar-19	3,973	3,941	+2.85% p.a. tapering down to 2.0% p.a. over 17 years.	BOE fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.75%.	RPI or CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI inflation + 0.5%	Males: Table S2PMA (with scaling factors 105% to 90%) with future improvements in line with CMI 2018 projection (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.5% p.a. Females: Table S2PFA (with scaling factors 105% to 90%) with future improvements in line with CMI 2018 projection (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.5% p.a.	£36.0m p.a. until 31 July 2024
Drax Power	31-Mar-19	339	303	Pre-retirement: +2.0% Post-retirement: +0.3%	RPI yield curve derived from the fixed interest and index linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.9%.	RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases.	RPI inflation + 1.0%	Males: Table S3PMA adjusted to allow for individual years of birth (with scaling factors set using the 2019 Aon postcode analysis and, for the ill health scaling factors, experience of similar schemes). Future improvements in line with the CMI 2018 projection (Sk = 7.0, A = 0.50) and long-term improvement rate of 1.5% p.a. Females: Table S3PFA M adjusted to allow for individual years of birth (with scaling factors set using the 2019 Aon postcode analysis and, for the ill health scaling factors, experience of similar schemes). Future improvements in line with the CMI 2018 projection (Sk = 7.0, A = 0.50) and long-term improvement rate of 1.5% p.a.	£599,416 per month until 30 June 2024

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities (continued)

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date	Value of the assets at latest valuation date £ million	Discount rate*	Key Assumptions					Future Deficit Contributions
					Price Inflation (RPI) p. a.	Price Inflation (CPI) p. a.	Pension Increase rates p. a.	Salary increase rates p. a.	Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	
EA Technology	31-Mar-19	89	112	Pre-retirement: +2.0% Post-retirement: +0.5%	RPI yield curve derived from the fixed interest and index linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	RPI price inflation assumption to a maximum of 5% or CPI price inflation assumption to a maximum of 5% (in payment) and price inflation assumption (for deferred).	-	Standard SAPS table S2PXA with a scaling factor of 90%.	
EDF	31-Mar-19	6,266	6,745	Pre-retirement: +2.5% Post-retirement: +0.75%/+0.5%	RPI yield curve derived from the gilt market at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases (pensions in payment). RPI price inflation assumption (pensions in deferment).	CPI inflation + 1.6% + an allowance for promotional increases.	Males: Table S3PMA (All amounts with scaling factors 97% to 102%) with future mortality improvements in line with CMI 2018 projection (Sk = 7.0, A = 0.25%) with a long term improvement rate of 1.5% p. a. Females: Table S3PFA (All amounts with scaling factors 92% to 97%) with future mortality improvements in line with CMI 2018 projection (Sk = 7.0, A = 0.25%) with a long term improvement rate of 1.5% p. a.	N/A
Electricity North West	31-Mar-19	1,478	1,409	Pre-retirement: +2.5% Post-retirement: +0.5%/+0.36%	BOE fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	RPI or CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI inflation + an allowance for promotional increases.	Males: Table S2PMA (with scaling factors 110% to 100%) with future improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.75% p. a. Females: Table S2PFA (with scaling factors of 105% to 95%) with future improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.75% p. a.	€1,616,700 each month to March 2022 and €1,666,700 each month from April 2022 to March 2023 inclusive.
E.ON UK	31-Mar-21	4,857	4,878	0.82%	RPI swap yield curve at the valuation date.	RPI swap yield curve at the valuation date less 0.3% p. a. until 2030 and less 0.1% thereafter	5% LPI swap yield curve (based on RPI) for pre-1 November 2018 accrued pensions. 3% LPI swap yield curve (based on CPI) for post-31 October 2018 and for post-88 GMPs.	3% Limited Price Indexation (LPI) swap yield curve based on CPI for salaries under £70k.	Base table - S3PA tables with combined best-estimate scaling factors derived from an experience analysis combined with postcode analysis. Future improvements - CMI 2020 projections with Sk=7, A=0.50% and long-term improvement rate of 1.50% p. a. for men and women.	N/A
EPSL*	31-Mar-20	15	13	Pre-retirement: +2.0% Post-retirement: +0.0%	Gilt Break-even RPI curve	RPI inflation assumption at the valuation date less 0.8% p. a. up to 2030 and 0.5% p. a. thereafter.	RPI capped at 5% p. a. and CPI capped at 5% p. a. (deferred). RPI capped at 5% p. a. and RPI capped at 2.5% p. a. (in payment).	-	Table S2PXA 'Light' (allowing for individual years of birth with a scaling factor of 100%) with future improvements in line with the CMI 2019 projections (Sk = 7.0) and a long-term improvement rate of 1.5% p. a.	€335,450 p. a. until 31 March 2029

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities (continued)

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date	Value of the assets at latest valuation date £ million	Discount rate*	Key Assumptions					Future Deficit Contributions
					Price Inflation (RPI) p. a.	Price Inflation (CPI) p. a.	Pension Increase rates p. a.	Salary increase rates p. a.	Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	
EA Technology	31-Mar-19	89	112	Pre-retirement: +2.0% Post-retirement: +0.5%	RPI yield curve derived from the fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	RPI price inflation assumption to a maximum of 5% or CPI price inflation assumption to a maximum of 5% (in payment) and price inflation assumption (for deferred).	-	Standard SAPS table S2PXA with a scaling factor of 90%.	
First Hydro Company	31-Mar-19	159	163	Pre-retirement: +2.0% Post-retirement: +0.5%	BOE fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	RPI or CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI inflation + 0.5%	Males: Table SAPS S3 S3PMA ("All amounts" with scaling factors 102% to 96%) and future improvements in line with the CMI 2018 projection (Sk = 7.0, A = 0.5) and a long-term improvement rate of 1.50% p.a. Females: Table SAPS S3 S3PFA_M ("All amounts" with scaling factors 117% to 98%) and future improvements in line with the CMI 2018 projection (Sk = 7.0, A = 0.5) and a long-term improvement rate of	N/A
International Power	31-Mar-19	393	377	Pre-retirement: +1.3%	Fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.5%.	RPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI inflation + 0.5%	Males: Table S3NMA with future improvements in line with CMI 2018 projections (Sk = 7; A = 0.5%) and a long term improvement rate of 1.5% p.a. Females: Table S3NFA with future improvements in line with CMI 2018 projections (Sk = 7; A = 0.5%) and a long term improvement rate of 1.25% p.a.	N/A
Magnox Electric	31-Mar-19	3,341	3,382	Pre-retirement: +1.75%/1.2%/10.5%/10% Post-retirement: +0.5%	Difference between the yields on fixed interest and index-linked gilt curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI inflation + an allowance for promotional increases / CPI + 0.5% + an allowance for promotional	Table SAPS S2P (All lives with scaling factors 95% to 90%); Table SAPS S2P Light (with a scaling factor of 100%); Table SAPS S2P Light tables (with a scaling factor of 95%). Future improvements based on CMI 2018 projections (Sk 7.0, A 0.5%) and a long term improvement rate of 1.5% p.a.	N/A
Manweb	31-Mar-21	1,360	1,069	1.25%	Implied gilts RPI inflation curve.	-	Assumed to be 0% p. a. in excess of GMP.	RPI price inflation assumption.	Base table - 2021 VITA Tables Future improvements - CMI 2020 model with an initial addition to improvements of 0.5%, a long-term rate of improvement of 1.5% p. a. and no weight placed on 2020 data.	£43.8m p. a. until 31 March 2028 increasing annually by RPI
National Grid Electricity	31-Mar-19	3,381	3,144	Pre-retirement: +1.7% Post-retirement: +0.5%	Fixed interest and index-linked gilt yield curves.	RPI inflation assumption at the valuation date less 1.1%.	RPI price inflation assumption allowing for the maximum and minimum (5% and 0%).	RPI inflation + 0.5% + age-related promotional increases.	Males: Table S3NMA with scaling factors of 90% to 85%. Females: Table S3NMA with scaling factors of 105% to 100%.	£53.631m p. a. until 2023. £26.406m p. a. from 2023 to 2024.

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities (continued)

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date	Value of the assets at latest valuation date £ million	Discount rate*	Price Inflation (RPI) p.a.	Price Inflation (CPI) p.a.	Key Assumptions			Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	Future Deficit Contributions
							Pension Increase rates p.a.	Salary increase rates p.a.			
Northern Powergrid	31-Mar-19	1,622	1,739	Pre-retirement: +1.9% Post-retirement: +0.4%	Fixed interest and index linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.9%.	Price inflation assumption allowing for the maximum and minimum increases.	RPI inflation +0.5% p.a.	Males: Table S3PMA (adjusted to allow for individual years of birth with scaling factors of 104% to 95%) with future improvements in line with CMI 2018 projections with a long-term improvement rate of 1.5% p.a. Females: Table S3PFA (adjusted to allow for individual years of birth with a scaling factors of 105% to 104%) with future improvements in line with CMI 2014 projections with a long-term improvement rate of 1.5% p.a.	Payments on 30 November 2021 and 2022: €29.3 m. Payments on 30 November 2023 and 2024: €14.1 m. Increased by RPI	
Npower	31-Mar-19	353	349	Pre-retirement: +2.0% Post-retirement: 0.5%	RPI yield curve derived from the gilt market at the valuation date, less inflation risk premium of 0.2% p.a.	RPI inflation assumption at the valuation date less 1.1%.	RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases.	RPI price inflation assumption.	Males: Table SAPS S2PMA (All and Heavy (Year of Use) with scaling factors 100% to 130%) with future improvements in line with CMI 2018 projections (Sk = 7.5, A = 0) with a long-term improvement rate of 1.50% p. Females: Table SAPS tables S2PFA (All and Heavy (Year of Use) with scaling factors 105% to 150%) with future improvements in line with CMI 2018 projections (Sk = 7.5, A = 0) with a long-term improvement rate of 1.50% p.a.	Additional contributions will be paid until 31 March 2029	
OVO Energy	31-Mar-22	94	115	+ 2.0% p.a for 10 years	Term dependent rates derived from BoE gilt curves	RPI inflation assumption less 0.5% p.a.	RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases.	RPI inflation +0.1% p.a.	Males: S3PMA for active members with a scaling of between 104% and 109% Females: S3PFA_M for active members with a scaling of between 104% and 112%	N/A	
Powerhouse Retail	31-Mar-19	217	234	Pre-retirement: +0.5% Post-retirement: +0.25%	BoE breakeven RPI yield curve.	RPI inflation assumption at the valuation date less 1.1%.	-	-	Males: Table SAPS S2 (All Pensioners with scaling factors 112% to 95%). Females: Table SAPS S2 (All Pensioners with scaling factors 98% to 91%).	N/A	
RWE	31-Mar-19	1,601	1,557	Pre-retirement: +2.0% Post-retirement: +0.5%/0.3%	RPI yield curve derived from the gilt market at the valuation date, less inflation risk premium of 0.1% p.a.	RPI inflation assumption at the valuation date less 1.1%.	RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases.	RPI price inflation assumption.	Males: Table SAPS S2PMA (All Heavy and Light tables (Year of Use) with scaling factors 100% to 130%) with future improvements in line with CMI 2018 projections (Sk = 7.5, A = 0) with a long-term improvement rate of 1.50% p.a. Females: Table SAPS S2PFA (All and Heavy tables (Year of Use) with scaling factors 105% to 150%) with future improvements in line with CMI 2018 projections (Sk = 7.5, A = 0) with a long-term improvement rate of 1.50% p.a.	N/A	
Schneider	31-Mar-21	34	30	Pre-retirement: +1.75% Post-retirement: +0.25%	BoE RPI inflation curve less 0.4% p.a.	1.65%	2.65% (deferred), 2.65% and 1.60% (in payment)	RPI	Table SAPS S3PA CMI 2018 with a long term improvement rate of 1.5%.	€520,000 p.a. until 30 June 2025	

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities (continued)

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date	Value of the assets at latest valuation date £ million	Discount rate*	Price Inflation (RPI) p.a.	Price Inflation (CPI) p.a.	Key Assumptions			Future Deficit Contributions
							Pension Increase rates p.a.	Salary increase rates p.a.	Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	
Northern Powergrid	31-Mar-19	1,622	1,739	Pre-retirement: +1.9% Post-retirement: +0.4%	Fixed interest and index linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.9%.	Price inflation assumption allowing for the maximum and minimum increases.	RPI inflation + 0.5% p.a.	Males: Table S3PMA (adjusted to allow for individual years of birth with scaling factors of 104% to 99%) with future improvements in line with CMI 2018 projections with a long-term improvement rate of 1.5% p.a.	Payments on 30 November 2021 and 2022: £29.3 m. Payments on 30 November 2023 and 2024: £14.1 m. Increased by RPI
SSE Southern	31-Mar-19	2,544	2,258	Pre-retirement: +2.4% Post-retirement: +0.5%	BDE RPI inflation curve at the valuation date less 0.1% p.a.	RPI inflation assumption at the valuation date less 1.1%.	RPI price inflation assumption allowing for the maximum and minimum (5.8% and 0%) increase. CPI price inflation assumption allowing for the maximum and minimum (3% and 0%) increase.	RPI inflation + 0.5%	Males: Table S3PMA (with scaling factors 104% to 95%) with future mortality improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long term improvement rate of 1.5% p.a.	£39.504m p.a. until 31 March 2022 and £34.702 m p.a. from 1 April 2022 until 31 March 2027 increasing annually by RPI.
									Females: Table S3PFA (with scaling factors 104% to 97%) with future mortality improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long term improvement rate of 1.5% p.a.	
UK Power Networks	31-Mar-19	4,077	3,667	plus additional amount	BDE fixed interest and index-linked gilt yield curves at the valuation date.	-	RPI price inflation assumption allowing for the maximum and minimum (5% and 0%) according to the provisions in the Group's Rules.	RPI inflation + 1.0%	Males: Tables S3NMA, S3NMA_H and S3DMA (for males, ill health males and widows respectively) in line with the CMI 2018 projections (Sk = 7.5) with a long-term improvements rate of 1.5%.	£71.23 m p.a. increasing by RPI until 28 February 2025
									Females: Tables S3NFA, S3NFA_H and S3DFA (for females, ill health females and widows respectively) in line with the CMI 2018 projections (Sk = 7.5) with a long-term improvements rate of 1.5%.	
Uniper	31-Mar-19	500	474	+2.0%	BDE fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 1.1%.	CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	CPI + 0.5%	Males: Tables S3PMA with a scaling factor of 97%.	£7.0 m to be paid by 1 January 2022 subject to certain conditions
									Females: Tables S3PFA with a scaling factor of	

Electricity Supply Pension Scheme

Summary of Actuarial Liabilities (continued)

Group	Date of the most recent actuarial valuation	Value of the technical provisions at latest valuation date	Value of the assets at latest valuation date £ million	Discount rate*	Key Assumptions				Post-retirement mortality based on standard actuarial mortality tables (Sk = smoothing parameters, A = mortality improvements)	Future Deficit Contributions
					Price Inflation (RPI) p. a.	Price Inflation (CPI) p. a.	Pension Increase rates p. a.	Salary increase rates p. a.		
United Utilities plc*	31-Mar-21	490	498	+0.3%	RPI yield curve derived from the gilt market at the valuation date.	RPI inflation assumption at the valuation date less 0.3% p. a. up to 2030 and 0.1% p. a. thereafter.	RPI or CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI price inflation assumption.	Males: Table S3PMA (with a scaling factor of 105%) with future improvements in line with CMI projections with a smoothing parameter of 7.07.5, an A parameter of 0.25% and a long term improvement rate of 1.75% p. a. Females: Table S3PFA_M (with a scaling factor of 105%) with future improvements in line with CMI projections with a smoothing parameter of 7.07.5, an A parameter of 0.25% and a long term improvement rate of 1.75% p. a.	N/A
Western Power Distribution	31-Mar-19	2,634	2,423	+3.45%	BOE fixed interest and index-linked gilt yield curves at the valuation date.	RPI inflation assumption at the valuation date less 0.75%	RPI or CPI price inflation assumption allowing for the maximum and minimum according to the provisions in the Group's Rules.	RPI + 0.5%	Males: Table S2PMA (with a scaling factors of 100% to 90%) with future improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.5% p. a. Females: Table S2PFA (with a scaling factors of 100% to 90%) with future improvements in line with CMI 2018 projections (Sk = 7.0, A = 0.5%) with a long-term improvement rate of 1.5% p. a.	£18.0m p. a. until 30 November 2024

All Groups use the Projected Unit actuarial method

* Discount rate based on the Bank of England fixed interest rate gilt yield curve at the valuation date per annum

Electricity Supply Pension Scheme

Statement of Scheme Trustee's Responsibilities

The Scheme Trustee's responsibilities in respect of the Financial Statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Scheme Trustee. Pension scheme regulations require, and the Scheme 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 these responsibilities, the Scheme Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

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

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

The Scheme Trustee's responsibilities in respect of contributions

The Group Trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions for their Group showing the rates of contributions payable towards the Group by or on behalf of the Employers and active members of the Group and the dates on or before which such contributions are to be paid.

The Group Trustees are also responsible for keeping records of contributions received in respect of any active member of their Group and for adopting risk-based process to monitor whether contributions that fall due are paid into the Scheme in accordance with the Schedule of Contributions.

Where breaches of the Schedule occur, the Group Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Further information about Group Trustees' responsibilities is outlined on pages 3 and 5.

Electricity Supply Pension Scheme

Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

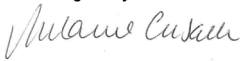
The Regulations require the inclusion of a copy of the certificate by the Actuary about the adequacy of contributions payable and an investment report setting out certain information with respect to investments held. These matters are the responsibility of the Group Trustees, and are therefore, included in the Group Financial Statements.

Enquiries

Where members - contributing, deferred members or pensioners - have queries about their benefits under the Scheme, they should refer to the contact details given in their Group's Annual Report and Financial Statements. For many Groups, detailed enquiries relating to personal information and benefits are handled by third party pension administrators and they will generally be best placed to answer members' questions. Where an enquiry relates to the Scheme more generally, questions should also be addressed to the relevant Group Administrator. Contact details for Group Administrators are given in page 63 of this Scheme Annual Report and Financial Statements. Members should contact their Group Administrator if they would like to receive a copy of their own Group's Annual Report and Financial Statements.

The 2022 Scheme AGM will be held virtually via teleconferencing on 22 November 2022.

Signed on behalf of the Scheme Trustee:

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Melanie Cusack of Zedra Governance Limited
CHAIR OF THE SCHEME TRUSTEE

On behalf of Electricity Pensions Trustee Limited
Date: 28 October 2022

Electricity Supply Pension Scheme

SCHEME TRUSTEE'S STATEMENT ON DC/AVC GOVERNANCE

Until 31 December 2017, EPTL had discretion to recommend appropriate policies to be made available to Group Trustees in which to invest their members' AVCs. EPTL could also select and put in place investment options, which Group Trustees who operate a Defined Contribution ("DC") Section could offer to their members, though the majority of Group Trustees had established their own DC arrangements. With effect from 1 January 2018, these responsibilities were transferred to Groups and EPTL's responsibilities ceased.

The requirement to publish a Defined Contribution Governance Statement, as stipulated by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, is the responsibility of Group Trustees and each Group's statement can be found in Groups' Annual Reports and Financial Statements.

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Melanie Cusack of Zedra Governance Limited
CHAIR OF THE SCHEME TRUSTEE

On behalf of Electricity Pensions Trustee Limited
Date: 28 October 2022

Electricity Supply Pension Scheme

Independent auditors' report to the Scheme Trustee of Electricity Supply Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Electricity Supply Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

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

Basis for opinion

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

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to, or in respect of, the Scheme.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the Scheme in the period under audit.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Electricity Supply Pension Scheme

INDEPENDENT AUDITORS' REPORT TO THE SCHEME TRUSTEE OF ELECTRICITY SUPPLY PENSION SCHEME (continued)

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

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Scheme Trustee for the financial statements

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

In the preparation of the financial statements, the Scheme 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 Scheme 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 includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.

Electricity Supply Pension Scheme

INDEPENDENT AUDITORS' REPORT TO THE SCHEME TRUSTEE OF ELECTRICITY SUPPLY PENSION SCHEME (continued)

- Holding discussions with the Scheme Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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

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

Use of this report

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



PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

28 October 2022

Electricity Supply Pension Scheme**FUND ACCOUNT****For the Year Ended 31 March 2022**

	Note	2022 Total £ million	2021 Total £ million
Employer contributions		735	1,001
Employee contributions		42	49
Total contributions	4	777	1,050
Transfers in	5	1,261	11
Other income		5	1
		2,043	1,062
Benefits paid or payable	6	(1,652)	(1,631)
Payments to and on account of leavers	7	(518)	(549)
Other payments		(1)	(4)
Administrative expenses	8	(23)	(20)
		(2,194)	(2,204)
Net withdrawals from dealings with members		(151)	(1,142)
Returns on investments			
Investment income	9	475	314
Change in market value of investments	10	1,787	3,666
Investment management expenses	18	(34)	(33)
Net returns on investments		2,228	3,947
Net increase in the Scheme		2,077	2,805
Opening Net assets of the Scheme		46,219	43,414
Closing Net assets of the Scheme		48,296	46,219

The accompanying notes on pages 25 to 50 form an integral part of these financial statements.

Electricity Supply Pension Scheme

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at 31 March 2022

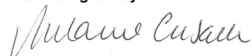
	Note	2022 Total £ million	2021 Total £ million
Investment assets	10		
Equities		524	1,023
Bonds		9,967	2,852
Property		268	199
Forestry		299	193
Property loan assets		158	190
Pooled investment vehicles	11	38,636	40,334
Derivatives	12	736	50
Insurance policies	14	735	784
AVC investments	17	118	116
Cash		279	554
Other Investments		45	-
Other investment balances	16	104	277
		51,869	46,572
Investment liabilities	10		
Cash		(18)	-
Derivatives	12	(592)	(227)
Repurchase agreements	15	(2,402)	(120)
Other investment balances		(643)	(117)
		(3,655)	(464)
Total net investments		48,214	46,108
Current assets	23	139	162
Current liabilities	24	(57)	(51)
Total net assets of the Scheme available for benefits		48,296	46,219

The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Group Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme financial year. The actuarial position of the Groups, which takes into account such obligations for the defined benefit sections, is dealt with in the Report on Actuarial Liabilities included on pages 11 to 16. These Financial Statements should be read in conjunction with those statements. The notes on pages 25 to 50 form an integral part of these Financial Statements.

These Financial Statements on pages 23 to 50 were approved by the Scheme Trustee on 28 October 2022.

Signed on behalf of the Scheme Trustee:

DocuSigned by:



Melanie Cusack of Zedra Governance Limited
CHAIR OF THE SCHEME TRUSTEE
Electricity Pensions Trustee Limited

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation of the Financial Statements

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

2. Identification of the Financial Statements

The Scheme is established under irrevocable trusts under English law. The contact details for enquiries to the Groups are included on page 63. The address for the Scheme is Secretary of EPTL, C/O Capita Pension Solutions, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL.

3. Accounting Policies

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

Nature of the Consolidated Financial Statements

The Scheme's Financial Statements aggregate the net assets and results of the individual Groups which together constitute the Scheme. Transactions between Groups, such as member transfers and inter-Group transactions are eliminated on aggregation. Consistent accounting policies have been applied. The Financial Statements do not consolidate the net assets and results of the Scheme's subsidiaries (disclosed in Note 26 on page 48).

Defined Contribution Section

As the net assets of the Defined Contribution Section of the Scheme are immaterial to the Scheme as a whole they have not been split out in the Fund Account and Net Assets Statement. Note 25 provides further details on the net assets and financial movements during the year ended 31 March 2022.

Contributions

Employee and Employer (including salary sacrifice) normal contributions are accounted for on an accruals basis in the month Employee contributions are deducted from payroll.

Augmentations and other supplementary pensions funding are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, they are recognised when received.

Employer deficit funding contributions are accounted for in accordance with the agreement under which they are being paid. In the absence of an agreement, they are accounted for on a receipts basis.

Other contributions made by the Employer to reimburse costs and levies payable by the Groups are accounted for on the same basis as the corresponding expense.

Additional voluntary contributions from members are accounted for on an accruals basis, in the month deducted from the payroll.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Policies (continued)

Transfers to and from the Scheme

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on an accruals basis on the date the trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is paid.

Bulk transfers of members, where the Group Trustees have agreed to accept liability prior to receipt, are accounted for in accordance with the agreement between the Group Trustees and the trustees of the other pension schemes.

Benefits and payments to and on account of leavers

Members can take their benefits in accordance with the Rules of their Group. These are generally in the form of a pension and lump sum benefit.

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

Lump sums and other benefits are accounted for on an accruals basis on the later of the period in which the member notifies the Group Trustees of their decision on the type or amount of benefit to be taken, and the date of retirement or leaving. If there is no member choice, on the date of retiring, leaving or notification of death as appropriate.

Refunds and opt-outs are accounted for when the Group Trustees are notified by the member.

Where Group Trustees agree or are required to settle tax liabilities on behalf of members (such as where lifetime or annual allowances are exceeded) with a consequent reduction in benefits receivable from the Scheme, any tax liability due is accounted for on the same basis as the event giving rise to the tax liability, and will be shown separately within the benefits note of the Group concerned.

Administrative and other expenses

Administrative expenses, premiums on term insurance policies and investment management expenses are accounted for on an accruals basis, net of recoverable VAT.

Investment income and expenditure

Income from equities, and any pooled investment vehicles that distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend/interest, or in the case of unquoted instruments, when the dividend is declared.

Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Other interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.

Rental income and income from property loan assets are accounted for under the terms of the relevant lease and on an accruals basis.

Receipts and payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income and accrued on a basis consistent with the terms of the swap.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Policies (continued)

Investment income and expenditure (continued)

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment income.

Income arising from annuity policies is included in investment income on an accruals basis.

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

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Groups such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

Valuation and classification of investments

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

Where quoted and other unit prices are not available, the Group Trustees adopt valuation techniques appropriate to the class of investment.

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

- Equities, bonds and certain pooled investment vehicles, which are traded on an active market, are included at the quoted price, which is normally the bid price;
- Unitised pooled investment vehicles, which are not traded on an active market, but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end;
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market has been estimated by the Group Trustees. Where the value of the pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made;
- Properties are valued by an independent valuer who holds a recognised professional qualification and has appropriate recent experience, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards UK PS 1.1 Valuation for Financial Statements taking into consideration the current estimate of the rental values and market yields. No depreciation is provided on properties. Purchases and sales of properties are recognised in the Financial Statements on completion of contracts.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Policies (continued)

Valuation and classification of investments (continued)

- Forests and land holdings in the UK Forestry Sector of the Unitised Fund and in two Groups' portfolios have been valued in accordance with the Royal Institution of Chartered Surveyors Valuation Standards UK PS 1.1 Valuation for Financial Statements taking into consideration the current estimate of the rental values and market yields. Purchases and sales of forests are recognised in the Financial Statements on completion of contracts;
- Exchange traded futures are valued as the sum of the daily mark-to-market, which is a calculated difference between exchange settlement prices and inception prices;
- Swaps are valued at the net present value of future cash flows arising therefrom;
- Over the counter ("OTC") options are valued by the investment manager using generally accepted pricing models such as Black Scholes, where inputs are based on market data at the year-end date;
- Forward foreign exchange contracts ("FFX") are valued at 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;
- Longevity swaps are valued on a fair value basis on the expected future cash flows arising under the swap, discounted using market interest rates and taking into account the risk;
- Annuity policies are valued by the Group Actuaries at the amount of the related obligation, determined using the most recent Group Funding valuation assumptions updated for market conditions at the reporting date;
- With profits insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus; and
- Investments in partnership arrangements which are designed to produce cash flows which may vary with future events are included at the present value of expected cash flows determined using a Monte Carlo simulation of a range of possible outcomes.
- Repurchase agreements (repo) are recognised and valued as collateral and are included in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Accrued interest is excluded from the market value of bonds and is included in other investment assets.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Policies (continued)

Critical accounting estimates and judgements (continued)

The Group Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the investments and, in particular, those classified in Level 3 of the fair value hierarchy. In determining the fair value of certain illiquid assets, the Scheme relies on valuation methodologies that may include discounted cash flow analysis, publicly quoted comparable, recent arms-length transactions and other valuation techniques commonly used by market participants. The techniques and judgements required to calculate the valuations of these illiquid assets are inherently less certain than those used to value quoted assets.

Explanation of the key assumptions underpinning the valuation of investments are included within note 19.

Currency

The Scheme's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Investment in subsidiary Companies

The investments in the subsidiary Companies are not consolidated in these financial statements as they are immaterial and further information is provided in note 27 on page 49.

4. Contributions

	2022	2021
	Total	Total
	£ million	£ million
Employer contributions		
Normal*	306	403
Deficit repair**	293	490
Augmentations - early retirements	52	48
Supplementary pensions funding***	3	4
Other	81	56
	735	1,001
Employee contributions		
Normal	20	29
Additional voluntary contributions (AVCs)	21	19
Other	1	1
	42	49
	777	1,050

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

4. Contributions (continued)

* Employer normal contributions include salary sacrifice contributions.

** Deficit repair contributions have been paid as a result of the funding deficits declared in the Groups' Actuarial Valuations, and under the terms of the agreements between the Employers and the Group Trustees and will continue to be paid in accordance with the Groups' Schedules of Contributions as certified by the Group Actuaries. Details of the amounts due are available in the individual Groups' Annual Report and Financial Statements.

*** Supplementary pensions funding represents Employer contributions to grant additional benefits on early retirement.

5. Transfers in

	2022	2021
	Total	Total
	£ million	£ million
Bulk transfers	1,255	3
Individual transfers	6	8
	1,261	11

The bulk transfer relates to the EDF Energy Pension Scheme (a non-ESPS scheme) being transferred into the EDF Group (formerly the British Energy Generation Group), and thus into the Scheme. The transfer comprised £1,249 million in investment assets, £5 million in cash and £1 million in net current assets.

In the prior year, bulk transfers relate to amounts received from Employers into the OVO Energy Group in cash.

Transfer values received exclude transfers between Groups and transfers between sections of individual Groups that are eliminated on aggregation.

Transfers between Groups amounted to £1,592 million and includes the EDF Energy and Generation Supply Group of the ESPS merging into the EDF Group (£1,521 million comprising £1,518 million in investment assets, £4 million in cash and £(1) million in net current liabilities).

6. Benefits paid or payable

	2022	2021
	Total	Total
	£ million	£ million
Pensions	1,460	1,455
Commutations of pensions and lump sum retirement benefits	181	166
Purchase of annuities (AVCs)	-	1
Lump sum death benefits	7	6
Taxation where lifetime allowance exceeded	4	3
	1,652	1,631

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

7. Payments to and on account of leavers

	2022	2021
	Total	Total
	£ million	£ million
Transfer values paid to other pension plans:		
Individual transfers	384	355
Individual transfers AVCs	1	2
Bulk transfers to other schemes	133	192
	518	549

The bulk transfers out includes £125 million from the DC section of the RWE Group to a non-ESPS Master Trust arrangement.

Prior year bulk transfers out consist of £179 million from Eggborough Group to a non-ESPS Scheme (£178 million in-specie and £1 million cash and net assets/liabilities) and £13 million from the E.ON DC Section to a Master Trust arrangement.

8. Administrative expenses

	2022	2021
	Total	Total
	£ million	£ million
Administration expenses	12	11
PPF levy	1	1
Actuarial fees	5	5
Legal fees	2	2
Other	3	1
	23	20

For some Groups, the Employers pay the administrative expenses relating to the Group.

Auditors' remuneration

Included within administrative expenses are fees paid to the Scheme's auditors. These can be categorised as follows and are shown in to three decimal places to add clarity.

	2022	2021
	Total	Total
	£ million	£ million
Fees payable for audit services		
Scheme	0.147	0.140
Groups	0.835	0.820
Total fees for audit services	0.982	0.960
Fees for non-audit services	0.195	0.029
	1.177	0.989

All fees are presented net of VAT.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

8. Administrative expenses (continued)

The Pension Protection Fund (“PPF”) was established by the Government with effect from 6 April 2005 to provide compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover the PPF level of compensation. Funding is by means of a levy raised on all defined benefit pension schemes. The Scheme Rules allow for the payment of PPF levies from Group assets (with subsequent payment of an increased Employer contribution or direct reimbursement) or to be paid directly by the Employer. For the Scheme year 2022, the £1 million represents the amount paid from Group assets (2021: £1 million). All the PPF levy funds shown above were paid under the Secretary’s Protocol arrangements where the Groups concerned have received enhanced contributions. The Secretary’s Protocol allows eligible administration expenses to be paid from Group assets providing a surplus is available or matching funding is received either by increased Employer contributions or subsequent reimbursement by the Group’s Employer.

9. Investment income

	2022	2021
	Total	Total
	£ million	£ million
Dividends from equities	23	23
Income from bonds	164	50
Net rents from properties	15	14
Income from property loan assets	9	5
Income from pooled investment vehicles	180	185
Net payments from swaps	-	(1)
Annuity income	70	42
Foreign Exchange gain/(loss)	12	(9)
Interest on cash deposits	3	3
Other	(1)	2
	475	314

Investment income relating to accumulation class pooled investment vehicles is reflected in the net change in market value for those pooled investment vehicles as shown in Note 10.

Investment income shown above reflects income earned by investments within the Defined Benefit sections. All income earned on pooled investment units held by the Defined Contribution sections is accounted for within the value of those funds.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

10. Reconciliation of net investments

	Value as at 1 April 2021	Purchases at cost and derivative payments	Sale Proceeds and derivative receipts	Change in market value	Value as at 31 March 2022
	£ million	£ million	£ million	£ million	£ million
Equities	1,023	414	(986)	73	524
Bonds	2,852	9,767	(1,833)	(819)	9,967
Property	199	26	-	43	268
Forestry	193	33	-	73	299
Property loan assets	190	20	(53)	1	158
Pooled investment vehicles	40,334	21,977	(26,453)	2,778	38,636
Derivatives – net	(177)	1,061	(421)	(319)	144
Insurance policies	784	-	-	(49)	735
Other investments	-	113	(69)	1	45
AVC investments	116	33	(36)	5	118
	45,514	33,444	(29,851)	1,787	50,894
Cash	554				261
Repurchase agreements	(120)				(2,402)
Other investment assets	277				104
Other investment liabilities	(117)				(643)
	46,108				48,214

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

Investment transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation above. Direct transaction costs incurred across the Scheme are analysed as follows:

	Equities	Property	Pooled Investment Vehicles	Total 31 March 2022
	£ million	£ million	£ million	£ million
Fees	1	-	-	1
	1	-	-	1

	Equities	Property	Pooled Investment Vehicles	Total 31 March 2021
	£ million	£ million	£ million	£ million
Fees	1	-	-	1
Total	1	-	-	1

In addition to the direct transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Group Trustees to quantify such indirect transaction costs.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

10. Reconciliation of net investments (continued)

Direct property assets are held by two Groups in two direct property portfolios.

The properties are stated at open market value (which is equivalent to fair value) determined by Cushman & Wakefield, Knight Frank, and BNP Paribas Real Estate all members of the Royal Institution of Chartered Surveyors, and which are independent of the Scheme Trustee, Group Trustees and Employers. The three companies have recent experience in the locations and class of the investment properties held by the Scheme. Valuations are performed as at 31 March each year in accordance with the Royal Institution of Chartered Surveyors Valuation Standards UK PS 1.1 Valuation for Financial Statements. No depreciation is provided on freehold buildings or long lease properties. Purchases and sales of property are recognised in the Financial Statements on completion of contracts.

Investments in property are held by the Scheme through subsidiary undertakings. These undertakings have no material assets or liabilities other than the properties held in the segregated Group property portfolios. The nominee companies exist solely to hold the legal title, but the assets are held in the name of the Groups and it is therefore appropriate that that are included in the Group and Scheme financial statements and not those of the underlying nominee company financial statements. There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase or develop investment property or for repairs, maintenance or enhancements.

The valuations of forests and land holdings in the UK Forestry Sector of the Unitised Fund and those held by Central Networks Nomineeco Limited and Western Power Distribution Nomineeco Limited have been carried out at the reporting date by Savills Advisory Services Limited, a member of the Royal Institution of Chartered Surveyors and independent of the Scheme Trustee and Employers. Savills Advisory Services Limited is appointed as the independent property valuers to the Scheme Trustee, and has recent experience in the locations and class of the investment forests and land holdings held by the Scheme. Purchases and sales of forests are recognised in the Financial Statements on completion of contracts.

11. Pooled investment vehicles

Pooled investment vehicles are further analysed as follows:

Total	2022 £ million	2021 £ million
Equities	4,799	5,432
Bonds	6,257	6,387
Diversified growth	1,538	2,210
Fund of hedge funds	2,754	3,303
Private equity	1,250	918
Infrastructure funds	547	475
Property	2,546	2,161
Liability driven investments and Qualifying Investor Funds – bespoke	15,609	17,042
Liability driven investments – not bespoke	1,087	258
Sole investor funds	704	677
Cash and other liquid assets	1,545	1,471
	38,636	40,334

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

11. Pooled investment vehicles (continued)

At 31 March 2022, 11 Groups (2021: 16 Groups) held bespoke Liability Driven Investments (“LDI”). A further 2 Groups held Qualifying Investor Fund (“QIF”) portfolios (2021: 2 Groups). These portfolios are specifically tailored to the Groups’ individual requirements and in which there were no other investors.

The bespoke LDI and QIF as well as sole investor funds have the following investments:

	2022 £ million	2021 £ million
Bonds (fixed and interest-linked securities)	24,162	29,526
Equities	1,674	243
Swaps - net	(365)	(133)
Options - net	(360)	(27)
Futures - net	21	-
Repurchase agreements	(9,243)	(13,343)
Currency hedge	(13)	2
Infrastructure funds	12	4
Property funds	32	-
Private equity, debt and real estate funds	-	651
Cash and other liquid assets	391	794
Mortgage and asset backed securities	2	2
	16,313	17,719

Transaction costs on the above funds amounted to £nil (2021: £34,472).

12. Derivatives

Objectives and policies

There are 10 (2021: 10) Group Trustees who have authorised the use of derivatives by their investment managers as part of their investment strategy for their Group as follows:

Futures – Group Trustees did not wish cash held to be “out of the market” and therefore bought exchange traded index-based futures contracts which had any underlying economic value broadly equivalent to cash held.

Swaps – the Group Trustees’ aim is to match as far as possible the Liability Driven Investment (LDI) portfolio of their Group’s long-term liabilities, in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Group Trustees have entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long-term liabilities of the Group.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

12. Derivatives (continued)

Derivative contracts

At the year end the Scheme had the following derivatives:

	2022 Assets £ million	2022 Liabilities £ million	2021 Assets £ million	2021 Liabilities £ million
Futures	22	(3)	12	(4)
Swaps	706	(565)	14	(218)
Forward foreign currency contracts	8	(24)	24	(5)
	736	(592)	50	(227)
Net derivatives		144		(177)

Futures contracts

	Expiry Date	Nominal Value* £ million	2022 Assets £ million	2022 Liabilities £ million
FTSE 100 Index Future (ICF)	Less than 3 months	33	2	-
EURO Stoxx 50 Future (EUX)	Less than 3 months	21	1	-
MINI MSCI EMG MKF Future 9NYF)	Less than 3 months	10	1	-
S&P 500 EMINI Index Future (CME)	Less than 3 months	23	2	-
TOPIX Index Future (OSE)	Less than 3 months	11	1	-
SPI 200 Future (SFE)	Less than 3 months	13	1	-
Long Gilt Future (ICF)	Less than 3 months	130	-	(1)
Euro-Bund Future (EUX)	Less than 3 months	45	3	-
US 10 Year Treasury Future	Less than 3 months	109	3	-
Overseas Exchange Traded Equity Futures Bought	Less than 3 months	(65)	2	-
Equity Futures Sold	Less than 3 months	37	3	-
Bond Futures Bought	Less than 3 months	(12)	-	(1)
Bond Futures Sold	Less than 3 months	51	-	(1)
		(74)	3	-
			22	(3)

*Values may be rounded to zero if less than £0.5 million.

In addition to the above, there are 2 (2021: 9) index futures of remaining duration of less than 3 months with a nominal value of £6 million (2021: £72 million) and assets of £26,000 (2021: £408,000) and liabilities of £69,000 (2021: £517,000). As these figures are less than £0.5 million they round to nil, and are therefore, not included in the above table.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

12. Derivatives (continued)

Swaps	Duration	Notional Principal £ million	2022 Assets £ million	2022 Liabilities £ million
Inflation linked swaps	Less than 1 year	351	21	(3)
Inflation linked swaps	1 – 5 years	958	74	(42)
Inflation linked swaps	6 – 15 years	908	114	-
Inflation linked swaps	Over 15 years	293	30	(19)
Interest rate swaps	Less than 1 year	1,027	13	(4)
Interest rate swaps	1 – 5 years	1,995	50	(56)
Interest rate swaps	6 – 15 years	1,961	276	(157)
Interest rate swaps	Over 15 years	432	95	(33)
Total return swaps	Less than 1 year	529	33	(26)
Total return swaps	1 – 5 years	119	-	-
Longevity swap	Over 15 years		-	(225)
		8,573	706	(565)

The carrying amount of financial assets pledged as collateral for Interest Rate Swap liabilities is £9.2 million (2021: £19.6 million) and Longevity Swap liabilities is £62.9 million (2021: £59.1 million), which consists of cash and bonds held by the custodian to the contract. Assets pledged remain assets of the Group and are reflected within the appropriate category within the net asset statement.

The fair value of collateral that has been accepted for assets is £16.0 million (2021: £1.1 million), which consists of cash and bonds held by the custodian to the contract. Collateral accepted is not an asset of the Scheme and is not reflected within net assets.

The notional principal of the swaps is the amount used to determine the value of the swapped (interest, inflation, etc.) receipts and payments.

Forward foreign currency contracts

	Ccy	Currency Bought million	Ccy	Currency Sold million	2022 Assets £ million	2022 Liabilities £ million
OTC traded less than one year	AUD	25	GBP	24	1	-
OTC traded less than one year	CAD	29	GBP	28	1	-
OTC traded less than one year	EUR	70	GBP	66	1	-
OTC traded less than one year	GBP	29	AUD	31	-	(2)
OTC traded less than one year	GBP	37	CAD	39	-	(1)
OTC traded less than one year	GBP	221	EUR	104	-	(2)
OTC traded less than one year	GBP	49	JPY	40	2	-
OTC traded less than one year	GBP	1,080	USD	382	1	(17)
OTC traded less than one year	JPY	22	GBP	23	-	(1)
OTC traded less than one year	USD	393	GBP	353	2	(1)
					8	(24)

In addition to the above are further 2 (2021: 9) OTC contracts of remaining duration less than one year which have total assets of £94,000 (2021: £217,000) and total liabilities of £91,000 (2021: £101,000).

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

12. Derivatives (continued)

Over the Counter (“OTC”) derivatives are traded directly between two parties without any supervision from an exchange. Such transactions are also sometimes referred to as “off-exchange”.

13. Stock lending

No Groups (2021: nil) utilised the Stock Lending arrangement available through the Scheme’s Custodian for the year ended 31 March 2022.

14. Insurance policies

Group Trustees no longer purchase annuities to meet their Group’s liabilities.

	2022 £ million	2021 £ million
Buy-in policies	734	783
Policies transferred from the Scientists’ Superannuation Scheme	1	1
	735	784

Buy in policies are in respect 3 Groups (2021: 3). In addition to the above are pre-vesting policies which have been valued at £0.1 million (2021: £0.1 million).

The insurance policies are used to fund members’ pensions.

15. Repurchase agreements

	2022 £ million	2021 £ million
Amounts payable under repurchase agreements	(2,776)	(120)
Amounts receivable under reverse repurchase agreements	374	-
	(2,402)	(120)

Bonds with a fair value of £2,593 million have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements (2021: £114 million). There are 72 (2021: 16) repurchase agreements, with maturity dates between April 2022 and April 2024.

Bonds with a fair value of £357 million received as collateral in respect of reverse repurchase agreements are not recognised in the financial statements (2021: nil). There are 13 (2021: none) reverse repurchase agreements with maturity dates between April 2022 and April 2024.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

16. Other investment balances

	2022 £ million	2021 £ million
Other investment assets		
Accrued interest and dividends	21	21
Tax recoverable	1	1
Other debtors	6	5
Amounts receivable from sale of investments	76	250
	104	277

	2022 £ million	2021 £ million
Other investment liabilities		
Other creditors	(25)	(10)
Amounts payable for the purchase of investments	(618)	(107)
	(643)	(117)

17. AVC investments

Group Trustees nominate AVC providers. Members can choose to top up their retirement benefits by paying AVCs and contributing members may enquire about their Group's AVC arrangements and the various fund options available by contacting the Group Administrator of the Group of which they are a member.

The accumulated value of the AVCs, as determined by the AVC provider at the time the benefits are taken and subject to any adjustment, is applied upon the member's retirement or at any time up to age 75 (or earlier death), to provide benefits to or in respect of the member. Additional benefits are provided by AVCs on a money purchase basis.

Members participating in AVC arrangements each receive an annual statement confirming the amounts held in their AVC account. Members paying AVCs may also receive an annual Statutory Money Purchase Illustration, which should give each member a projection of what their additional benefits might arise from their AVCs based on actuarial assumptions and investment returns laid down by legislative requirements.

Group Trustees conduct periodic reviews of their AVC providers and fund options in conjunction with their investment adviser.

18. Investment management expenses

	2022 Total £ million	2021 Total £ million
Investment management expenses		
Group Discretionary Funds	26	26
Unitised Fund	1	1
Total investment management expenses	27	27
Other advisory expenses	7	6
	34	33

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

18. Investment management expenses (continued)

Fund manager expenses for discretionary funds are normally based on a percentage of the value of the assets held within the portfolio concerned. Fund manager expenses for pooled investment vehicles and managed funds are normally reflected in the unit price of the fund and not separately invoiced to investors.

19. Fair value determination

The fair value of financial instruments has been disclosed using the fair value hierarchy:

- Level 1: Unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.
- Level 2: Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability either directly or indirectly.
- Level 3: Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

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

Level	Level 1 £ million	Level 2 £ million	Level 3 £ million	2022 Total £ million
Defined Benefit section				
Equities	524	-	-	524
Bonds	8,989	978	-	9,967
Property	-	-	268	268
Forestry	-	-	299	299
Property loan assets	-	-	158	158
Pooled investment vehicles	273	25,825	12,321	38,419
Derivatives	9	360	(225)	144
Insurance policies and annuity contracts	-	-	734	734
AVCs	-	48	31	79
Cash	202	59	-	261
Repurchase agreements	-	(2,402)	-	(2,402)
Other investments	45	-	-	45
Other investment balances	(536)	(3)	-	(539)
	9,506	24,865	13,586	47,957
Defined Contribution Section				
Pooled investment vehicles	-	217	-	217
Insurance policies	-	-	1	1
AVCs	-	-	39	39
	-	217	40	257
Total investments	9,506	25,082	13,626	48,214

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

19. Fair value determination (continued)

Analysis of the Fair Value Levelling for the prior year end is as follows:

Level	Level 1 £ million	Level 2 £ million	Level 3 £ million	2020 Total £ million
Defined Benefit Section				
Equities	1,023	-	-	1,023
Bonds	1,972	880	-	2,852
Property	-	-	199	199
Forestry	-	-	193	193
Property loan assets	-	-	190	190
Pooled investment vehicles	388	25,049	14,648	40,085
Derivatives	5	22	(204)	(177)
Insurance policies and annuity contracts	-	-	783	783
AVCs	-	53	24	77
Cash	293	259	-	552
Repurchase agreements	-	(120)	-	(120)
Other investment balances	152	8	-	160
	3,833	26,151	15,833	45,817
Defined Contribution Section				
Pooled investment vehicles	-	249	-	249
Insurance policies	-	-	1	1
AVCs	-	9	30	39
Cash	2	-	-	2
	2	258	31	291
Total investments	3,835	26,409	15,864	46,108

The fair value determination as at 31 March 2021 has been adjusted to conform with the classifications applied in the year to 31 March 2022. £44 million has been moved from Level 2 bonds to Level 1 bonds.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

20. Investment risks

Financial Reporting Standards (“FRS”) 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

Market risk: this comprises currency risk, interest rate risk and other price risk as follows:

Currency risk: this is risk that fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates;

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates; and

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

The Scheme Trustee is responsible for the safe custody and administrative control of the assets. The Group Trustees are responsible for ensuring that the assets of their Group are managed appropriately and to determine an appropriate investment strategy for the Group’s investments, taking into account the funding position of their Group and other factors. They also receive professional advice from investment advisers. Through holding investments, the Groups have exposure to the risks set out above. The Group Trustees manage investment risks, including credit risk and market risk, within agreed risk limits, which are set taking into account their Group’s strategic investment objectives. These investment objectives and risk limits are implemented through the investment agreements in place with the Group’s investment managers and are monitored by the Group Trustees by regular reviews of the investment portfolios.

(i) Investment strategy

The investment objectives set by the Groups is to typically maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due.

Group Trustees set the investment strategy taking into account considerations such as the strength of their Employer covenant, the long-term liabilities and the funding agreed with the Employers. The investment strategy agreed is set out in each Group’s Statement of Investment Principles.

(ii) Credit risk

Groups which invest in bonds and pooled investment vehicles are directly exposed to credit risk in relation to those bonds and pooled investment vehicles. Groups can also be indirectly exposed to credit risks arising on the financial instruments held in the pooled investment vehicle.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate, and by diversification of the investments amongst a number of pooled arrangements. The Group Trustees, in association with their advisers, carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

20. Investment risks (continued)

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles. This risk is managed by the investment restrictions in place for each of the pooled investment vehicles.

Residual cash balances are held within financial institutions which are at least investment grade credit rated implying a low risk of default and a stable outlook.

A summary of the Scheme's pooled investments by type of arrangement is as follows:

	2022	2021
	£ million	£ million
Authorised Unit Trusts	1,413	1,792
Common Contractual Funds (Ireland), Fonds Commun de Placement (Luxembourg), Tax Transparent Funds (UK)	2,876	2,261
Close Ended Funds	183	180
Limited Company and Limited Liability Company (inc. Delaware companies, exempted companies)	1,530	4,363
Shares in Partnerships including limited liability and limited partnerships	3,649	3,872
Mutual Funds	261	255
Open Ended Investment Companies inc. SICAVs (EU), open ended mutual funds (US), ICAVs (Ireland established as UCITS)	23,596	20,610
Unit Linked Insurance Contracts	5,059	6,836
Others	69	165
	38,636	40,334

(iii) Currency risk

The Groups are subject to currency risk where some of the Group's investments are held in overseas markets either directly or through pooled investment vehicles.

The nature of the currency risk relating to investments in pooled vehicles may be direct (where the Group is invested in a non-sterling share class/interest) or indirect (where the underlying investments include assets which are not sterling dominated, but the investment in the pooled vehicle is in a sterling share class/interest).

The level of currency risk exposure varies between Groups and Group Trustees may make decisions to hedge against elements of this risk if thought appropriate to do so.

(iv) Interest rate risk

The Groups are subject to interest rate risk and inflation risk because some of the Group's investments are held in bonds, or other interest rate and inflation rate sensitive instruments either through directly held assets or through pooled investment vehicles.

The Group Trustees set benchmarks for the total investments in these types of directly affected instruments or as part of the initial strategy when setting up pooled investments. Under this strategy, if interest rates fall, or inflation rates rise, the value of the investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate used to measure the value of these liabilities.

Similarly, if interest rates rise, or inflation rates fall, the investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

20. Investment risks (continued)

(v) Other price risk

Other price risk arises principally in relation to the Groups' return seeking portfolios, which may include a range of different types of investments. The Groups set a target asset allocation of investments being held in return seeking investments.

The Groups manage this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and managers.

The following table summarises the extent to which the various classes of investments may be affected by the financial risks considered above:

	Credit risk	Market risk			2022	2021
		Currency	Interest rate	Other price	£ million	£ million
Equities	○	●	○	●	524	1,023
Bonds	●	●	●	○	9,967	2,852
Property	○	○	○	●	268	199
Forestry	○	○	○	●	299	193
Property loan assets	●	○	●	○	158	190
Pooled investment vehicles						
Equities	●	●	○	●	4,799	5,432
Bonds	●	●	●	●	6,257	6,387
Diversified growth funds	●	●	●	●	1,538	2,210
Fund of hedge funds	●	●	●	●	2,754	3,303
Private equity	●	●	●	●	1,250	918
Infrastructure funds	●	●	●	●	547	475
Property	●	○	●	●	2,546	2,161
Liability driven investments - bespoke	●	○	●	●	15,609	17,042
Liability driven investments - not bespoke	●	○	●	●	1,087	258
Sole investor funds	●	○	●	●	704	677
Cash and other liquid assets	●	○	○	○	1,545	1,471
Derivatives	●	●	●	●	144	(177)
Insurance policies	●	○	○	○	735	784
AVC investments	●	●	●	●	118	116
Repurchase agreements	●	●	●	●	(2,402)	(120)
Cash and Other investment balances	●	●	○	○	(233)	714
Total					48,214	46,108

In the above table, the risk noted effect the asset class ● significantly, ● partially or ○ hardly/not at all.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

21. Employer-related investments

Investment Regulations restrict direct employer-related investments by occupational pension schemes. Investments include shares, loan stocks, debentures and other securities issued by the employers participating in the scheme and their associated companies, together with loans made to the employers, and any properties or land owned by the scheme and occupied by the employers. Late contributions also qualify as employer-related investments until received.

The Investment Regulations apply separately to each Group within the ESPS by reference to the investments of the Group Trustees in the Employers participating in their Group and their associated companies and provide that such employer-related investments must not exceed 5% of the market value of the Group's assets.

Details of any employer-related investments are provided in the Annual Report and Financial Statements of each Group. These show that employer-related investments were either minimal or zero. In no Groups did the proportion of the Group assets invested in employer-related investments exceed 5% of the market value of the relevant Group assets as at 31 March 2022 or at 31 March 2021. Therefore in turn this means that the proportion of the Scheme assets invested in employer-related investments did not exceed 5% of the market value of the Scheme's assets over these periods.

Pension legislation requires that Employer contributions are paid on a timely basis and any late contributions are treated as employer-related investments until they are paid. During the year 6 Groups (2021:2) had instances of late payments of contributions totalling £0.660 million (2021: £1.311 million) of which £nil (2021: £1 million) was outstanding at year end.

22. Concentration of investments

Investments accounting for more than 5% of the net assets of the Group at 31 March 2022 were:

	2022	%	2021	
	£		£ million	%
	million			
LDI Active 4 Fund	2,552	5.3	1,582	3.4

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

23. Current assets

	2022	2021
	Total	Total
	£ million	£ million
Contributions due from Employers in respect of:		
Employers	28	38
Employees	-	-
Other debtors	36	6
Cash balances	75	118
	139	162

Figures below £500,000 round down to nil, and are therefore, not included in the above table.

All contributions due to the Scheme as 31 March 2022 were paid in full in accordance with the relevant Schedules of Contributions, and therefore, do not count as Employer-related investments.

24. Current liabilities

	2022	2021
	Total	Total
	£ million	£ million
Accrued benefits payable	44	34
Accrued transfers out	1	1
Accrued expenses	7	10
Other creditors	5	6
	57	51

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

25. Defined Contribution section

The following transactions and net assets of the Defined Contribution section ("DC section") are included within the figures of these financial statements as follows:

Fund Account	Note	2022 Defined Contribution £ million	2021 Defined Contribution £ million
Contributions and benefits			
Employer contributions		18	24
Employee contributions		11	14
Total contributions	4	29	38
Transfers in	5	62	2
Other income		1	-
		63	40
Benefits paid or payable	6	(10)	(5)
Payments to and on account of leavers	7	(136)	(23)
Other payments		-	-
		(146)	(28)
Net (withdrawals)/additions from dealings with members		(54)	12
Returns on investments			
Change in market value of investments	10	25	61
Net returns on investments		25	61
Net (decrease)/increase in the DC section		(29)	73
Transfers (to)/from the DB section		(3)	2
Net assets of the DC section at the start of the year		291	216
Net assets of the DC section at the end of the year		259	291
NET ASSETS AVAILABLE FOR BENEFITS			
As at 31 March	Note	2022 Total £ million	2021 Total £ million
Investment assets			
Pooled investment vehicles	10	11	217
Insurance policies	14	1	1
AVC investments	17	39	39
Cash		-	2
Total net investments		257	291
Current assets	23	2	1
Current liabilities	24	-	(1)
Net assets of the DC section at the end of the year		259	291

Defined Contribution section investments purchased by Groups are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

25. Defined Contribution section (continued)

holds the investment units on a pooled basis for the Group Trustee. The Group Administrator allocates investment units to members. The Group Trustee may hold investment units representing the value of employer contributions which have been retained by the Group relating to members leaving the Group prior to vesting.

Defined Contribution assets are allocated to members and the Group Trustees as follows:

	2022 £ million	2021 £ million
Designated to members	259	291
Trustees	-	-
	259	291

The Defined Contribution funds are managed by Aegon (until January 2021), BlackRock Life Limited, Prudential Assurance Company Limited (until January 2021) and Scottish Widows Limited. Members receive an annual statement confirming the contributions paid on their behalf and the value of their money purchase rights.

Defined Contribution assets provide benefits to the individuals on whose behalf the contributions were paid. Accordingly, those assets are identified as designated to members in the Statement of Net Assets available for Benefits and do not form a common pool of assets available for members generally.

All (2021: all) DC cash balances were designated to members.

26. Related parties

Related party transactions comprise:

Key management personnel

EPTL Directors received fees of £68,935 (2021: £74,000) which have either been borne by the Scheme Co-ordinator, EPL or Participating Employers of the Scheme. This amount includes fees payable to the Independent EPTL Chair, Zedra Governance Limited. Group Trustees fees in the financial year (including fees for independent trustees, where appointed by Groups) were £1,291,437 (2021: £1,571,000), of which £425,037 (2021: £542,000) has been borne by Groups and has been included within administrative expenses charged to the Scheme, the remaining £866,400 (2021: £1,028,000) has been borne by the Participating Employers (and therefore, not included within these Financial Statements). Certain Directors and Councillors of EPTL are also in receipt of pensions from the Scheme in respect of their previous employment with Participating Employers. The names of all the Directors and Councillors are disclosed on page 59. EPTL Directors receiving a pension from the Scheme are noted on page 59. All benefits relating to EPTL Directors are paid in line with the Scheme rules.

Other related parties

For 9 Groups (2021: 13 Groups), Employers paid Group administrative expenses incurred by the Groups with no recharge to the Groups.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

27. Subsidiary undertakings

The Scheme Financial Statements do not consolidate the assets, liabilities and results of the companies listed below as they are each individually and in aggregate immaterial. All the companies are 100% owned by the Scheme (2021: 100% owned).

The Scheme Trustee regularly reviews the requirement for these companies and winds up any company no longer required.

Name of Company	Country of Incorporation	Principal Activity
Electricity Supply Nominees (Forestry) Limited	England	Nominee Company
BEGG (Nominees) Limited	Scotland	Nominee Company
Manweb Nomineeco Limited	England	Nominee Company
Central Networks Nomineeco Limited	England	Nominee Company
Western Power Distribution Nomineeco Limited	England	Nominee Company

28. Commitments

As at 31 March 2022, seven Groups have future investment commitments totalling £828 million (2021: 7 Groups - £967 million).

29. Contingent liabilities

On 26 October 2018, the High Court ruled that schemes must equalise for the effect of GMPs providing different benefits for men and women. In November 2020, the High Court determined that trustees also owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Group Trustees are in the process of assessing the impact on their Group which will be reflected in future years' accounts. No provision or accrual can yet be made as no reliable estimate of the impact can be made.

In the opinion of the Scheme Trustee, there are no contingent liabilities other than the above which require disclosure in these Financial Statements other than the obligation to pay pensions and/or benefits falling due after the financial year end.

30. Subsequent and significant events

The UK government's mini-budget delivered on 23 September 2022 as well as subsequent announcements concerning unfunded tax cuts, led to UK gilt yields rising and created volatility in the gilt market and UK investment market. For those Groups that use LDI strategies to protect against interest and inflation risk, this meant that while the value of the LDI portfolios have fallen there has been a corresponding decrease in the liabilities and Groups' funding positions have improved or remained stable. To ensure that Groups maintained the appropriate level of protection in their LDI portfolios, Groups had to increase their collateral positions from their Group's liquid assets. Group Trustees continue to monitor the Group's own individual position and evaluate their options. As at 30 September 2022 the Scheme's net assets were circa 19% lower than the value reported at 31 March 2022 reflecting a trend over this period. Since 30 September asset values have recovered although they are still below the 31 March 2022 position.

There were no other subsequent events requiring disclosure in the opinion of the Scheme Trustee.

Electricity Supply Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

31. Analysis of Scheme net assets by Group

Group	2022 £ million	2021 £ million
Carillion	23	24
Central Networks	4,225	3,949
Drax Power	284	311
EA Technology	103	100
EDF Energy Generation and Supply	-	1,348
EDF (formerly BEGG)	10,228	7,373
Electricity North West	1,493	1,470
E.ON UK	4,675	4,885
EPSL	13	12
First Hydro Company	195	190
International Power	427	430
Magnox Electric	3,600	3,453
Manweb	1,133	1,078
National Grid Electricity	3,430	3,357
Northern Powergrid	1,653	1,638
Npower	380	361
OVO Energy	115	104
Powerhouse Retail	226	228
RWE	5,635	5,884
Schneider	31	30
SSE Southern	2,396	2,348
UK Power Networks	4,109	3,949
Uniper	576	551
United Utilities plc	506	499
Western Power Distribution	2,840	2,647
Total Net Assets	48,296	46,219

Electricity Supply Pension Scheme

GLOSSARY OF TERMS

Listed below are brief explanations of terms used within the Annual Report & Financial Statements and other useful terms that may not be familiar to all members.

Pension glossary

Bulk transfers	The transfer of a number of members from one occupational pension scheme to another or from one Group of the ESPS to another. Generally, this will occur if there has been a merger, sale or purchase of a business and the new Employer wishes to amalgamate pension arrangements.
Commutation	The exchange of expected pension benefits for a cash lump sum.
Deficit repair payments	A single payment or a series of payments made by the Employer in order to make good the actuarial shortfall caused by projected pension liabilities being in excess of assets as depicted in the actuarial valuation.
Money Purchase basis	The calculation of an individual member's benefits by reference to the value of the contributions paid into a pension scheme in respect of that member.
State Graduated Pension Scheme	The State Graduated Pension Scheme which commenced on 3 April 1961 and terminated on 5 April 1975 being replaced by State Earnings Related Pension Scheme ("SERPS").
Supplementary pensions funding	Contributions made by Employers or members to provide additional or "top-up" pension benefits.
Transfer Values received	Transfers of monies from another pension scheme, so that a member can augment their pension benefits from the ESPS.

Investment glossary

Derivative	<p>A derivative is a financial contract between two parties whose value is derived from an underlying asset's price or an index based on asset prices. Underlying assets are typically equities, bonds, interest rates, exchange rates and stock market indices. The main types of derivatives used by pension schemes are:</p> <ul style="list-style-type: none"> - futures contracts - forward foreign exchange contracts - options - swaps <p>A derivative can be exchange traded or traded over the counter ("OTC").</p>
Exchange traded	An exchange traded security is purchased or sold through a registered exchange (e.g. a stock exchange) which provides trading facilities.
Forward foreign currency contract (FFX)	A transaction whereby two parties agree to exchange two different currencies at an agreed rate of exchange on a specific date in the future. FFX contracts are OTC.

Electricity Supply Pension Scheme

Glossary of Terms (continued)

Futures Contract	A contract which legally binds two parties to complete a sale or purchase of an asset at a specified future date and at a price which is fixed at the time the contract is agreed.
Options	An option is a contract which give the purchaser the right, but not the obligation, to buy (call option) or sell (put option) a standard specified nominal amount of an asset at a specific date or range of dates in the future at a specified price. Options may be exchange traded or OTC.
Over the counter (“OTC”)	A security that is not listed on a stock exchange and is therefore traded by buyers and sellers dealing directly with each other.
Pooled investment vehicles	A fund where assets are managed on a collective basis. The assets of a pooled investment vehicle are denominated in units that are revalued regularly to reflect the values of the underlying assets. Investors hold units in the PIV rather than in the underlying assets. Types of PIVs include: open-ended investment companies (OEICs), open-ended investment trusts, real estate investment trusts (REITs), unit linked policies, unit trusts and shares in limited partnerships.
Swaps	A swap is either an exchange traded or OTC transaction whereby the parties to the contract agree to exchange cash flows according to the terms agreed at the outset of the swap. The amount of the cash flows is generally determined by reference to an underlying asset, index, instrument or notional amount.
Unitised Fund	The Unitised Fund is a pooled investment vehicle that is only available to Groups within the ESPS and during the year under review comprised one Sector: UK Forestry Sector.

Electricity Supply Pension Scheme

MEMBERSHIP STATISTICS – Defined Benefit Arrangements (unaudited)

Group	Contributors	Pensioners	Dependants	Deferred Pensioners	Total
Carillion	-	32	2	88	122
Central Networks	1,517	9,089	2,325	2,742	15,673
Drax Power	71	332	38	34	475
EA Technology	-	235	32	63	330
EDF	754	9,736	2,048	16,692	29,230
Electricity North West	470	4,029	1,292	615	6,406
E.ON UK	1,240	11,633	3,808	6,192	22,873
EPSL	-	17	4	26	47
First Hydro Company	86	161	18	38	303
Npower	274	201	5	525	1,005
International Power	16	270	12	265	563
Magnox Electric – Atkins	2	26	1	13	42
Magnox Electric – Cavendish	47	40	3	39	129
Magnox Electric - National	4	6	1	2	13
Nuclear Laboratories Magnox Electric - Site Licence Company	984	5,380	1,423	1,006	8,793
Manweb	341	3,003	761	1,133	5,238
National Grid Electricity	669	4,573	1,484	1,360	8,086
Northern Powergrid	468	3,052	876	755	5,151
OVO Energy – SEPS	84	74	-	24	182
OVO Energy – SHEPS	51	17	-	15	83
Powerhouse Retail	-	1,613	181	173	1,967
RWE – RWE	593	4,451	3,654	198	8,896
RWE – Innogy	213	10,578	1,565	5,049	17,405
Schneider	1	51	5	27	84
SSE Southern	549	5,076	1,427	1,146	8,198
UK Power Networks	704	9,422	2,393	1,445	13,964
Uniper	516	147	6	103	772
United Utilities plc	22	1,207	116	277	1,622
Western Power Distribution	1,320	5,425	1,794	1,575	10,114
As at 31 March 2022	10,996	89,876	25,274	41,620	167,766
As at 31 March 2021	17,267	89,163	25,487	27,534	159,451

Electricity Supply Pension Scheme

MEMBERSHIP STATISTICS – Defined Contribution Sections (unaudited)

Group	Contributors	Annuitants Pensioners	Dependants	Deferred Pensioners	Total
EDF	189	-	-	1,475	1,664
Electricity North West	1,560	-	-	605	2,165
E.ON UK	-	34	1	-	35
Npower	309	-	-	1,138	1,447
As at 31 March 2022	2,058	34	1	3,218	5,311
As at 31 March 2021	4,481	34	1	2,916	7,432

The E.ON UK Group Annuitants are members who have retired and their DC funds were used to buy an annuity in the name of the ESPS.

Electricity Supply Pension Scheme

IMPLEMENTATION STATEMENT (Forms part of the Report of the Scheme Trustee)

This is the Scheme Trustee's Implementation Statement ("Statement") covering the period 1 April 2021 to 31 March 2022 and also up to and including the date of this Statement ("Year").

The Scheme Trustee is directly responsible for the Forestry Sector of the Unitised Fund and so this Statement is limited only to that investment. Groups are responsible for the strategy and policies for their individual Group investments and have included their Group Implementation Statement in their 31 March 2022 Group Annual Report and Financial Statements.

The Scheme Trustee's direct responsibility in relation to the Forestry Sector extends to operation, investment management and strategy. As the current structure of the Forestry Sector, being a Unitised Fund comprising a single Sector, cannot alone provide for the investment policies of the Group Sections of ESPS, this Statement should be considered alongside the relevant Groups' Annual Report and Financial Statements for details about Group assets.

The Scheme Trustee is required to report in this Statement on:

- (a) how and the extent to which the Scheme Trustee's statement of investment principles ("SIP") policy on the exercise of rights (including voting rights) attaching to the Forestry Investment and the undertaking of engagement activities (including the methods of monitoring and engaging) have been followed during the Year; and
- (b) voting behaviour during the Year and the use of the services of a proxy voting during the Year.

The SIP was updated in September 2020 and includes the Scheme Trustee's approach to environmental, social and governance ("ESG") considerations. The SIP includes the risk and impact of ESG factors including climate change on the value of investments held, asset arrangements, stewardship matters and risk measurement and management. The Forestry Sector manager has regard, at all times, to the SIP and the Scheme Trustee can confirm that in their opinion, the SIP has been followed effectively and appropriately taking into account the characteristics of the portfolio. The Scheme Trustee monitors how the principles set out in the SIP have been followed by considering the quarterly and annual reports received from the Forestry Sector manager, Bidwells, and from the Scheme Trustee investment adviser, Aon, covering operational activity as well as performance matters.

The Forestry Sector manager is not mandated by the Scheme Trustee to undertake voting activity on behalf of the Scheme Trustee and nor does any other party. All voting activity is undertaken directly by the Scheme Trustee. During the Year, there were no opportunities which arose which required the Scheme Trustee to make a direct investment decision. However, in the event that such opportunities do arise, the Scheme Trustee will seek the appropriate advice from Aon. Additionally, whilst the Scheme Trustee can use proxy voting services no occurrences arose during the Year which required such a service.

Electricity Supply Pension Scheme

APPENDIX ON INVESTMENTS FOR WHICH EPTL HAS RESPONSIBILITY - UNAUDITED

EPTL is responsible for the structure, operation, and investment management of the Unitised Fund and for the appointment of the fund manager of its Sector.

Investment of Group assets through the Unitised Fund is available to all Group Trustee bodies. Group Trustees determine if they wish to invest in the Sector and the proportion of the assets to be invested in the Sector. EPTL has no role in respect of the extent of use of the Unitised Fund or of asset allocation within a Sector - these are entirely matters for Group Trustees.

The Sector of the Unitised Fund

At the financial year-end the Unitised Fund provided opportunities for Groups to invest in UK Forestry.

UK Forestry Sector

The Forestry Sector contains a number of individual softwood forests located in Scotland and England, where returns are derived from timber sales, windfarm rights, and country pursuits.

Performance Targets

The performance benchmark for the Unitised Fund is set out as follows:

Name of Sector	Performance Target
UK Forestry	IPD Forestry Index (for guidance only as the index has been discontinued)

Investment Management of the Sector

The manager appointed by EPTL to manage the UK Forestry Sector of the Unitised Fund was Bidwells LLP.

Investment Management Fees

The fees paid to the Unitised Fund Managers during the Scheme year amounted to £1.9 million (2021: £1.3 million).

Monitoring the Unitised Fund

The UK Forestry Sector does not have a performance benchmark due to the lack of suitable options. The IPD Forestry Index is used for guidance only where possible, but due to its limitations has now been discontinued. The Scheme Trustee uses price inflation and general salary growth as performance comparators allowing consideration of the quantitative performance of the Sector and EPTL's expectations of the Forestry Manager. Together with appropriate details of investment transactions reported on a quarterly basis, the EPTL Board keeps the overall investment strategy for the Unitised Fund under review and approves any changes to the strategic investment plans for the UK Forestry Sector. The EPTL Board does take into account any comments from the Unit Holders Monitoring Group and the Scheme Investment Adviser before making any investment decisions as regards the Unitised Fund.

Electricity Supply Pension Scheme

Movements in Unitised Fund Sector

Summarised below are aggregate monetary movements in the Sector during the year to 31 March 2022.

Sectors	Market Value at 1 April 2021	Purchases during year	Sales during year	Changes in value including investment income and expenses	Market Value at 31 March 2022
	£ million	£ million	£ million	£ million	£ million
UK Forestry	181	-	(5)	78	254
Total	181	-	(5)	78	254

Information includes all assets held within the Sector i.e. forests, cash, other investment asset balances and other investment liabilities.

Statement of Investment Principles

EPTL reviews and amends a Statement of Investment Principles ("SIP") (last reviewed June 2019 and September 2020) in accordance with the Pensions Act 1995 & 2004, in relation to its responsibilities for investment management including the investment management of the Unitised Fund. Any member who wishes to obtain a copy of EPTL's SIP can access the Scheme's website (details shown on page 63).

Investment Governance Group Principles (IGG)

The Scheme Trustee has reviewed its procedure against the best practice principles set by the Investment Governance Group ("IGG"). The IGG is a joint governance-industry group sponsored by HM Treasury and DWP and consists of a group of senior figures representing all parts of the private workplace pension environment. The IGG was set up to encourage industry ownership and promotion of the Myners' Principles.

The primary purpose of the IGG Principles is to ensure that trustees have the right skill set and decision-making structures and also that they have clear objectives and an appropriate and well-documented strategy in place for achieving these objectives.

The Scheme Trustees regularly review the Directors' training needs and skills to ensure effective decision-making. Where appropriate, it takes independent expert advice.

Investment performance

The investment performance of each of the Groups is reflected in the investment Funds, whose managers they have appointed and the Unitised Fund, as the Groups consider appropriate. Reference should be made to the relevant Group's Annual Report and Financial Statements for details of the investment performance of that Group's assets.

Reference should also be made to the Annual Reports and Financial Statements for the Groups concerned in respect of the investment performance of Defined Contribution Sections.

Electricity Supply Pension Scheme

Report on the Investment Performance of the Unitised Fund by the Investment Adviser to EPTL (Unaudited)

Introduction

This report covers the performance of the UK Forestry Sector of the Unitised Fund, comprising £254 million of assets for the year ended 31 March 2022.

The returns on each relevant Group's assets are set out in their respective Reports and Financial Statements.

Sector Funds

The Unitised Fund contains one Sector, which is the UK Forestry Sector managed by Bidwells

	Valuation as at 31 March 2022 (£m)	Allocation as a 31 March 2022 (%)	Fair Value hierarchy category
Forestry Sector	254	100%	3

Performance Measurement

The performance of the Sector during 2021/22 is summarised below.

- Over the 12 months to 31 March 2022, the UK Forestry Sector of the Unitised Fund returned 43.7% in absolute terms. On a rolling three year basis, the Forestry Sector return was 29.1% p.a.

Investment Risk

EPTL are aware of the credit risk and market risk exposure within the Unitised Fund. In the case of market risk, EPTL make the distinction between risks that arise from interest rate exposure, currency exposure and other price risk.

Credit Risk

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

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Unitised Fund's investments are denominated in Sterling, and therefore, there is no direct currency risk.

Interest Rate Risk

Interest rate risk is the risk that that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Forestry assets are not valued by using discounted cash flow models, and nor do they make use of financial instruments, therefore, there is no interest rate risk.

Other Price Risk

All investments are subject to idiosyncratic price risks that arise from factors peculiar to that asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

The Forestry Sector is exposed to idiosyncratic forestry risks. It is reasonably well diversified geographically (albeit all within Scotland and the North of England). It is also diversified by timber type and by the inclusion of wind farms within the portfolio.

Electricity Supply Pension Scheme

DIRECTORS OF ELECTRICITY PENSIONS TRUSTEE LIMITED (Forms part of the Report of the Scheme Trustee)

During the year and as at 31 March 2022

Zedra Governance Limited represented by Melanie Cusack (Independent Chair)

Graham Commons*

Hana Crossfield (from 16 November 2021 until 7 October 2022)

Nicola Dark* #

Stephen Duffy**

Paul Gray* (until 16 November 2021)

Philip Hudson

Alastair Russell*

John James Wall*

Howard Whisker*

The changes in Directors since 31 March 2022 were:

	Appointed	Resigned
Hana Crossfield		7 October 2022
Mike Brown*	8 October 2022	

RESERVES as at 31 March 2022

Mike Brown* (until 7 October 2022)

Jeff Rowlinson*

John Sykes*

* Denotes Director or Reserve who is either in receipt of a pension from the Scheme or is a deferred member of the Scheme.

** Denotes Director or Reserve who is a contributing member of the Scheme.

Denotes Director who is also the ESPS Executive Board Manager.

COUNCILLORS OF ELECTRICITY PENSIONS TRUSTEE LIMITED as at 31 March 2022

Ruth Blackburn	Martyn Edwards**	Matthew Peard**
Christopher Brown*	Adrian Furnell	Pauline Richardson*
Mike Brown*	Paul Gray*	Jim Robson
Ian Burkett*	Fergus Hall*	Jeff Rowlinson*
Nigel Burnett*	John Harding*	Alastair Russell*
Kelly Capdeville	Michele Hirons-Wood	Steve Russell **
Graham Commons*	David Hoskins*	Elaine Spriggs
Hana Crossfield	Philip Hudson	John Sykes*
Nicola Dark* #	Mike Kay*	John James Wall*
Michael Davy*	John Leigh*	Howard Whisker*
Stephen Duffy**	Alexander Mackie*	
Russell Dougherty	Tom Massey*	

The changes in Councillors since 31 March 2022 were:

	Appointed	Resigned
Hana Crossfield		7 October 2022
Daniel Potter	5 October 2022	
Xian Li		6 May 2022

Electricity Supply Pension Scheme

- * Denotes Councillor who is either in receipt of a pension from the Scheme or is a deferred member of the Scheme.
- ** Denotes Councillor who is a contributing member of the Scheme.
- # Denotes Councillor who is also the ESPS Executive Board Manager.

As at 31 March 2022 there were vacancies for six Council members with the date of the next meeting being 15 November 2022.

Electricity Supply Pension Scheme

ADVISERS TO ELECTRICITY PENSIONS TRUSTEE LIMITED (Forms part of the Report of the Scheme Trustee)

Independent Auditors

PricewaterhouseCoopers LLP

Bankers

Natwest Bank

Custodians

BNY Mellon

Custodian Benchmarking Service Provider

MJ Hudson Amaces Ltd

Solicitors (in respect of forestry)

Shepherd & Wedderburn LLP, Edinburgh

Legal Advisers to EPTL

Fieldfisher LLP

Mayer Brown LLP

Investment Adviser to EPTL

Guy Willard, Aon Hewitt Limited

External Forestry Valuers

Savills (UK) Limited

Trustee, Accounting and Group Services Provider

Capita Pension Solutions

OFFICERS OF THE SCHEME

Independent Chair

Zedra Governance Limited (previously PTL Governance Ltd until 18 July 2022) represented by
Melanie Cusack

Scheme Secretary

Kevin Groves of Capita Pension Solutions

Address of Scheme Trustee

C/O Capita Pension Solutions, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL

Electricity Supply Pension Scheme

FUND MANAGERS USED BY THE SCHEME DURING THE YEAR (Forms part of the Report of the Scheme Trustee)

UNITISED FUND MANAGERS

Bidwells LLP

GROUP APPOINTED FUND MANAGERS

Abbey Life Assurance Co Limited
 Abrdn Investment Management Limited
 AG Twin Brook Manager, LLC (Angelo Gordon)
 Alcentra NY, LLC
 Alpha Real Capital LLP
 Alvarium Investments Limited (LJ Administration (UK) Limited - Home Long Income Fund)
 AMP Capital Investors Limited
 Amundi Luxembourg S.A.
 Aon Investment Limited
 Apollo Total Return Management LLC
 Arcmont Asset Management Limited (formerly BlueBay Asset Management)
 Ashmore Investment Management Limited
 Audax Management Company (NY) LLC
 Aviva Investors UK Fund Services Limited
 AXA Investment Managers (UK) Limited
 Baillie Gifford & Co
 Barings Asset Management Limited
 Barings Global Investment Funds plc (formerly Babson Capital)
 Barings GPC GP
 Barings LLC
 Beach Point Capital Management LP
 Bentall GreenOak Real Estate (formerly GreenOak UK Secured Lending II GP Limited)
 BlackRock Advisors (UK) Limited
 BlackRock Investment Management (UK) Limited
 BlackRock Luxembourg Multi-Alternative Income GP
 Blackstone Alternative Asset Management LP
 Blackstone Real Estate Debt Strategies Associates IV
 Blue Mountain Capital Management LLC
 Bluebay Asset Management LLP
 BMO Global Asset Management (now Columbia Threadneedle Investments)
 BNY Mellon Asset Management Ltd
 Bridgewater Associates LP
 Cambridge Associates LP
 Canada Life
 Cardano Risk Management Limited
 Carlyle Group LLP
 Caxton Associates LP
 CBRE Global Investors (UK Funds) Limited
 Chorus Capital Management Limited
 Columbia Threadneedle Pensions Ltd
 CQS (UK) LLP
 CQS Cayman LP
 CVC Credit Partners EU DL 2021 GP SARL
 Deerpath Capital Management, LP
 Dorsal Capital Management LLC
 DRC UK Whole Loan (Feeder) (GP) Limited
 DWS Alternatives Global Limited (formerly Deutsche Asset & Wealth Management)
 Egerton Capital (UK) LLP
 Equitix Investment Management Limited
 Farallon Capital Management, LLC
 Fidelity Pensions Management (terminated September 2021)
 GAM (Luxembourg) SA
 GoldenTree Asset Management LP
 Goldman Sachs & Co LLC
 GQG Partners LLC
 Greencoat GRI GP LLP

GreenOak Real Estate Advisors LLP
 HarbourVest GP
 Hayfin DLF III GP S.A.R.L
 Henley Secure Incoem Property Managing Trustee Ltd
 HPS GP, Ltd
 HPS Mezzanine Partners 2019 Offshore GP, LP
 HPS Mezzanine Partners III Offshore GP, L.P.
 ICG Alternative Investment Limited (Longbow)
 IFM Infrastructure PTY Ltd (Industry Funds Management)
 Immediate Capital Managers Limited (Longbow)
 Infrared Capital Partners
 Innisfree Limited
 Insight Investment Management (Global) Limited
 Invesco Asset Management Limited
 Invesco Perpetual Life Limited
 Invesco Real Estate Management SARL
 J P Morgan Asset Management (Europe) SARL
 J P Morgan Asset Management (UK) Limited
 J P Morgan Infrastructure Investments Fund 1 GP Limited - IIF
 UK 1 GP Limited
 JP Morgan Alternative Asset Management, Inc
 Just Retirement Limited
 Kadensa Capital Limited
 Kempen Capital Management (UK) Ltd
 KKR Associates Diversified Core Infrastructure SCSp
 Knight Frank Investment Management LLP
 Legal & General Assurance (Pensions Management) Limited
 LGIM Real Assets (Operator) Limited
 Lighthouse Investment Partners, LLC
 Lindsell Train Limited
 Lynx Asset Management AB
 Lyxor International Asset Management SAS
 M&G Investment Management Limited
 Mackay Shields UK LLP
 Man Asset Management (Ireland) Limited
 MCP Private Capital Fund III GPLP SCS
 Mirabella Malta Limited (MCP IV)
 Morgan Stanley Investment Management Limited
 Nordea Investment Funds SA
 Pacific Investment Management Company LLC (PIMCO)
 Partners Group (UK) Limited
 Partners Group (Guernsey) Limited
 Partners Group Management IV Limited
 Permira Credit Solutions IV GP SARL
 Permira Credit Solutions III Senior GP LP
 PIMCO Europe Limited
 Rialto Partners GP RVCF, LLC
 Robeco Institutional Asset Management B.V.
 Royal Asset Management Limited
 Ruffer LLP
 Sands Capital Management, LLC
 Schroder Investment Management Limited
 Scottish Widows
 Securix Investment Partners LLP
 Snow Lake Capital (HK) Limited (terminated December 2021)
 State Street Global Advisors Limited
 The Asset Management Exchange Ireland Ltd
 Threadneedle Asset Management Ltd
 Towers Watson Investment Management (Ireland) Limited
 Towers Watson Limited
 Two Sigma Advisers, LP
 Walter Scott and Partners Limited
 Wellington Luxembourg SARL.
 Wellington Management Company LLP
 Zurich Assurance Limited

Electricity Supply Pension Scheme

CONTACT EMAIL ADDRESSES FOR ENQUIRIES (Forms part of the Report of the Scheme Trustee)

Carillion Group
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Northern Powergrid Group
northernpowergrid@railpen.com

OVO Energy Group
OvoEnergyGroup@aon.com

RWE Group
GARwe@trusteesolutions.co.uk

SSE Southern Group
pensions-se@sse.com

Uniper Group
enquiries@railpen.com

Western Power Distribution Group
wpdpensesecretariat@westernpower.co.uk

SCHEME WEBSITE ADDRESS

<https://www.espspensions.co.uk>

Electricity Supply Pension Scheme

NAMES AND ADDRESSES OF EXTERNAL BODIES (Forms part of the Report of the Scheme Trustee)

<p>MoneyHelper A single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions.</p>	<p>Telephone: 0800 011 3797 Email: pensions.enquiries@moneyhelper.org.uk Website: https://www.moneyhelper.org.uk</p>
<p>Pensions Ombudsman Available to help members and beneficiaries of occupational pension schemes resolve any difficulties they may have encountered and which they have failed to resolve with the trustees or administrators of schemes. The Pension Ombudsman may be contacted either while a complaint is being reviewed under the dispute resolution procedure or if the complainant is not satisfied with the response received from the Group Trustees under the second stage of the procedure. The Ombudsman can investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The services of the Ombudsman are available to the members, beneficiaries and prospective members of pension schemes.</p>	<p>Telephone: 0800 917 4487 E-mail: enquiries@pensions-ombudsman.org.uk Website: www.pensions-ombudsman.org.uk Address: The Pensions Ombudsman, 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU</p>
<p>The Pensions Regulator Has statutory objectives to protect members' benefits, to reduce risk of calls on the Pension Protection Fund (PPF), to promote good administration, to maximise employers' compliance with their new duties in relation to automatic enrolment and to minimise any adverse impact on the sustainable growth of an employer when exercising its functions under the Scheme Funding Legislation.</p>	<p>Telephone: 0345 600 7060 E-mail: customersupport@tpr.gov.uk Website: www.thepensionsregulator.gov.uk Postal address: The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW</p>
<p>The Department for Work and Pensions (DWP) Pension Tracing Service Provides a tracing service for ex-members of schemes and their dependants with pension entitlements who have lost touch with earlier employers and their schemes.</p>	<p>Telephone: 0800 731 0193 Website: https://www.gov.uk/find-pension-contact-details Postal Address: Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU</p>
<p>The Pension Protection Fund Pays compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.</p>	<p>Telephone: 0330 123 222 Email: ppfmembers@ppg.co.uk Website: www.pensionprotectionfund.org.uk Postal Address: PO Box 254, Wymondham, NR18 8DN</p>