Registered number: 19002039

ELECTRICITY SUPPLY PENSION SCHEME

ELECTRICITY NORTH WEST GROUP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

This Annual Report & Financial Statements is produced by the Group Trustee for the members of the Electricity North West Group (the "Group") of the Electricity Supply Pension Scheme (the "Scheme").

The Scheme is an industry-wide pension scheme in which the Participating Employers are companies formed upon the privatisation of the electricity industry in 1990, or their successors. The Scheme has 24 (formerly 26) independent sections (known as Groups) for each of the companies participating in the Scheme as Principal Employers, and each Group has its own assets to fund the benefit of its members. Information relating to the Scheme as a whole can be found in the Scheme Annual Report & Financial Statements. The Scheme is established under irrevocable trusts and its provisions are set out in the Clauses and Rules contained in the Scheme document.

The Electricity North West Group has two sections: the Defined Benefit (DB) Section and the Defined Contribution (DC) Section. Only membership of the DC Section is open to new employees.

The Group therefore provides;

- Defined Benefit pensions, where benefits are based on a member's salary and length of service; and
- Defined Contribution pensions, where benefits are based on a member's fund value at retirement.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the Employers are normally eligible for tax relief, and income and capital gains earned by the Scheme are generally tax exempt. The DB Section of the Group was primarily contracted out of the State Second Pension until 5 April 2016, when contracting-out ceased for all pension schemes to coincide with the introduction of new State Pension arrangements. The DC Section is not contracted out.

The Principal Employer of the Group is Electricity North West Limited. Electricity North West (Construction and Maintenance) Limited and Electricity North West Services are Participating Employers in the Group.

The Financial Statements included in this Annual Report on pages 24 to 42 have been prepared and audited in compliance with Regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Group Trustee Structure

The Group is administered by a trustee company, limited by shares, called Electricity North West (ESPS) Pensions Trustees Limited, and referred to as the Group Trustee. The appointment and removal of the Group Trustee rests with the Principal Employer.

The Group Trustee structure provides for a total of eight Trustee Directors; four appointed by Electricity North West Limited (the "Company") and four elected by members.

The Directors of Electricity North West (ESPS) Pensions Trustees Limited have the same functions as individual trustees. The rules for their appointment, election and tenure of office are documented in the Articles of Association.

For simplicity the term 'Trustee Directors' has been used in this Report as shorthand for the more accurate term 'Directors of Electricity North West (ESPS) Pensions Trustees Limited'.

There is also a Scheme Trustee, Electricity Pensions Trustee Limited (EPTL), which is a trust corporation and consists of a Council and a smaller Board of Directors.

Group Trustee

Names of Trustee Directors

Chris Dooley**	Member Elected
Mike Kay*	Member Elected
Irina Krumova**	Appointed
John Leigh*	Member Elected
Ken Scott**	Member Elected
Malcolm Sugden* (Chairman)	Appointed
PAN Trustees UK LLP represented by Mike Roberts	Appointed – Independent
Gillian Williamson**	Appointed

Note:
* In receipt of pension from the Group
** Active member of the Group

Appointment/Election of Trustee Directors

The four Appointed Trustee Directors are appointed by, and can be removed by, the Company.

There are currently no vacancies on the Board.

Of the four Member Elected Trustee Directors (MEDs), two are contributing members and two are pensioner members of the Group. The Group's MED policy is that there must be at least one active and one pensioner MED. In addition to changes that take place at an election, a MED ceases to be a Director if he/she resigns, ceases to fulfil his/her category of representation and there are no representatives or vacancies in their new category, or is removed from office by a majority of the other MEDs. All members of the Group are entitled to vote in MED elections.

All Trustee Directors, both Elected and Appointed, act on behalf of and are accountable to all members of the Group.

MEDs normally serve for a term of four years. Elections are held every two years, at which two positions become vacant by rotation. The next set of elections will be held in autumn 2022.

Independent Trustee Directors

One of the four Appointed Trustee Directors, PAN Trustees UK LLP (represented by Mike Roberts), has been appointed as an Independent Trustee Director.

The appointment of an Independent Trustee Director does not affect the powers of the Appointed and Elected Trustee Directors.

Meetings of the Group Trustee during the Year

Meetings were held by a combination of video conferences and face to face.
10 June 2021
16 September 2021
9 December 2021
10 March 2022

Group Trustee Sub-Committees (SCs)

In addition to the meetings of the Group Trustee, certain matters were subject to detailed consideration by the Sub-Committees of the Group Trustee. The Group has the following Sub-Committees: Administration, Audit & Governance, Defined Contribution and Investment.

The Group Trustee Sub-Committees held meetings via video conference or face to face during the year as set out below:

Audit & Governance	21 July 2021 13 January 2022 17 March 2022
Administration	22 April 2021 21 October 2021
Defined Contribution	20 May 2021
Investment	10 June 2021 16 September 2021 9 December 2021 10 March 2022

Attendance at the meetings by Trustee Directors was as follows:

Trustee Director	Main Board	Admin SC	DC SC	Investment SC	Audit & Governance SC
Chris Dooley	4(4)	-	1(1)	-	3(3)
Mike Kay	4(4)	2(2)	-	4(4)	-
Irina Krumova	2(4)	-	-	-	2(3)
John Leigh	4(4)	-	1(1)	4(4)	-
Ken Scott	4(4)	2(2)	-	-	-
Malcolm Sugden	4(4)	-	-	4(4)	-
PAN Trustees UK LLP (represented by Mike Roberts)	4(4)	-	-	4(4)	3(3)
Gillian Williamson	4(4)	2(2)	1(1)	-	-

Note: The number in brackets indicates the number of meetings the Trustee Director was eligible to attend. Irina Krumova has been on maternity leave for most of the year, this is the reason why she has not attended many meetings.

Business of Meetings of the Group Trustee

At its meetings the Group Trustee deals with matters relating to members' benefits and the investment of the Group assets. It also receives periodic reports from the Sub-Committees, and presentations and training from the Group Secretary, the Company, and its investment, actuarial and legal advisers.

During the year, the Group Trustee issued annual newsletters to DB and DC members, and various other communications.

Voting at Meetings of the Group Trustee

In the event of an issue being put to a vote at a meeting, each Appointed and Elected Trustee Director has one vote.

In the event of an equality of votes the Chairman has the discretion to exercise an additional casting vote to resolve the issue concerned. In the year under review there were no occasions on which the Chairman used this casting vote.

Statement of Group Trustee's responsibilities

Group 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 Group Trustee. Pension scheme regulations require, and the Group Trustee are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the group during the group year and of the amount and disposition at the end of the group year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the group 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 Group Trustee are 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 group will continue as a going concern.

The Group Trustee are also responsible for making available certain other information about the group in the form of an annual report.

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

Group Trustee's responsibilities in respect of contributions

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

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

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

Additional Group Trustee Responsibilities

The structure of the Scheme means that certain matters are dealt with by the Group Trustee and others by the Scheme Trustee. The main additional responsibilities of the Group Trustee are:

- to ensure benefits from the Group are paid when they fall due;
- to agree an investment strategy for the Group's assets;
- to ensure appropriate management of the Group's assets;
- to arrange for regular actuarial valuations of the Group to be carried out in accordance with the funding principles agreed with the Employers;
- to prepare and agree with the Employers a Statement of Funding Principles which includes the actuarial assumptions used to assess the Group's liabilities;
- to prepare and agree a recovery plan with the Employers for making good any shortfall in assets against liabilities identified in periodic actuarial valuations; and
- to make available to members annual funding updates on the financial position of the Group.

In carrying out their work the Trustee Directors must always act impartially and in the best interests of all the members of the Group.

To assist them in their work the Trustee Directors have appointed a team of professional advisers whose advice is taken into account when necessary. The advisers include lawyers, actuaries, investment consultants and investment managers. Their details are set out on pages 8 and 9.

Scheme Trustee - Electricity Pensions Trustee Limited (EPTL)

Under the Scheme constitution each Group currently appoints two individuals to be Councillors on the EPTL Council. One Councillor is chosen by the Member-Elected Trustee Directors, and one by the Principal Employer.

As 31 March 2022 Mr Leigh and Mr Kay were respectively the Elected and Appointed Councillors from the Electricity North West Group.

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 Trustee; and
(b) Four Directors must be Councillors chosen by Principal Employers.

The Board also has an Independent Chair, PTL Governance Ltd represented by Melanie Cusack.

As at 31 March 2022 there were no Electricity North West Group Councillors on the Board.

The Council has also chosen a panel of four Reserves (observers) who may attend Board meetings as observers but they do not have any voting rights at these meetings. Two are chosen by the Elected Group Trustee and two by the Principal Employers.

As at 31 March 2022 there were no Electricity North West Group Reserves (observers) represented on the Board.

The main responsibilities of EPTL are:

- to ensure the safe custody and administrative control of assets;

- to produce the Scheme Report & Financial Statements on an annual basis; and
- to ensure proper investment management of Group assets invested in the Unitised Fund.

Review of the Operation of the Electricity Supply Pension Scheme ("ESPS")

- The Scheme's AGM took place on 22 November 2021 and was held virtually by video conferencing. The 2022 Scheme AGM will take place on 22 November 2022.
- The Board continued to monitor risks through its Risk Register which is considered at each main meeting.
- TCFD Task force on Climate-related Financial Disclosure) and the impact of TPR Single Code of Practice were considered.

Please refer to the Scheme's Consolidation accounts which will be available in October 2022 for more information.

The General Data Protection Regulations (GDPR)

From 1 January 2021, the UK GDPR came into effect which will run alongside the DPA 2018, and the EU GDPR to which all EU nations remain subject. This ensures that the Group has 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 Group continues to remain subject to UK Data Protection laws.

By virtue of their role in handling member's personal and sensitive data, the Group Trustee is a "Data Controller", data processing is carried out on behalf of the Group Trustee by internal or external administrators. The Group Trustee also considers the wider range of service providers – for example, communications teams, medical officers, investment consultants, actuaries and lawyers.

COVID-19 Pandemic

Since the outbreak of COVID-19 and the accompanying global uncertainty, the Group Trustee and their appointed advisers carried out a significant amount of work to adapt to the ever-changing challenges posed by COVID-19. Significant work was undertaken in 2020-21 to understand the risks posed to the Group as a result of COVID-19 and steps taken to protect the security of the Group and members' benefits. Details of this can be found in the Trustees Report and Financial Statements 31 March 2021.

The Group Trustee continues to monitor in this space given the constantly evolving nature of the global pandemic. Nonetheless, the Group Trustee does not believe that the impact of COVID-19 will have a material effect on the security of the Group and members' benefits.

Ukraine Conflict

The Group Trustees continue to monitor the impact of the ongoing conflict between Russia and Ukraine, with particular focus on the three areas below:

- Payment of pensions: the Group currently has no pensioners based in Russia or Ukraine, so there has been no impact on pension payments.
- Employer Covenant: the Employer hasn't been directly impacted by the conflict and therefore there has been no direct impact on the Employer Covenant.
- Investments: the Group has no direct investments in Russia or Ukraine, and there hasn't been any large market movements in the Group's investments caused by the conflict. The Group's only indirect exposure is through the Apollo Total Return fund which holds a 0.25% stake in Gazprom, this asset is currently illiquid. As this is a pooled investment vehicle, the Group's pro-rata share of the funds' total assets amount to circa £86,000.

Task Force on Climate-Related Financial Disclosures ("TCFD")

The Electricity Supply Pension Scheme as a whole is in scope of the climate change governance and reporting requirements from 1 October 2021. It has a scheme year end date of 31 March, so the deadline for the Scheme as a whole publishing a TCFD report is 31 October 2022. However, the Group does not meet the size threshold that requires TCFD reporting and as such has been advised that no regulatory disclosures are required for this period.

For more information on the Scheme's TCFD report – the Scheme trustee's identification,assessment and management of climate change risk (to be published no later than 31 October 2022). Please visit (https://www.espspensions.co.uk/#useful-documentation)

Advisers

Group Administrator Railpen Ltd (formerly known as RPMI Ltd)	Carries out all the general administrative duties of the Group on behalf of the Group Trustee in accordance with the Group's Rules.
Group Actuary Chris Vaughan-Williams of Aon Ltd (Fellow of the Institute and Faculty of Actuaries)	Carries out valuations and other funding updates of the Group as required by the Group Rules and Statute, provides all tables and factors for the application of Group Rules and options, and advises on matters relating to pension funding.
Independent Auditors PricewaterhouseCoopers LLP	Audits the Group Financial Statements.
Group Custodian The Bank of New York Mellon	Maintains safe custody of the Group's assets.
Investment Adviser Isio Ltd	Advises the Group Trustee on all investment matters including the Statement of Investment Principles.
Legal Adviser Sacker & Partners LLP	Advises on legislative requirements and application of the provisions of the Group in particular circumstances.
Covenant Adviser Penfida	Provides the Group Trustee with advice on the strength of the Employer's covenant, for the purposes of the Group's Actuarial Valuation.
Buy-In Provider Scottish Widows	Insurance product that provides regular income to cover a significant proportion of the pensions in payment.

Group Appointed Investment Managers
Apollo Global Management
Bank of New York Mellon
Carlyle Group LLP
Insight Investment Management (Global) Limited
Legal & General Investment Management Limited
J.P. Morgan Asset Management
M&G Investment Management Limited
Morgan Stanley Investment Management Limited
Partners Group (UK) Limited
Permira Credit Solutions Limited

DC Investment Platform Provider
Aegon

Additional Voluntary Contributions (AVC) Providers
Aegon
Utmost Life and Pensions (Policies transferred from Equitable Life Assurance Society)
Prudential Assurance Company

Bankers
HSBC Bank Limited
Royal Bank of Scotland
Investment Managers – Defined Contribution Section
BlackRock Life Limited

Membership Statistics

Defined Benefit Section

	Contributors	Pensioners	Dependants and spouses	Deferred Pensioners	Total
As at 1 April 2021	**564**	**4,082**	**1,306**	**505**	**6,457**
Adjustments to opening balance	1	-	-	1	2
Equivalent pension benefit members**	-	29	-	126	155
As at 1 April 2021 (revised)	**565**	**4,111**	**1,306**	**632**	**6,614**
New	3*	-	70	-	73
Retirements	(35)	78	-	(43)	-
Deaths	(4)	(158)	(84)	(1)	(247)
Transfers out	-	-	-	(29)	(29)
Leavers with deferred pensions	(59)	-	-	59	-
Equivalent pension benefit member changes	-	(2)	-	(3)	(5)
As at 31 March 2022	**470**	**4,029**	**1,292**	**615**	**6,406**

*New contributors includes 3 members who have retired but have been readmitted to the Group under a flexible working arrangement. These members also are included as pensioners in the above table.

**Previously the number of deferred pensioners and pensioners who were entitled to/receiving a benefit equivalent to the relevant State Graduated Pension Scheme benefit in respect of service prior to 31 March 1975 were not included in the membership statistics above and were disclosed separately in a note below the table. These members are now disclosed in the above membership statistics which has resulted in the large adjustments to the opening balance.

Included within pensioners and dependants and spouses above there are 3,616 (2021: 3,724) members who are paid by way of the Scottish Widows Buy-In.

Defined Contribution Section

	Contributors	Deferred Pensioners	Total
As at 1 April 2021	**1,442**	**500**	**1,942**
New	262	-	262
Leavers with deferred pensions	(138)	138	-
Retirement	-	(4)	(4)
Refund of contributions	-	-	-
Merged	-	-	-
Transfers out	(5)	(29)	(34)
Death	(1)	-	(1)
As at 31 March 2022	**1,560**	**605**	**2,165**

New employees to Electricity North West Limited are automatically enrolled into the DC Section of the Group.

Pensions Increases

The Rules of the Scheme applicable to the Group provide for all pensions in payment, children's allowances and deferred pensions to be increased on 1 April each year in accordance with the rise in the Retail Prices Index (RPI) in the 12 months ended on the preceding 30 September. If the RPI increase is greater than 5% Electricity North West has the discretion to limit the pension increase to a lower figure subject to a minimum of 5%. For members of the ex-United Utilities Pension Scheme (UUPS) section, the increase at 1 April is based on the rise in the Retail Prices Index

(RPI) in the 12 months ended on the preceding 31 December. If the RPI increase is greater than 5% the Group Trustee has the discretion to limit the pension increase to a lower figure subject to a minimum of 5%.

The September 2021 RPI figure was 4.9% and the December 2021 figure was 7.5%. A proportionate increase was applied to pensions which came into payment between 2 April 2021 and 1 March 2022.

Pension increases over the previous five years were:

	ESPS	UUPS
1 April 2021	1.1%	1.2%
1 April 2020	2.4%	2.2%
1 April 2019	3.3%	2.7%
1 April 2018	3.9%	4.1%
1 April 2017	2.0%	2.5%

Transfers from the Group

Cash equivalent transfer values paid during the year have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include discretionary benefits.

Changes in Scheme Provisions

Scheme wide amendments by the Scheme Co-ordinator, Electricity Pensions Limited (EPL) may amend the provisions of the Scheme with the unanimous consent of all the participating Principal Employers. On 26 August 2021, EPL actioned a Deed of Amendment (Scheme-wide amendment adopting Clauses and Rules).

Group amendments by the Company

The Principal Employer, Electricity North West Limited, may make amendments to the provisions of the Scheme as they apply to the Electricity North West Group. The Company did not make any amendments during the year ended 31 March 2022.

Dispute Resolution Procedure

Pension legislation requires pension schemes to have procedures for the trustees to resolve disputes arising from the running of the scheme.

The Dispute Resolution Procedure for the Group is a two-stage process. In the first instance a complaint from a member (including a pensioner, dependant, or deferred member) or prospective member must be addressed to the Group Administrator. In normal circumstances a response will be made within two months. If dissatisfied with the response, the complainant is entitled to refer the complaint to the Group Trustee within six months of receiving the response from the Group Administrator. The Group Trustee will reply directly, again where possible within two months. This procedure has been introduced to comply with legislative requirements and does not preclude any member from raising any queries regarding the Group informally at any time.

The details for contacting the Group Administrator are shown on page 20.

Report on Actuarial Liabilities

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

Under section 222 of the Pensions Act 2004, pension schemes are 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 every three years using assumptions agreed between the Group Trustee and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Group members on request.

The most recent triennial actuarial valuation of the Group was carried out as at 31 March 2019. Approximate updated valuations were performed at 31 March 2020 and 31 March 2021. The results of those valuations are summarised below.

	31 March 2019	**31 March 2020**	**31 March 2021**
Value of technical provisions	£1,478.4m	£1,476.4m	£1,451.8m
Value of assets available to meet technical provisions	£1,408.9m	£1,396.5m	£1,387.2m
As a percentage of technical provisions	95%	95%	96%

Although there are no current plans to discontinue the Group and buy-out liabilities with an insurance company, the Group Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis at the triennial actuarial valuation date is provided below:

	31 March 2019
Value of solvency liabilities	£1,695.2m
Value of assets available to meet solvency liabilities	£1,408.9m
As a percentage of solvency liabilities	83%

The value of technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Group in the future, such as levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in calculations are as follows:

Method

The actuarial method used in calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Pre-retirement discount rate: Term dependent rates set by reference to the fixed interest gilt yield curve (as derived from Bank of England data) at the valuation date plus an addition of 2.5% per annum for pre 1 April 2019 service.

Term dependent rates set by reference to future retail price inflation (described below) at the valuation date plus an addition of 1.5% per annum for post 31 March 2019 service.

Post retirement discount rate: Term dependent rates set by reference to the fixed interest gilt yield curve (as derived from Bank of England data) at the valuation date plus an addition of 0.5% per annum for members not covered by the buy-in and plus an addition of 0.36% per annum for members covered by the buy-in.

Future retail price inflation: Term dependent rates derived from the Bank of England fixed interest and index-linked gilt yield curves at the valuation date.

Future consumer price inflation: Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1.1% per annum at the valuation date.

The difference between the long term assumption for RPI and CPI inflation may vary over time to reflect changing views of long term structural differences between the calculation of RPI and CPI inflation at the date subsequent calculations are carried out.

Pension increases: Derived from the term dependent rates for future retail or consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Group's Rules.

Pay increases: General pay increases in line with the term dependent rates for future retail price inflation together with an allowance for promotional increases.

GMP Equalisation: 0.5% loading to past service liabilities.

Mortality for the period in retirement: For non-pensioners, standard tables S2PMA with a scaling factor of 110% for male members; and S2PFA with a scaling factor of 105% for female members. For pensioners, S2PMA with a scaling factor of 100% for male members; and S2PFA with a scaling factor of 95% for female members.

Future improvements in mortality are subject to the standard table projected forward from 2007 in line with the 2018 CMI extended model with initial addition to mortality improvements (A) of 0.5%, period smoothing parameter (Sk) of 7.0 and a long-term improvement rate of 1.75% per annum for men and women.

Guaranteed Minimum Pension ("GMP") equalisation

Following the High Court ruling on 26 October 2018 regarding the equalisation of Guaranteed Minimum Pension ('GMP') benefit within the Lloyds pension scheme, the Schemes are required to adjust benefits to remove the inequalities between the GMP benefits awarded to males and females.

The Company included an allowance for the impact of GMP equalisation within its 31 March 2019 accounting results. The high-level estimate was calculated for the Schemes based on this ruling, which only covered current members, and increased the IAS19 DBO as at 31 March 2019 by £4.1m.

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds Banking Group GMP equalisation case with respect to members that have transferred out of their scheme prior to the ruling. The results of this mean that:

- Trustees are obliged to make transfer payments that reflect equalised benefits and are required to make top up payments where this was not the case in the past;

- A DB scheme that received a transfer is concurrently obliged to provide equalised benefits in respect of the transfer payments; and

- There were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

We have determined that the estimated the cost of the impact of this ruling for the Group is immaterial based on high-level summary data. The detailed member calculations required to accurately determine the impact of GMP equalisation for former members of the Schemes are intricate and require a large amount of data, some of which may not be readily available.

The second ruling did not cover whether Trustees would need to equalise the benefits of members who died before their benefits were equalised. Given the impact of the second High Court ruling has not been material, we have assumed that any future ruling which requires Trustees to equalise the benefits of members who have died will be even smaller and immaterial.

Recovery plan

A recovery plan was agreed between the Group Trustee and the Employer on 31 March 2020. Under the recovery plan, it was agreed that the Company would pay the following deficit contributions:

- £1,575,000 each month from April 2020 to March 2021 inclusive
- £1,616,700 each month from April 2021 to March 2022 inclusive
- £1,666,700 each month from April 2022 to March 2023 inclusive

These amounts together with anticipated returns from the Group's assets over that period were expected to eliminate the deficit by 31 March 2023. The April 2021 to March 2022 deficit payments have been paid as agreed in the recovery plan.

In addition, the Employer agreed to increase normal contributions from 36.7% to 39.8% of salaries with effect from 1 April 2020 to meet the cost of future service benefits for active DB members of the Group. This is subject to a fixed reduction to future service contributions of £208,333 each month for the period 1 April 2020 to 31 March 2023.

The Employer will also pay £200,000 each quarter for expenses or such other amount as advised by the Actuary and agreed by the Group Trustee and Principal Employer. The Employer will in addition reimburse the Group in respect of PPF and other levies collected by the Pensions Regulator.

These arrangements were formalised in a Schedule of Contributions, which the Group Actuary certified on 31 March 2020. A copy of this certificate is included on page 51 of this Annual Report.

Next actuarial valuation

The next triennial valuation as at 31 March 2022 is underway. The Group Trustee expects to agree a revised recovery plan within the statutory deadline of 30 June 2023.

Investment Report

Investment management

The Group Trustee delegates the day-to-day management to professional external investment managers. The Group Trustee sets the investment strategy for the Defined Benefit Section and the investment options available to members of the Defined Contribution Section after taking advice from the Group's Investment Advisor, Isio. The Group Trustee has put mandates in place with their investment managers which implement this strategy.

The Group Trustees' Implementation Statement, which sets out further voting and engagement information undertaken by the Group's investment managers for the year ended 31 March 2022, is set out on pages 80 to 94, and forms part of the Group Trustee's Report.

Defined Benefit Section

The primary investment objective of the Group's Defined Benefit Section is to hold a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Group payable under the Trust Deed and Rules as they fall due.

The Group Trustee sets the investment strategy for the Group taking into account considerations such as the strength of the employer covenant, the long term liabilities and the funding agreed with the Employer.

The objective of the return-seeking assets is to achieve investment growth, within the constraints of the risk profile set by the Group Trustee. The objective of the liability-driven assets is to secure fixed or inflation-adjusted cashflows in future.

The Group's cash allocation was materially overweight as at the reporting date. Following the reporting date, the Group Trustee decided to invest in two new mandates: Infrastructure Equity and Semi-Liquid Credit. These mandates are currently being onboarded at the respective managers. The strategic benchmark has also been updated in the Group's Statement of Investment Principles following the reporting date to reflect this.

The current target weightings of the Group's assets between the major asset classes are detailed in the table on the below..

Asset Allocation	Year-end weighting (%)	Target weighting (%)
Global Equities	8.2	7.0
Distressed Debt	0.8	0.0
Global Property	3.4	0.0
Direct Lending	7.9	13.0
Semi-Liquid Credit	5.2	5.0
Infrastructure Equity	0.0	10.0
Long Lease Property	17.7	15.0
Buy and Hold Corporate Bonds	19.0	20.0
Liability Driven Investment	31.3	30.0
Cash	6.5	0.0

- The Direct Lending mandate is expected to distribute capital and income within the Fund over time. The Trustee are currently considering reallocating to a new vintage of Direct Lending to rebalance towards the 13.0% target.

- The Distressed Debt and Global Property mandate will continue to distribute remaining capital within each Fund; however, they are not expected to remain as long-term holdings in the strategy and as such have 0% target weighting in the Group's strategic benchmark.

- The benchmark allocation above excludes the bulk annuity Policy with Scottish Widows.

- The Infrastructure Equity mandate relates to the Group's new $100m commitment to the J.P. Morgan Infrastructure Investment Fund, which has a 10% strategic target weighting. No capital had been paid into the Fund as part of the Group's commitment as at the reporting date.

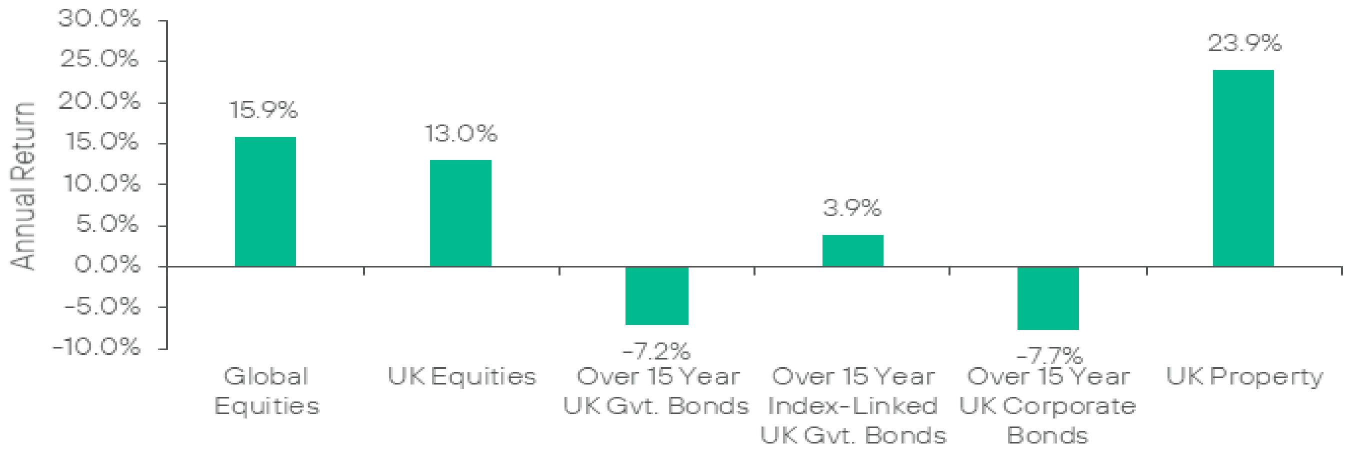
Developed global equity markets provided strong returns over the reporting period due to the support provided by governments and central banks in the wake of the Covid-19 pandemic. Equity markets also responded positively to the continued vaccine rollouts and the associated economic recoveries seen across much of the developed world as economies reopened from lockdown measures. However, returns were negatively impacted over the first quarter of 2022 as markets became increasingly volatile in response to inflationary pressures and geopolitical events.

In terms of inflationary pressures, inflation rates rose to above policy target levels across most major developed economies due to previous accommodative monetary policy and supply chain issues. Central bank messaging also shifted towards a tone of more interest rate rises and tapering of previous stimulus packages in an attempt to control inflation going forward. Subsequently, global equity markets struggled over Q1 2022 due to the expectation of rising interest rates. In addition, the Russian invasion of Ukraine and the resulting Western sanctions added to market volatility amid a 'risk-off' environment in Q1. The associated rise in energy and commodity prices further enhanced cost of living and inflation concerns. Despite this volatility, major equity market indices delivered positive returns over the 12-month period to 31 March 2022.

Global credit markets experienced a difficult 12 months due to inflationary concerns and subsequent interest rate rises being announced by many developed economy central banks. Credit spreads widened across most credit markets over the period as investors reacted to the expectation of rising inflation and interest rates. In addition, the geopolitical risks posed by Russia's invasion of Ukraine, such as the impacts of Western sanctions, the seizure of Russian assets and the possibility of defaults on Russian debt, weighed on credit markets over Q1.

As above, inflation rose significantly over the reporting period, with UK CPIH rising to 6.2% over the 12 months to 31 March 2022. The expectation of future interest rate rises and tapering of previous quantitative easing measures led to nominal gilt yields rising over the period. Index-linked gilts outperformed their fixed-rate counterparts as investors sought increased inflation protection.

The following chart shows market returns of core asset classes over the 12-month period covered by the financial statements where a meaningful comparative market index exists. Please see the table below the chart for a summary of the indices used for each of the asset classes presented.



Performance of the Group's assets over the year and last three years to 31 March 2022 is outlined in the table below against the Group benchmark returns.

	Year to 31 March 2022 (%)	3 Years to 31 March 2022 (% p.a.)
Group Return	5.0	4.2
Group Benchmark	2.2	3.1

Source: investment managers, BNYM ISIO calculations
Note: The Performance figures exclude allowance for the Group's buy-in contract

Employer Related Investments

There were no direct employer-related investments as at 31 March 2022. The Group Trustee recognises that indirect investment in the Company is possible through holdings in pooled investment vehicles. It has been confirmed that there is no indirect exposure to shares in the Company as at 31 March 2022.

Socially Responsible Investment and Corporate Governance

The Group is a large institutional investor, investing on behalf of its members as beneficiaries. As part of its fiduciary duty, the Group Trustee recognises the need for the Group to be a long-term responsible stakeholder. The Group Trustee aims to ensure that value for its members is always delivered through long-term financial returns generated in a way that is responsible. The Trustee also believes Environmental, Social and Governance (ESG) factors may have a material financial impact on the Group. The Group's ESG beliefs have been agreed and are set out in an Environmental, Social and Governance Policy. The Group Trustee will monitor the Group's assets against the ESG policy on an ongoing basis.

Custody

The assets of the Group were subject to the overall custody and administrative control of EPTL and are held by the Scheme-wide custodians appointed by EPTL to safeguard the assets.

The Bank of New York Mellon ("BNY Mellon") is the custodian in relation to securities. Where certificates are available in relation to such securities, they are held by BNY Mellon and identified as investments of the Scheme. Where certificates are not available, but records are held in computer based systems, the relevant accounts record the Scheme's ownership.

The Group Trustee is responsible for instructing BNY Mellon on the day to day management of the assets of their Group.

The investment managers operating the unitised funds in which the Group invests are responsible for the underlying custody arrangements for those funds.

For Group-specific funds, money at call and short notice is placed in accordance with the provisions of Investment Management Agreements negotiated between the Group Trustee and Group-specific investment managers. Additionally, limits are in place to minimise exposure to any one bank. In each case the Scheme is identified as the lender.

All cash is held in bank accounts in the name of the Group, or in an investment manager's institutional cash fund, commonly called a cash pool. This type of investment allows cash to be invested across a broad range of institutions thereby reducing risk and exposure.

Statement of Investment Principles

The Group Trustee has produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995. In preparing the SIP the Group Trustee took professional advice from Isio and consulted with the Company. This was revised in May 2022. A copy of the SIP can be found on pages 67 to 78.

The SIP covers the Group Trustee's policy on the following matters:

(a) ensuring compliance with the current investment requirements;
(b) the types of investment, and the balance between different types of investment;
(c) risk;
(d) expected return of investments;
(e) realisation of investments;
(f) voting rights; and
(g) social, environmental and ethical investment considerations.

The Group Trustee is not aware of and has not been informed by the fund managers of any departures from the SIP during the year.

Defined Contribution Section

The investment objective of the Group's Defined Contribution Section is to offer investment choice to members whilst maximising investment returns and providing an acceptable level of risk. Members can make a choice from a number of investment funds.

The majority of funds held are Aegon BlackRock passive funds. The non-Aegon BlackRock funds that are held are: HSBC Islamic Global Equity, LGIM Ethical Global Equity Index and Newton Global Equity.

Members can choose to invest in any of the available funds or they can choose one of the 2 lifestyle strategies.

The default (Flexible Retirement) "lifestyle" arrangement operates under a predetermined strategy. It comprises three passively managed 'core' funds: the Aegon BlackRock(30:70) Global Equity Index Fund, the Aegon BlackRock Market Advantage Fund and the Aegon BlackRock Cash Fund. The Aegon BlackRock (30:70) Global Equity Index Fund is considered to be appropriate as an investment vehicle for the majority of a member's working life, under the Lifestyle option, but as a member approaches retirement, there is a progressive switching of the member's fund into the Aegon

BlackRock Market Advantage Fund and the Aegon BlackRock Cash Fund. The Default Flexible Retirement Lifestyle option is aimed at members targeting a flexible retirement strategy.

The alternative lifestyle strategy, the Annuity Target Lifestyle option, also operates under a predetermined strategy. It comprises of the Aegon BlackRock (30:70) Global Equity Index Fund, the Aegon BlackRock Market Advantage Fund, the Aegon BlackRock Pre-Retirement Fund and the Aegon BlackRock Cash Fund, and is aimed at members targeting an annuity purchase at retirement.

During the year the Group Trustee successfully amended the growth phases of these lifestyles to use the Aegon BlackRock 30:70 Global Equity Index fund to lower the UK equity allocation. This was completed in early December 2021.

The investment funds in the Group's Defined Contribution Section are held in unit linked insurance funds provided by BlackRock Life Limited. The Group Trustee regularly reviews the investment performance of the funds against the appropriate benchmarks. The performance of the investments over the year and the last three years to 31 March 2022 is shown below.

	Year to 31 March 2022 (%)	Year Benchmark to 31 March 2022 (%)	3 Years to 31 March 2022 (% p.a.)	3 Year Benchmark to 31 March 2022 (% p.a.)
Aegon BlackRock Global Equity Index fund*	12.8	13.0	10.9	10.9
Aegon BlackRock Emerging Markets Equity Index	-7.8	-7.4	5.0	5.4
Aegon BlackRock Market Advantage	2.1	3.7	2.4	3.9
Aegon HSBC Islamic Global Equity	19.4	20.1	20.0	20.7
Aegon LGIM Ethical Global Equity Index fund	16.6	17.2	15.5	16.1
Aegon BNY Mellon Global Equity	9.9	12.4	13.1	13.4
Aegon BlackRock Property	21.3	23.1	7.0	8.0
Aegon BlackRock Cash	0.0	0.0	0.2	0.2
Aegon BlackRock All Stocks UK Gilt Index	-5.2	-5.1	-0.6	-0.5
Aegon BlackRock UK Index-Linked Gilt Index	4.8	5.1	3.0	3.2
Aegon BlackRock Corporate Bond All-Stocks Index	-5.3	-5.2	1.0	1.0
Aegon BlackRock Pre-Retirement	-5.6	-6.2	0.2	-0.2
Aegon BlackRock World Multifactor ESG Equity Tracker	14.1	14.0	n/a**	n/a**

Source: investment managers. All returns are quoted net of fees. Only funds in which members invest are shown above.
*Chain linked performance of the global equity funds.
** Aegon BlackRock World Multifactor ESG Equity Tracker does not yer have 3 year performance figures to report on.

Assets were switched from the 40:60 Global Equity Index Fund to the 30:70 Global Equity Index Fund within the last one year period and therefore returns for the Global Equity Index Fund have been chain linked using both the aforementioned equity funds.

Address for Enquiries

Any enquiries regarding the Electricity North West Group of the Electricity Supply Pension Scheme should be addressed to:

Pensions Secretariat – ESPS (Electricity North West Group)
Electricity North West Limited
Borron Street
Portwood
Stockport
Cheshire
SK1 2JD

Email: pensions@enwl.co.uk

Approved by and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts	*Chris Dooley*
....	....

NAME

Mike Roberts – Pan Trustees UK LLP	Chris Dooley
....	....
Trustee Director **Electricity North West (ESPS) Pensions Trustees Limited**	**Trustee Director** **Electricity North West (ESPS) Pensions Trustees Limited**

DATE:

19th August 2022

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

Report on the audit of the financial statements

Opinion

In our opinion, Electricity North West Group of the Electricity Supply Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the group 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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 Group Trustee' 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 group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Group Trustee are 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 Group Trustee for the financial statements

As explained more fully in the statement of Group Trustee' responsibilities, the Group Trustee are 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 Group Trustee are also responsible for such internal control as they determine 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 Group Trustee are responsible for assessing the group'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 Group Trustee either intend to wind up the group, or have 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 group and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the group 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 Group Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Group 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 Group Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

19/08/2022

Fund Account for the year ended 31 March 2022

	Note	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Dealings with members							
Additions							
Employer contributions	**5**	29.3	10.6	**39.9**	*29.7*	*9.6*	*39.3*
Employee contributions	**5**	1.0	1.0	**2.0**	*0.7*	*0.5*	*1.2*
Total contributions		30.3	11.6	**41.9**	*30.4*	*10.1*	*40.5*
Transfers in	**6**	-	0.3	**0.3**	-	*0.1*	*0.1*
Other income	**7**	-	0.1	**0.1**	-	*0.3*	*0.3*
		30.3	12.0	**42.3**	*30.4*	*10.5*	*40.9*
Withdrawals							
Benefits paid or payable	**8**	(54.9)	(0.2)	**(55.1)**	*(50.8)*	*(0.6)*	*(51.4)*
Payments to and on account of leavers	**9**	(23.6)	(1.1)	**(24.7)**	*(18.4)*	*(2.1)*	*(20.5)*
Administrative expenses	**10**	(1.6)	(0.4)	**(2.0)**	*(1.1)*	*(0.3)*	*(1.4)*
		(80.1)	(1.7)	**(81.8)**	*(70.3)*	*(3.0)*	*(73.3)*
Net (withdrawals) / additions from dealings with members		(49.8)	10.3	**(39.5)**	*(39.9)*	*7.5*	*(32.4)*
Returns on investments							
Investment income	**11**	83.2	-	**83.2**	*75.9*	-	*75.9*
Change in market value of investments	**12**	(29.0)	9.9	**(19.1)**	*(44.4)*	*18.5*	*(25.9)*
Investment management expenses	**14**	(1.1)	(0.1)	**(1.2)**	*(0.1)*	*(0.1)*	*(0.2)*
Net returns on investments		53.1	9.8	**62.9**	*31.4*	*18.4*	*49.8*
Net Increase/(decrease) in the fund		3.3	20.1	**23.4**	*(8.5)*	*25.9*	*17.4*
Opening net assets		1,390.2	79.5	**1,469.7**	*1,398.7*	*53.6*	*1,452.3*
Closing net assets		1,393.5	99.6	**1,493.1**	*1,390.2*	*79.5*	*1,469.7*

The notes on pages 26 to 42 form part of these Financial Statements.

Statement of Net Assets Available for Benefits as at 31 March 2022

	Note	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Investment assets							
Pooled investment vehicles	**12**	628.2	99.5	**727.7**	*608.1*	*79.3*	*687.4*
Insurance policies	**12**	684.7	-	**684.7**	*733.7*	-	*733.7*
AVC investments	**12**	3.8	-	**3.8**	*3.0*	-	*3.0*
Cash	**12**	43.8	-	**43.8**	*42.3*	-	*42.3*
		1,360.5	99.5	**1,460.0**	*1,387.1*	*79.3*	*1,466.4*
Investment liabilities							
Other investment balances	**12**	(0.1)	-	**(0.1)**	-	-	-
		(0.1)	-	**(0.1)**	-	-	-
Total net investments		1,360.4	99.5	**1,459.9**	*1,387.1*	*79.3*	*1,466.4*
Current assets	**19**	33.7	0.1	**33.8**	*3.7*	*0.4*	*4.1*
Current liabilities	**20**	(0.6)	-	**(0.6)**	*(0.6)*	*(0.2)*	*(0.8)*
Total net assets available for benefits		1,393.5	99.6	**1,493.1**	*1,390.2*	*79.5*	*1,469.7*

The Financial Statements summarise the transactions of the Group and deal with the net assets at the disposal of the Group Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Group year. The actuarial position of the Group, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 12 to 14 of the Annual Report, and these Financial Statements should be read in conjunction with this report.

The Financial Statements on pages 26 to 42 were approved by the Group Trustee on..................................

Approved and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts .... *Chris Dooley* ....

NAME

Mike Roberts – Pan Trustees UK LLP .... Chris Dooley ....

Trustee Director
Electricity North West (ESPS) Pensions Trustees Limited

Trustee Director
Electricity North West (ESPS) Pensions Trustees Limited

1. General information

The Group has a Defined Benefit ("DB") section which is no longer open to new members but existing members continue to accrue benefits, and a Defined Contribution ("DC") Section which is open to new members.

The Scheme is a registered pension scheme and is established as a trust under English Law under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the Employers are normally eligible for tax relief, and income and capital gains earned by the Scheme are generally tax exempt. The address of the Scheme's principal office is C/O Capita – ESPS Team, Highdown House, Yeoman Way, Worthing West Sussex BN99 3HH. The address for the Group can be found on page 20.

2. Basis of preparation of the financial statements

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

3. Identification of the financial statements

The Group is established under irrevocable trusts under English law. The address for enquiries to the Group is included in the Group Trustee's Report on page 20.

4. Accounting policies

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

Currency

The Group's functional currency and presentational currency is pounds sterling (GBP), which is the currency of the primary economic environment in which the Group operates.

Assets and liabilities in foreign currency are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal and additional voluntary contributions, both from employees and employers, are generally accounted for on an accruals basis in the payroll period to which they relate. In the case of member contributions this is when deducted from pay.

Employers' Early Retirement, Rule 29 and Supplementary contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.

4. Accounting policies (continued)

Employers' deficit funding contributions are accounted for on the due dates set out in the Schedule of Contributions, or on receipt if earlier, with the agreement of the Employer and the Group Trustee.

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

Transfers to and from the Group

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension scheme of new employers for members who have left the Group. They are accounted for on a cash basis or, where the Group Trustee has agreed to accept liability in advance of receipt of funds on an accruals basis from the date of the agreement where the transfer amount can be determined with reasonable certainty.

Benefits and payments to and on account of leavers

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

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate. Refunds and opt-outs are accounted for when the Group Trustee is notified of the members' decision to leave the Group.

Where the Group Trustee agrees or is 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 Group, 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.

Administrative and other expenses

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

Investment income and expenditure

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

Interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

Investment income includes withholding taxes. Withholding taxes 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.

4. Accounting policies (continued)

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. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Group 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 Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the Notes to the Financial Statements where used.

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

- 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 pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Group Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the investment 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;

- External AVC funds are included at the market value advised by the Fund's managers at the year end.

- Annuity (insurance) policies are valued by the Group Actuary at the amount of the related obligation, determined using the most recent Group funding valuation assumptions updated for market conditions at the reporting date.

Critical accounting judgements and estimation uncertainty

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.

4. Accounting policies (continued)

Critical accounting judgements

The Group Trustee has not had to make any critical judgements in applying the accounting policies.

Key accounting estimates and assumptions

The Group Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Group, the Group Trustee believes the only estimates 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 Group's investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within notes 15 and 16.

5. Contributions

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Employers:						
Normal*	9.1	10.2	**19.3**	*9.9*	*9.2*	*19.1*
Deficit funding	19.4	-	**19.4**	*18.9*	-	*18.9*
Other contributions						
PPF levy	-	-	**-**	*0.1*	-	*0.1*
Expenses	0.8	-	**0.8**	*0.8*	-	*0.8*
Group life	-	0.4	**0.4**	-	*0.4*	*0.4*
Employees:						
Normal	0.2	0.1	**0.3**	*0.2*	*0.1*	*0.3*
Other contributions	0.1	-	**0.1**	*0.1*	-	*0.1*
AVC	0.7	0.9	**1.6**	*0.4*	*0.4*	*0.8*
	30.3	11.6	**41.9**	*30.4*	*10.1*	*40.5*

* Included within Normal Employers are contributions for the DB section of £1.1 million (2021: £1.2 million) and for the DC section of £3.5 million (2021: £3.2 million) that were met by the Employer rather than the employees under the salary sacrifice arrangement.

Deficit funding contributions are being paid by the Employer to the DB section of the Group until December 2023 in accordance with the Schedule of Contributions dated 31 March 2020 in order to improve the Group's funding position. Details of the amounts payable are:

- £1,575,000 each month from April 2020 to March 2021 inclusive; plus
- £1,616,700 each month from April 2021 to March 2022 inclusive; plus
- £1,666,700 each month from April 2022 to March 2023 inclusive.

Supplementary pensions funding represents Employer contributions to grant additional benefits on early retirement including Rule 32 payments (grant of special terms).

6. Transfers in

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Individual transfers in from other schemes	-	0.3	**0.3**	*-*	*0.1*	*0.1*

7. Other income

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Death Insurance	-	0.1	**0.1**	*-*	*0.3*	*0.3*

8. Benefits paid or payable

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Pensions	50.8	-	**50.8**	*48.5*	*0.1*	*48.6*
Commutations of pensions and lump sum retirement benefits	3.4	0.1	**3.5**	*2.1*	*0.2*	*2.3*
Lump sum death benefits (in service)	0.7	0.1	**0.8**	*-*	*0.3*	*0.3*
Lump sum death benefits (in retirement)	-	-	**-**	*0.2*	*-*	*0.2*
	54.9	0.2	**55.1**	*50.8*	*0.6*	*51.4*

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds Banking Group GMP equalisation case with respect to members that have transferred out of their scheme prior to the ruling. The results of this mean that:

- Trustees are obliged to make transfer payments that reflect equalised benefits and are required to make top up payments where this was not the case in the past;
- A DB scheme that received a transfer is concurrently obliged to provide equalised benefits in respect of the transfer payments; and
- There were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

The Group Trustee has determined that the estimated the cost of the impact of this ruling for the Group is immaterial based on high-level summary data. The detailed member calculations required to accurately determine the impact of GMP equalisation for former members of the Group are intricate and require a large amount of data, some of which may not be readily available.

The second ruling did not cover whether the Group Trustee would need to equalise the benefits of members who died before their benefits were equalised. Given the impact of the second High Court ruling has not been material, we have assumed that any future ruling which requires the Group Trustee to equalise the benefits of members who have died will be even smaller and immaterial.

9. Payments to and on account of leavers

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	***Total 2021 £million***
Individual transfers out to other schemes	23.4	1.1	**24.5**	*18.4*	*2.1*	*20.5*
Individual transfers – AVC	0.2	-	**0.2**	-	-	-
	23.6	1.1	**24.7**	*18.4*	*2.1*	*20.5*

10. Administrative expenses

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Administration and processing	0.5	0.1	**0.6**	*0.4*	*0.1*	*0.5*
PPF levy	-	-	**-**	*0.1*	-	*0.1*
Actuarial fees	0.5	-	**0.5**	*0.5*	-	*0.5*
Legal fees	0.1	-	**0.1**	*0.1*	-	*0.1*
Insurance	-	0.3	**0.3**	-	*0.2*	*0.2*
Audit fees	0.1	-	**0.1**	-	-	-
Other professional fees	0.4	-	**0.4**	-	-	-
	1.6	0.4	**2.0**	*1.1*	*0.3*	*1.4*

The Employer contributed towards the administrative expenses of the DB Section of the Group incurred during the years to 31 March 2022 and 31 March 2021.

11. Investment income

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Income from bonds	-	-	**-**	*1.4*	-	*1.4*
Income from pooled investment vehicles	13.7	-	**13.7**	*33.2*	-	*33.2*
Income from insurance policies	69.5	-	**69.5**	*41.3*	-	*41.3*
	83.2	-	**83.2**	*75.9*	-	*75.9*

Investment income relating to any accumulation class pooled investment vehicles is reflected in the net change in market value for those pooled investment vehicles as shown in Note 12.

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

The taxation charge within investment returns represents irrecoverable withholding tax arising on certain classes of investment income.

12. Reconciliation of net investments

Defined benefit section

	Value at 1 April 2021	Purchases and derivative payments	Sales proceeds and derivative receipts	Change in market value	**Value at 31 March 2022**
	£million	£million	£million	£million	**£million**
Pooled investment vehicles	608.1	40.7	(40.1)	19.5	**628.2**
Insurance policies	733.7	-	-	(49.0)	**684.7**
AVC investments	3.0	0.7	(0.4)	0.5	**3.8**
	1,344.8	41.4	(40.5)	(29.0)	**1,316.7**
Cash	42.3				**43.8**
Other investment balances	-				**(0.1)**
Total net investments	1,387.1				**1,360.4**

Defined contribution section

	Value at 1 April 2021 £million	Purchases £million	Sales proceeds £million	Change in market value £million	**Value at 31 March 2022 £million**
Pooled investment vehicles	79.3	106.0	(95.7)	9.9	**99.5**

	DC 2022 £million	*DC 2021 £million*
Allocated to members	**99.3**	*79.1*
Not allocated to members	**0.2**	*0.2*
	99.5	*79.3*

Defined contribution assets purchased by the Group are allocated to provide benefits to those individuals on whose behalf the corresponding contributions were paid. Accordingly, the assets identified as designated to members above do not form a common pool of assets available for members generally. Members receive an annual statement confirming the contributions paid on their behalf and the value of their money purchase rights.

Investment transaction costs

Transaction costs incurred during the year on the two sole investor funds held with Insight and Legal & General amounted to Nil (2021: £34,472). 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 Trustee to quantify such indirect transaction costs.

The ability to realise the Group's assets on the accounting date is determined by the underlying assets as well as the dealing frequency of the managers' funds in which the assets are invested.

12. Reconciliation of net investments (continued)

- Weekly liquidity – L&G (global equities, conventional bond funds, LDI bond funds)
- Monthly liquidity – M&G (long lease property) and Insight (buy and hold bond fund)
- Quarterly – Apollo (total return fund) is a semi-liquid credit and is a quarterly dealt open-ended investment company (subject ro an initial 2 year lock in period)
- Illiquid – Carlyle (distressed debt), J.P.Morgan (Infrastructure equity), Permira (Private Debt), Apollo (total return fund), Morgan Stanley and Partners Group (both global property) are all illiquid mandates type vehicles meaning that they are not realisable until the respective funds pay out to investors, and even then this is expected to be spread through time in a series of cash flows. There is potentially scope to realise the investment on the secondary market, however this could not be guaranteed and the value received could be below net asset value.

It should be noted that the above applies to normal market conditions and does not account for increased illiquidity in the underlying asset classes during market stress.

Pooled investment vehicles

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Equities	54.8	93.8	**148.6**	*48.8*	*73.7*	*122.5*
Bonds	187.2	1.0	**188.2**	*231.8*	*1.7*	*233.5*
Property	176.6	0.1	**176.7**	*129.7*	*0.1*	*129.8*
Diversified growth funds	-	3.8	**3.8**	*-*	*3.0*	*3.0*
Liability driven investments	209.6	-	**209.6**	*197.8*	*-*	*197.8*
Cash and other liquid assets	-	0.8	**0.8**	*-*	*0.8*	*0.8*
	628.2	99.5	**727.7**	*608.1*	*79.3*	*687.4*

At 31 March 2022 the Group held a bespoke Liability Driven Investment (LDI) portfolio. The portfolio has been included above in the DB section's pooled investment vehicles and is specifically tailored for the Group's individual requirements and there are no other investors. As at 31 March 2022 £209.6 million (2021: £197.8 million) was invested with Legal & General. The LDI breakdown is as follows:

	DB 2022 £million	*DB 2021 £million*
Bonds	**423.7**	*456.3*
Swaps – net	**1.7**	*0.9*
Repurchase agreements	**(216.0)**	*(262.7)*
Cash and other liquid assets	**0.2**	*3.3*
	209.6	*197.8*

The Group invests with Insight and is a sole investor. This is shown within the Bond pooled investment balance in the pooled investment vehicles. As at 31 March 2022 £127.8m (2021:£135.1m) was invested. The breakdown of the Insight portfolio is as follows:

12. Reconciliation of net investments (continued)

	DB 2022 £million	DB 2021 £million
Bonds	**124.5**	*128.8*
Swaps – net	**(0.4)**	*0.6*
Cash and other liquid assets	**3.7**	*5.7*
	127.8	*135.1*

Insurance Policies – annuities

The Group Trustee holds an insurance policy with Scottish Widows in relation to specified beneficiaries. This policy is an asset of the Group Trustee and not a policy assigned for the benefit of the individuals it relates to, and is included within the Statement of Net Assets Available for Benefits at £684.7m (2021: £733.7m).

The significant actuarial assumptions underlying the current valuation calculation are in line with those set out in the Report on Actuarial Liabilities on page 10 based on market conditions as at 31 March 2022.

AVC investments

The number of AVC accounts (including "frozen" accounts) as at 31 March 2022 was 141 (2021: 81). In some cases members have two or more accounts.

The aggregate amount of AVC investments are as follows:

	DB 2022 £million	DB 2021 £million
BlackRock Life Limited - unit linked equities pooled investment vehicles	**2.6**	*2.0*
BlackRock Life Limited - unit linked bonds pooled investment vehicles	**0.3**	*0.4*
BlackRock Life Limited - diversified growth fund pooled investment vehicles	**0.7**	*0.4*
BlackRock Life Limited - cash	**0.2**	*0.1*
Prudential Assurance Society – with profits	**-**	*0.1*
	3.8	*3.0*

13. Cash and other net investment balances

	DB 2022 £million	DB 2021 £million
Cash – sterling	**43.2**	*42.3*
Cash – foreign currency	**0.6**	*-*
Total cash	**43.8**	*42.3*
Other investment liabilities	**(0.1)**	*-*
	43.7	*-*

14. Investment management expenses

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Administration and management fees	0.9	0.1	**1.0**	*0.4*	*0.1*	*0.5*
Other advisory fees	0.2	-	**0.2**	*(0.3)*	-	*(0.3)*
	1.1	0.1	**1.2**	*0.1*	*0.1*	*0.2*

15. Fair value determination

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

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

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

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Group Trustee. Where the value of the pooled investment vehicle is primarily driven by 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. No such adjustments have been made to the valuations at 31 March 2022 or 31 March 2021.

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

	Level 1 £million	Level 2 £million	Level 3 £million	**2022 Total £million**
DB Section				
Investment assets				
Pooled investment vehicles	-	392.2	236.0	**628.2**
Insurance policies	-	-	684.7	**684.7**
AVC investments	-	3.8	-	**3.8**
Cash	43.8	-	-	**43.8**
Investment liabilities				
Other investment balances	(0.1)	-	-	**(0.1)**
DB Section Total	43.7	396.0	920.7	**1,360.4**

15. Fair value determination (continued)

DC Section				
Investment assets				
Pooled investment vehicles	-	99.4	0.1	**99.5**
DC Section Total	-	99.4	0.1	**99.5**
Total investments	43.7	495.4	920.8	**1,459.9**

	Level 1 £million	Level 2 £million	Level 3 £million	**2021 Total £million**
DB Section				
Investment assets				
Pooled investment vehicles	-	381.7	226.4	**608.1**
Insurance policies	-	-	733.7	**733.7**
AVC investments	-	3.0	-	**3.0**
Cash	42.3	-	-	**42.3**
DB Section Total	42.3	384.7	960.1	**1,387.1**
DC Section				
Investment assets				
Pooled investment vehicles	-	79.2	0.1	**79.3**
DC Section Total	-	79.2	0.1	**79.3**
Total investments	42.3	463.9	960.2	**1,466.4**

16. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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.

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

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

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

With regards to the Defined Benefit Section, the Group Trustee determines the investment strategy after taking advice from a professional investment adviser. Following the Group Trustee agreement to implement the investment

16. Investment risks (continued)

strategy set out previously, the Group has exposure to these risks. The Group Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Group's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the respective Group's investment managers and monitored by the Group Trustee by regular reviews of the investment portfolio.

The Group's strategy aims to ensure that there are sufficient appropriate assets to support the payment of pensioner liabilities. In line with this, the Group funded an insurance policy ("buy-in") with Scottish Widows, which intends to pay a proportion of existing pensioners in perpetuity. The policy was funded by a combination of corporate bonds, government bonds and cash.
With regards to the Defined Contribution Section, exposure to the above risks arises due to the investment options the Group Trustee make available to members for selection. The day-to-day management of the options is outsourced to underlying investment managers, including direct management of credit and market risks. The Group Trustee monitors the Group's investment options and underlying risks on a regular basis, with assistance from its investment adviser.

The risks disclosed relate to the Group's options as a whole. Members are able to choose their own investments from the range of options offered by the Group Trustee and may therefore face a different profile of risks from their individual choices compared with the Group as a whole.

Defined Benefit Section

Direct risks – Credit

The Group is directly subject to credit risk resulting from the following;

	Investment Grade £million	Non-Investment Grade £million	Unrated £million	**2022 Subtotal £million**
Pooled investment vehicles	-	-	628.2	**628.2**
Total	-	-	628.2	**628.2**

	Investment Grade £million	Non-Investment Grade £million	Unrated £million	**2021 Subtotal £million**
Pooled investment vehicles	-	-	608.1	**608.1**
Total	-	-	608.1	**608.1**

Source: investment managers, BNYM, Isio Calculations
Note: Asset valuation as at 31 March 2022 excludes the buy-in policy with Scottish Widows. Credit rating for the Pooled Investment Vehicles are based on the investment manager's credit rating and is not affected by the credit rating of any parent company.

Pooled investment vehicles

Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicles, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

16. Investment risks (continued)

The Group Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

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

	2022	2021
	£million	£million
Unit-linked insurance contracts	54.8	48.8
Authorised unit trusts	118.9	109.7
Shares of limited liability partnerships	104.8	96.7
Other[1]	349.7	352.9
Total	628.2	608.1

Source: investment managers

1. *Notes: 1 - Other structures include Irish Qualifying Investor Alternative Investment Funds with Insight and L&G (LDI) and Real Estate Secondary Funds with Morgan Stanley.*

Direct risks – Currency

There is direct currency risk within the Group's pooled vehicles, as 4 funds are held in a non-Sterling share class. Indirect currency risk may exist within pooled vehicles if underlying investments are held in non-Sterling assets; any such risk is shown in the subsequent Indirect Risks table.

There is no direct currency risk within the Group's non-pooled investments, as these only hold Sterling-denominated assets.

The Group's total net unhedged exposure by major currency at the year-end was as follows:

	2022	2021
	£million	£million
US Dollar	22.9	24.9
Euro	6.8	7.9

16. Investment risks (continued)

Indirect risks

The Group is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

2022	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	⭘	●	○	●
Bond funds	●	⭘	⭘	⭘
Property funds	⭘	⭘	●	●
Liability-driven investment funds	●	○	●	⭘
Cash funds	⭘	○	⭘	○

2021	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	⭘	●	○	●
Bond funds	●	⭘	⭘	●
Property funds	⭘	⭘	●	●
Liability-driven investment funds	●	○	●	○
Cash funds	⭘	○	⭘	○

Key to indirect risk exposures:

● Significant exposure
⭘ Some exposure
○ Negligible exposure

Defined Contribution Section

Direct risks – Credit

Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicle options available to members, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Group Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

16. Investment risks (continued)

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

	2022	**2021**
	£million	£million
Unit-linked insurance contracts	99.5	79.3

Direct risks – Currency

There is no direct currency risk associated with the Group's pooled investment vehicles as all units are held in a Sterling share class. Indirect currency risk may exist within pooled investment vehicles if underlying investments are held in non-Sterling assets; any such risk is shown in the subsequent Indirect Risks table.

Indirect risks

The Group’s members are indirectly exposed to investment risks via the underlying assets of the period investment vehicles available for selection.

2022	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	○	●	○	●
Bond funds	●	○	●	●
Diversified growth funds	●	●	●	●
Property funds	◎	○	○	●
Cash funds	◎	○	◎	○

2021	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	○	●	○	●
Bond funds	●	○	●	●
Diversified growth funds	●	●	●	●
Property funds	◎	○	○	●
Cash funds	◎	○	◎	○

Key to indirect risk exposures:

● Significant exposure
◎ Some exposure
○ Negligible exposure

The indirect risks reported in the Investment Risks section of the Financial Statements are provided to Isio by the Group’s investment manager. Indirect risks refer to the Group’s assets that are held in pooled investment vehicles. Isio then review the classification and investigate any discrepancies amongst peer groups. The indirect risk tables are then populated based on the rating which reflects the exposure across the Group’s investment portfolio.

16. Investment risks (continued)

The risks are classified on a portfolio level based on the manager's judgement of the Fund's overall exposure to the risks defined in the Investment Disclosure Report provided by Isio.

17. Employer related investments

As at 31 March 2022 there were no direct employer-related investments (2021: nil). The Group Trustee recognises that indirect investment in the Company is possible through holdings in pooled investment vehicles. It has been confirmed that there is no indirect exposure to shares in the Company at the year end (2021: nil).

18. Concentration of investments

Investments accounting for more than 5% of the net assets of the Group at 31 March 2022 or 31 March 2021 were:

	2022 £million	**2022 %**	*2021 £million*	*2021 %*
Scottish Widows Insurance Policy	**684.7**	**45.9**	*733.7*	*49.9*
L&G Client Specific Fund	**209.6**	**14.0**	*197.8*	*13.5*
Insight LDI Solutions Fixed Income	**127.9**	**8.6**	*135.1*	*9.2*
M&G Secured Property Income Fund	**118.8**	**8.0**	*109.7*	*7.5*

19. Current assets

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Contributions due in respect of:						
Employers	2.3	-	**2.3**	*2.4*	-	*2.4*
VAT recoverable	0.1	-	**0.1**	*0.2*	-	*0.2*
Investment income	29.3	-	**29.3**	-	-	-
Cash balances	2.0	0.1	**2.1**	*1.1*	*0.4*	*1.5*
	33.7	0.1	**33.8**	*3.7*	*0.4*	*4.1*

All contributions due to the Group at 31 March 2022 and 31 March 2021 relate to March 2022 and March 2021 respectively. All contributions were paid in full to the Group in accordance with the Schedule of Contributions.

The cash balances held at the year-end in respect of the DC Section in both years were not allocated to members, but were held for the general purpose of the Section.

20. Current liabilities

	DB 2022 £million	DC 2022 £million	**Total 2022 £million**	*DB 2021 £million*	*DC 2021 £million*	*Total 2021 £million*
Benefits payable	(0.2)	-	**(0.2)**	*(0.4)*	-	*(0.4)*
Administrative expenses	(0.4)	-	**(0.4)**	*(0.2)*	*(0.2)*	*(0.4)*
	(0.6)	-	**(0.6)**	*(0.6)*	*(0.2)*	*(0.8)*

21. Related party transactions

Related party transactions and balances comprise:

Key Management personnel

Contributions and contributions receivable in respect of three Trustee Directors and pensions paid in respect of four Trustee Directors. These were all in accordance with the Group Trust Deed and Rules.

There have been no discretionary contributions, pensions made on terms not normally granted to members and no trustee spouses are entitled to a pension in their own right.

In the year to 31 March 2022 fees and expenses of £51,615 (2021: £64,512) were paid to four Trustee Director's by the Employer.

Employer and other related parties

Administrative services, including four of the Trustee Director fees and expenses are provided by the Employer, without recharge to the Group.

22. Contingent liabilities and contractual commitments

In the opinion of the Group Trustee the Group had no contingent liabilities or contractual commitments entered into which are not provided for in these Financial Statements.

Currently the Carlyle Group, Partners Group and Morgan Stanley mandates are at a stage where capital are being returned back to the investors therefore no further drawdowns are expected to be made. The Group will seek to reinvest the returned capital into return-generating mandates. In the interim period the returned capital will continue to be paid into the BNYM Cash Fund.

As of 31 March 2022, the Group's cumulative unfunded amount with Permira still stood at 8.0% of its commitment (c.£8.4m). The Group committed $100m to the J.P. Morgan Infrastructure Investment Fund. The Group invested £35m into the Apollo total return fund in total in June 2021.

23. Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Independent auditors' statement about contributions to the Group Trustee of Electricity North West Group of the Electricity Supply Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions required by the Schedule of Contributions for the group year ended 31 March 2022 as reported in Electricity North West Group of the Electricity Supply Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the group actuary on 31 March 2020.

We have examined Electricity North West Group of the Electricity Supply Pension Scheme's summary of contributions for the group year ended 31 March 2022 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Group Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leed 19/08/2022

Summary of Contributions to the Group Trustee

During the year, the contributions required by the schedule of contributions for the Group year ended 31 March 2022 were as follows:

Contribution Type	Employer £millions	Employee £millions	Total £millions
Required by the Schedule of Contributions			
Normal – DB	9.1	0.2	**9.3**
Normal – DC	10.2	0.1	**10.3**
Deficit funding	19.4	-	**19.4**
Expenses	0.8	-	**0.8**
Group life	0.4	-	**0.4**
Sub-total	39.9	0.3	**40.2**
Other Contributions Payable			
Added years DB	-	0.1	**0.1**
AVC	-	1.6	**1.6**
Total (as per Fund Account)	**39.9**	**2.0**	**41.9**

Approved by and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts
....

Chris Dooley
....

NAME

Mike Roberts – Pan Trustees UK LLP
....

Chris Dooley
....

Trustee Director
Electricity North West (ESPS) Pensions Trustees Limited

Trustee Director
Electricity North West (ESPS) Pensions Trustees Limited

DATE: 19th August 2022

Introduction

This schedule of contributions is required by Section 227 of the Pensions Act 2004. It comes into effect on the date of certification of this schedule by the Group's scheme actuary and covers the five year period from that date. The Trustee of the Group is responsible for preparing a revised schedule no later than 30 June 2023.

This schedule supersedes all previous versions.

Participating Employers

This schedule covers contributions to the Group from all employers who participate in the Group from time to time.

Employer Contributions – Defined Benefit members

In respect of the Defined Benefit members of the Group, the participating employers will contribute to the Group as follows:

Type	Period	Rate/Amount
Normal, Additional (future service) and Expenses	The five year period commencing with the date of certification of this schedule by the Group's scheme actuary.	Rates as set out in Appendix A: 36.7% of Salaries or Pensionable Earnings up to 1 April 2020 and 39.8% of Salaries of Pensionable Earnings thereafter, paid monthly; Less a fixed reduction to future service contributions of £208,333 each month for the period 1 April 2020 to 31 March 2023; and £200,000 each quarter for expenses or such other amount as advised by the Actuary and agreed by the Trustee and Principal Employer. The Employer will in addition reimburse the Group in respect of PPF and other levies collected by the Pensions Regulator
Shortfall contributions to satisfy the recovery	The period commencing with the date of certification of this schedule by the Group's scheme actuary and ending on 31 March 2023	£1,525,000 each month from April 2019 to March 2020 inclusive; plus £1,575,000 each month from April 2020 to March 2021 inclusive; plus £1,616,700 each month from April 2021 to March 2022 inclusive; plus £1,666,700 each month from April 2022 to March 2023 inclusive.

The participating employers will ensure that the Trustee receives these contributions by the 19th day (or 22nd day if paid electronically) of the month following the month to which the contributions relate, with the exception of contributions for expenses which will be received on a quarterly basis by the 19th day (or 22nd day if paid electronically) of the second month after each quarter end and contributions for PPF and other levies, which will be received by the end of the month following that in which payment is requested from the Employer by the Administrator.

Deficit contributions will be split between Electricity North West Limited and other participating employers in accordance with proportions notified from time to time by Electricity North West Limited to the Group Administrator, on behalf of the Trustee, in advance of the contributions being paid. In the event that any such contributions are not paid by the other participating employers, they shall be payable by Electricity North West Limited.

The Group provisions cover other employer contributions when members leave service or retire which are not determined at periodic actuarial valuations. These and the above contributions are appended to this schedule. The participating employers will ensure that the Trustee receives these other contributions in accordance with the time limits appropriate to each contribution type as set out in Appendix A.

A participating employer may, from time to time, pay additional contributions to the Group as advised to the Trustee by the Principal Employer in writing.

Employer Contributions – Defined Contribution members

In respect of Defined Contribution members of the Section, the participating employers will contribute to the Section as follows:

Type	Period	Rate/Amount
Normal	The five year period commencing with the date of certification of this schedule by the Group's scheme actuary.	6% to 12.784% of Pensionable Earnings, depending on the employee rate chosen by the member (or otherwise specified in writing to individual members).
Administration expenses and life cover	The five year period commencing with the date of certification of this schedule by the Group's scheme actuary.	0.65% of Pensionable Earnings. The Participating Employers will also meet the annual cost of the insurance premiums which are payable in respect of standard cover for Life Assurance only members, in equal monthly payments.

The participating employers will ensure that the Trustee receives these contributions by the 19th day (or 22nd day if paid electronically) of the month following the month to which the contributions relate.

Employee Contributions

Employees who are active members of the Group will contribute to the Section as follows:

Period	Rate/Amount
The five year period commencing with the date of certification of this schedule by the Group's scheme actuary.	**ESPS members** The relevant % of Salaries (6%, 5%, 3% or nil) as required under the Group's provisions. **UUPS members** The relevant % of Pensionable Earnings (3% to 7.5%) as required under the Group's provisions. **Defined Contribution members** 3% to 7% of Pensionable Earnings, depending on the employee rate chosen by the member (or otherwise specified in writing to individual members). In addition, members will pay the life insurance cost for cover above the standard levels thereafter, paid in monthly payments.

These amounts do not include members' Additional Voluntary Contributions or other additional contributions members may choose to pay.

The participating employers will ensure that the Trustee receives the contributions payable by employees within 19 days (or 22nd day if paid electronically) of the end of the calendar month in which the contributions were deducted from the employees' salaries.

Under the Employer's salary sacrifice arrangement, certain members are not required to pay their contributions. For those members, the participating employer will pay additional contributions equal to the contribution the member would have otherwise paid. The participating employers will ensure that the Trustee receives the additional contributions within 19 days (or 22nd day if paid electronically) of the end of the calendar month to which the contributions relate. For the avoidance of doubt these additional contributions are additional to the Employer contributions summarised above and in Appendix A.

Signed on behalf of the Trustee of the Electricity North West Group of the ESPS

Signature:	*M Yates*	Name:	M Yates
Position:	Trustee Director	Date:	31 March 2020
Signature:	*M G Sugden*	Name:	M G Sugden
Position:	Trustee Director	Date:	31 March 2020

Signed on behalf of Electricity North West Limited

Signature:	*D Brocksom*	Name:	D Brocksom
Position:	Director	Date:	31 March 2020

Appendix A

Employer contribution details

Contribution	Clause/Rule	Rate/Amount
Normal	Clause 13(1)(a)	Twice members' contributions or, for members who participate in the salary sacrifice arrangement, twice members' contributions that would otherwise have been payable had the member not participated in the salary sacrifice arrangement.
Shortfall (Past Service)	Clause 13(1)(i)	£1,525,000 each month from April 2019 to March 2020 inclusive £1,575,000 each month from April 2020 to March 2021 inclusive £1,616,700 each month from April 2021 to March 2022 inclusive £1,666,700 each month from April 2022 to March 2023 inclusive
Additional (Future Service)	Clause 13(1)(g)	36.7% of Salaries or Pensionable Earnings up to 1 April 2020 and 39.8% of Salaries of Pensionable Earnings thereafter, paid monthly; Less a fixed reduction to future service contributions of £208,333 each month for the period 1 April 2020 to 31 March 2023. For the avoidance of doubt, in any month under Clause 13(1)(g) shall not be less than £0.
Early retirement	Clause 13(1)(e) (arising from Rule 16 and Rule 17)	The cost of early retirements (assessed using actuarial factors provided by the Actuary)
Supplementary pensions	Clause 13(1)(f) (arising from Rule 44)	The cost of supplementary pensions (assessed using actuarial factors provided by the Actuary)
Special terms	Clause 13(1)(f) (arising from Rule 32)	As required under the provisions of Rule 32.
Employer's matching contribution to reduction in benefits under Rule 29(1)(b)	Clause 13(1)(c)	Advance funding is being made. The Employers will meet the costs by instalments over the period to March 2023 with £166,667 each month of the shortfall contributions detailed above representing "Rule 29" costs.

Employer's matching contribution to reduction in lump sum benefits under Rule 14(3), Rule 20(5) and Part II of Appendix B	Clause 13(1)(c)	As required under the provisions of Clause 13(1)(c).
Expenses of administration (including PPF and other levies)	Clause 13(1)(h)	£200,000 each quarter commencing, or such other amount as advised by the Actuary and agreed by the Trustee and Principal Employer. The Employer will in addition reimburse the Section in respect of the PPF and other levies collected by the Pensions Regulator.
Other	Clause 13(1)(d) Clause 13(1)(f) (arising from Rule 23A) Clause 13(1)(f) (arising from Rule 32A) Clause 13(1)(ee) (arising from paragraph (1A) of Rule 14)	As required under the provisions of Clause 13(1)(d). As required under the provisions of Rule 23A. As required under the provisions of Rule 32A. As required under the provisions of paragraph (1A) of Rule 14.

The Participating Employers will ensure that the Trustee receives in such a manner (or manners) as notified to the Trustee in writing:

- Normal, Shortfall (Past Service), Additional (Future Service) and Other (except Rule 32A and Clause 13(1)(ee)) contributions by the 19th (or 22nd day if paid electronically) day of the month following the month to which the contributions relate.

- Expenses of Administration (except PPF and other levies) contributions by the 19th day (or 22nd day if paid electronically) of the second month after each quarter end.

- Otherwise by the end of the month following that in which the payment is requested from the Employer by the Administrator, or such later date as may be agreed by the Principle Employer with the Trustee.

Certification of schedule of contributions

Name of scheme: Electricity North West Group of the Electricity Supply Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2019 to be met by the end of the period specified in the recovery plan dated 31 March 2020.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2020.

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

Signature	*Chris Vaughan-Williams*	Date	31 March 2020
Name	Chris Vaughan-Williams	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	1 Redcliff Street Bristol BS1 6NP	Name of employer	Aon Hewitt Limited

Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Electricity North West Group of the Electricity Supply Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Group's technical provisions as at 31 March 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Group and set out in the statement of funding principles dated 31 March 2017.

Signature	*Chris Vaughan-Williams*	Date	31 March 2020
Name	Chris Vaughan-Williams	Name of employer	Aon Hewitt Limited
Qualification	Fellow of the Institute and Faculty of Actuaries	Address	1 Redcliff Street Bristol BS1 6NP

Annual statement regarding governance of the DC Section of the Scheme ("Statement") (for the Scheme year 1 April 2021 to 31 March 2022)

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") requires trustees of defined contribution ("DC") pension arrangements to prepare an annual statement regarding scheme governance and aim to help members achieve a good outcome from their pension savings.

This Statement is issued pursuant to Regulation 23 of the Scheme Administration Regulations by the Group Trustee and covers the Group year from 1 April 2021 to 31 March 2022. It is signed on behalf of the Group Trustee by the Chair.

This Statement covers governance and charge disclosures in relation to the following:

1. The Group's default arrangement
2. Processing of core Group financial transactions
3. Member borne charges and transaction costs relating to:
    i. Default arrangement
    ii. Self-select funds
    iii. Additional Voluntary Contributions

    Illustrations of the cumulative effect of these costs and charges are also included here.
4. Value for Members assessment
5. Group Trustee knowledge and understanding

The Group Trustee has also taken actions required to manage the Group in light of the COVID-19 pandemic and has incorporated additional commentary into this Statement to reflect that.

1. The Default Arrangement

The Group Trustee is required to design the default arrangement in members' interests and keep it under review. The Group Trustee needs to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Group's membership.

The Group is used as a Qualifying Scheme for auto-enrolment purposes.

The Group Trustee is responsible for the Group's investment governance, which includes setting and monitoring the investment strategy for the Fund's selected default arrangement, the Flexible Retirement Lifestyle Strategy (the "Default"). The Default is primarily provided for members who join the Scheme and do not choose an investment option for their contributions and are looking to take their retirement savings through income drawdown in retirement.

Details of the objectives and the Group Trustee's policies regarding the Default can be found in the Group's 'Statement of Investment Principles' (SIP) prepared in accordance with Regulation 2A (default investment strategy) of the Occupational Pension Schemes (Investment) Regulations 2005. The SIP is attached to this Statement as an appendix and a summary of its aims are set out here for ease of reference:

- The aim of the Default is to try to ensure that members' savings are invested in funds that are appropriate for them, based on the number of years until their selected retirement date
- In designing the default strategy for DC members, the Group Trustee has explicitly considered the risk and expected return characteristics of the funds used at different stages of the strategy
- Assets in the Default are invested in the best interests of members and beneficiaries, taking into account the profile of membership

- Assets in the Default are invested in a manner which aims to ensure the security, liquidity and profitability of member's portfolio as whole
- Assets are invested in regulated products and mainly on regulated markets (any that are not will be kept to prudent levels)

Default investment strategy review

Following the formal investment strategy review on 26 May 2020, the Group Trustee with agreement from Electricity North West Limited ("ENWL"), the Group's principal employer, switched the Default asset allocation in the Growth phase from Aegon BlackRock 40/60 Global Equity Index Fund to the unhedged Aegon BlackRock 30/70 Global Equity Index Fund. This was implemented in early December 2021.

Performance Monitoring

The Trustee also reviews the performance of the Default against its aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

The gross fund performance of the component funds of the Default over a 1 year and 3 year rolling period is shown below:

	Annualised performance per year (% p.a.)	
Fund name	1 year	3 years
Aegon BlackRock 30/70 Global Equity Index*	12.9	*11.0*
Benchmark	13.0	10.9
Aegon BlackRock Market Advantage	2.3	2.7
Benchmark	3.7	3.9
Aegon BlackRock Cash	0.1	0.3
Benchmark	0.0	0.2

*Performance has been chain-linked with the previous 40/60 Global Equity Index Fund.

The Group Trustee reviews that took place in the year concluded that the Default was performing broadly as expected.

The Group Trustee has undertaken more frequent monitoring of the investment strategy and member experience, in light of the COVID-19 pandemic along with the conflict with Russia and Ukraine, so it can identify any investment related issues and respond more quickly. The Group Trustee decided that no additional revisions to the investment strategy during this period were appropriate.

The Group Trustee continues to monitor the situation and will issue further communications as necessary, including planned communications in the annual benefit statements, personalised videos, and member newsletters.

2. Processing of Core Financial Transactions

The Group Trustee has a duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Group, transfers between different investments within the Group and payments to and in respect of members/beneficiaries.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Scheme administrator, Railpen.

Electricity North West Limited ("ENWL"), the Group's principal employer is responsible for ensuring that member and employer contributions are paid to the Group promptly. ENWL's payroll team follows procedures agreed with the ENWL in-house pensions team to ensure that member and employer contributions are remitted to the Group Trustee within three working days of the relevant pay date in respect of monthly paid employees. Contributions for weekly paid employees are paid monthly and these members have been offered monthly payment terms. The timing of such payments is monitored by the Group Trustee from six-monthly administration reports provided by Railpen.

In order to determine how well the administration is performing the Group Trustee has service level agreements ("SLA") in place with Railpen. The SLAs detail the key administration processes to be performed and the target timescale within which each of these processes needs to be completed. The SLAs cover all core financial transactions. Under the current SLA, Railpen aims to accurately complete all financial transactions within 3 working days, with the exception of the validation and reconciling and the investment of contributions, which must be completed within 2 working days.

The Group Trustee has also reviewed the key processes adopted by Railpen and output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- A full member and Group reconciliation being undertaken annually as part of the annual preparation of the Annual Report and Financial Statements
- Provision of quarterly administration reports – enabling the Group Trustee to check core financial transactions and review processes relative to any member complaints made
- Monthly contribution checks and daily reconciliation of the Group Trustee bank account
- Checks for all investment and banking transactions prior to processing
- All trading with the investment managers (investments, disinvestments and switches)
- Annual data reviews
- Documentation and operation in line with quality assurance policies and procedures
- Operation in line with the business continuity plan and confirmation that the administrator has prioritised core financial transactions during this period.

In addition, the ENWL in-house pensions team meets with Railpen on an annual basis to discuss the administration of the DC Section of the Group. These meetings provide an opportunity to discuss any issues that might arise.

The Group Trustee is satisfied that over the Group year covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately.

3. Member Borne Charges and Transaction costs

The Group Trustee is required under Regulation 25(1)(a) of the Administration Regulations to calculate certain charges and transaction costs over the period covered by this statement. The Group Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

4. **Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;**

5. **Transaction costs: these are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.**

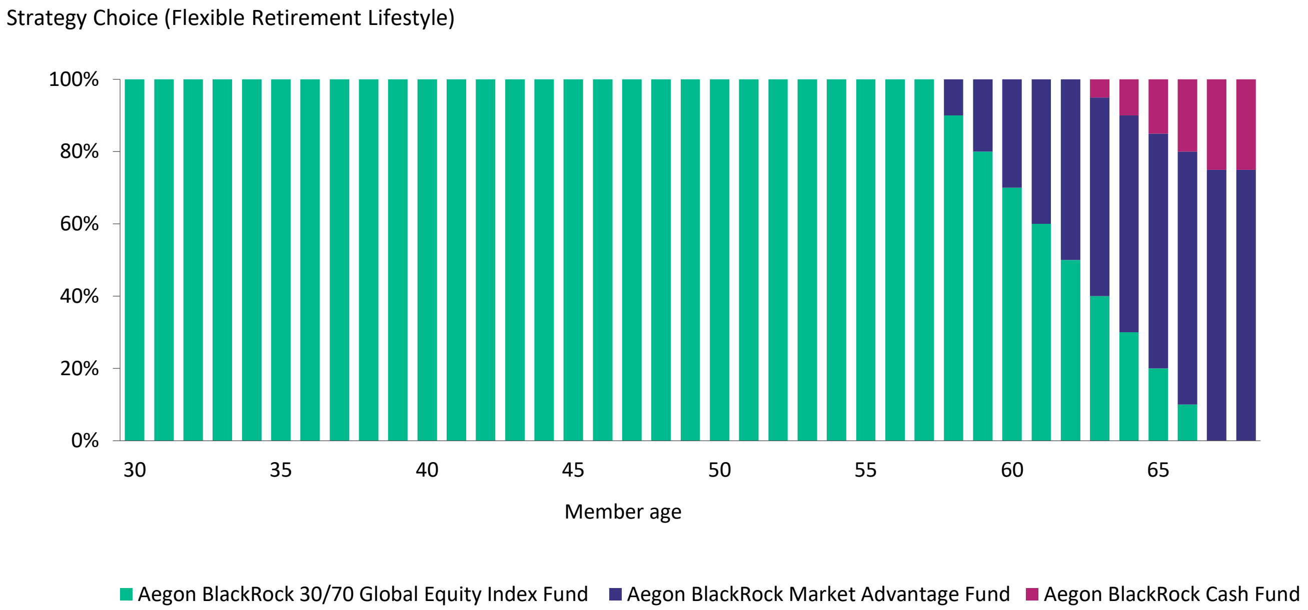
The Group Trustee is also required to confirm that the charges on the Default have not exceeded 0.75% pa (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Group Trustee has set out the costs and charges that are incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the AMC/TER and insofar as we are able to, transaction costs.

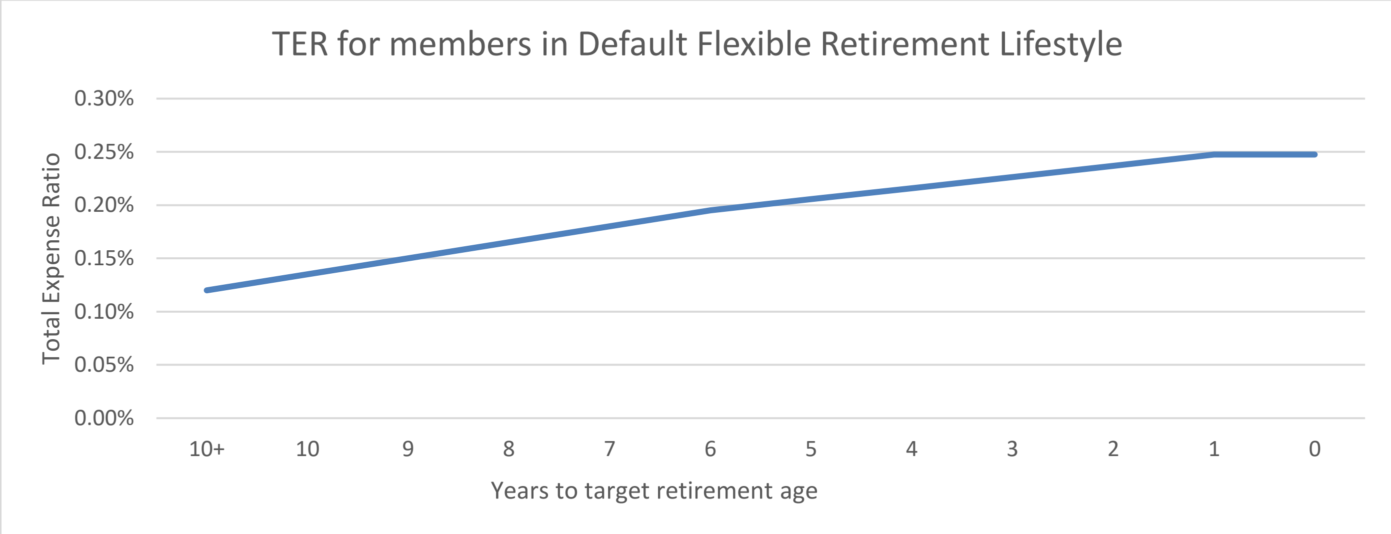
The charges and transaction costs have been supplied by Aegon, the Group's investment platform provider.

(i) The Default – Flexible Retirement Lifestyle

The Flexible Retirement Lifestyle has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment funds as they approach their Target Retirement Date. This is illustrated in the bar chart below.



The TER that a member paid over the year depends on their term to retirement, as shown in the line chart below. The TER ranges from 0.12% p.a. to 0.25% p.a. which is within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees.



Lifestyle	TER % p.a.	Transaction costs % p.a.					Total costs % p.a.
		2021/22	2020/21	2019/20	2018/19	4-year average	
Flexible Retirement	0.12 – 0.25	-0.163 – 0.337	0.026 – 0.137	0.036 – 0.106	0.042 – 0.116	0.020 – 0.187	0.140 – 0.437

(ii) Self-select investment funds

In addition to the Default, members also have the option to invest in a further lifestyle arrangement targeting annuity at retirement, and 13 individual funds.

The TERs and transaction costs for each of these are shown in the following tables:

Lifestyle	TER % p.a.	Transaction costs % p.a.					Total costs % p.a.
		2021/22	2020/21	2019/20	2018/19	4-year average	
Annuity Target	0.12 – 0.20	-0.163 - 0.222	0.020 - 0.102	0.022 – 0.036	0.007 – 0.042	0.020- 0.132	0.140- 0.332

Individual funds	TER % p.a.	Transaction costs % p.a.					Total costs % p.a.
		2021/22	2020/21	2019/20	2018/19	4-year average	
Aegon BlackRock 30/70 Global Equity Index	0.12	-0.1632	0.0000	0.0361	0.0420	0.0195	0.1395
Aegon BlackRock All Stocks UK Gilt Index	0.10	0.0504	-0.007	0.0691	0.1210	0.0601	0.1601

Aegon BlackRock Corporate Bond All Stocks Index	0.11	0.0333	0.0512	0.0425	0.0170	0.0360	0.1460
Aegon BlackRock Pre-Retirement	0.15	0.0851	0.0358	0.0261	0.0030	0.0375	0.1875
Aegon BlackRock Cash	0.18	0.0157	0.0144	0.0114	0.0170	0.0146	0.1946
Aegon BlackRock Emerging Markets Equity Index	0.30	-0.0338	0.0000	-0.0602	-0.0750	0.0000	0.3000
Aegon LGIM Ethical Global Equity	0.41	0.0000	0.0000	0.0042	0.0090	0.0033	0.4133
Aegon BlackRock Market Advantage	0.27	0.4441	0.2454	0.1375	0.1490	0.2440	0.5140
Aegon HSBC Islamic Global Equity Index	0.50	0.0164	0.0196	0.0409	0.0330	0.0275	0.5275
Aegon BNY Mellon Global Equity	0.65	0.0930	0.0000	0.0621	0.0790	0.0585	0.7085
Aegon BlackRock Property	0.96	0.1066	0.1127	-0.0636	-0.0640	0.0548	1.0148
Aegon BlackRock World Multifactor ESG Equity Tracker	0.31	-0.0286	-	-	-	0.0000	0.3100

In the 4 year average column we have assumed zero t-cost for any year where the t-cost was negative.

(iii) Additional Voluntary Contributions

The Group also has some legacy AVC investments held with Utmost Life and Pensions (formally Equitable Life) and Prudential (With Profits Fund). These funds are closed to new contributions.

The annual management and additional expense charges on the Utmost Life Funds are 0.5% - 0.75% p.a. The charges on the Prudential With Profits Fund are not explicit and are accounted for in the bonus declared on the With Profits

Fund. Prudential estimates the charge on the With Profits Fund is 0.8% p.a. assuming underlying investment returns are 5% p.a.

(iv) Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to providing members with additional information about investment charges and the level of core financial costs by the trustee and managers of a relevant scheme. This was intended to improve transparency on costs and the information must be set out as example member illustrations.

In order to comply with this requirement, and to help members to understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations of their cumulative effect on the value of typical Scheme members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions, which are set out in the Notes section below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the personalised illustrations which are provided to members in their annual benefit statements.

Key points to note relating to the illustrations

The tables below illustrate the potential impact that costs and charges might have on different investment options provided by the DC Section of the Scheme. Not all investment options are shown - the Trustee has chosen illustrations which it believes will provide an appropriate representative sample of the different investment choices that members can make.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and buying and selling the stocks and shares which drive the funds' performance incurs costs. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

1. The Default
2. The fund with the highest charges of all funds available (Aegon BlackRock Property Fund)
3. The fund with the lowest charges and lowest expected return of all funds available (Aegon BlackRock All Stocks UK Index Linked Gilt Fund)
4. The fund with the highest expected return of all funds available (Aegon BNY Mellon Global Equity)

The tables illustrate how the pension pot of members currently aged 17 and 36 will increase over time, with and without charges. Please see the Notes below for more details.

Member projections – the Default

Active member – ongoing contributions assumed to be invested in the Default				
	17 year old, with a starting pot of £3,600, paying annual contributions of £2,700		**36 year old, with a starting pot of £25,300, paying annual contributions of £6,200**	
Years from 31/3/22	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	6,507	6,500	32,691	32,652
3	12,693	12,659	48,419	48,263
5	19,410	19,329	65,495	65,169
10	38,831	38,521	114,870	113,816
15	62,688	61,939	175,522	173,176
20	91,993	90,514	250,028	245,606
25	127,992	125,381	339,246	331,029
30	172,213	167,925	431,911	415,503
32	192,610	187,460	464,437	443,630
35	226,533	219,838	-	-
40	293,260	283,181	-	-
45	370,973	355,111	-	-
50	444,718	418,843	-	-
51	456,897	428,648	-	-

Individual fund projections – the funds with the lowest and highest charges and the lowest and highest expected returns

17 year old active member						
Years from 31/3/22	Aegon BlackRock Property Fund (highest charges)		Aegon BlackRock All Stocks UK Index Linked Gilt Fund (lowest charges and lowest expected return)		Aegon BNY Mellon Global Equity (highest expected return)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	6,448	6,398	6,216	6,210	6,527	6,492
3	12,404	12,162	11,315	11,288	12,791	12,618
5	18,721	18,157	16,242	16,183	19,645	19,231
10	36,251	34,218	27,845	27,662	39,735	38,149
15	56,573	51,937	38,494	38,134	64,892	61,046
20	80,132	71,487	48,269	47,687	96,392	88,759
25	107,443	93,056	57,241	56,402	135,835	122,300
30	139,104	116,852	65,475	64,352	185,223	162,895
35	175,808	143,105	73,033	71,605	247,065	212,029
40	218,358	172,070	79,970	78,222	324,502	271,496
45	267,685	204,027	86,337	84,258	421,464	343,470

50	300,976	224,764	89,904	87,623	491,013	393,731
51	337,354	246,761	93,291	90,807	570,609	450,090

36 year old active member						
Years from 31/3/22	Aegon BlackRock Property Fund (highest charges)		Aegon BlackRock All Stocks UK Index Linked Gilt Fund (lowest charges and lowest expected return)		Aegon BNY Mellon Global Equity (highest expected return)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	32,351	32,063	31,017	30,983	32,805	32,604
3	47,095	45,996	42,161	42,041	48,866	48,076
5	62,736	60,487	52,929	52,699	66,439	64,775
10	106,135	99,308	78,289	77,695	117,951	112,553
15	156,447	142,139	101,565	100,498	182,452	170,379
20	214,771	189,392	122,928	121,301	263,217	240,367
25	282,386	241,527	142,537	140,278	364,348	325,075
30	360,769	299,045	160,534	157,591	490,980	427,598
32	395,513	323,683	167,312	164,083	550,163	474,411

Notes, assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

1. Annual salary growth and inflation is assumed to be 2.5% p.a.

2. The projected growth rates for each fund used in the projections are shown in the table below. These are consistent with the rates used in the Statutory Money Purchase Illustration ("SMPI") Assumptions when preparing the annual benefit statements.

Fund	Return assumption above inflation (% pa)
Aegon BlackRock 30/70 Global Equity Fund	4.20
Aegon BlackRock Aquila Life Market Advantage Fund	3.00
Aegon BlackRock Cash Fund	-0.50
Aegon BlackRock Property Fund	3.00
Aegon BNY Mellon Global Equity	4.60
Aegon BlackRock All Stocks UK Index Linked Gilt Fund	-1.70

3. The projected annual growth rates in relation to inflation for the Default at various periods to retirement are shown below. These are consistent with the rates used in the SMPI assumptions when preparing the annual benefit statements:
    - 4.20% for periods up to 11 years to retirement
    - 3.96% when a member is 9 years from retirement
    - 3.31% when a member is 5 years from retirement
    - 2.13% when a member is at their retirement age

   The projection takes into account the changing proportion invested in the different underlying funds in the Default.

4. The transaction costs have been averaged over a 4 year period in line with statutory guidance to reduce the level of volatility (noting that costs for earlier years have not been provided by Aegon), and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.

5. The starting fund values and future contributions used in the projections are representative of the average for the DC Section of the Scheme. The starting pot size for the 17 year old member is assumed to be £3,600, which is the expected pot for a member aged 17. For the member aged 36, we have used the median sized pot which is currently £25,300.

6. For the 17 year old member, the illustrations assume ongoing contributions of £2,700 each year, which is based on an average annual salary of £13,700 and total contributions of 19.8% p.a.

7. For the 36 year old member, the illustrations assume ongoing contributions of £6,200 each year, which is based on an average annual salary of £31,500 and total contributions of 19.8% p.a.

8. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

9. Values shown are estimates and are not guaranteed.

10. Transaction costs have been estimated based on the data available from Aegon and the underlying fund managers.

11. Retirement age is assumed to be 68 for both members.

12. Data used is as at 31 March 2022.

Net Performance

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) Amendment) Regulations 2021 introduces new requirements for trustees of DC pension schemes. From 1 October 2021, the Trustee is required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

Below are the annualised net investment returns to 31 March 2022 for all funds where lifestyling takes place.

Default lifestyle

Time period	1 year (%) 31/03/2021-31/03/2022	5 years (% p.a) 31/03/2017-31/03/2022
Age of member at beginning of period (years)		
25	n/a	n/a
45	n/a	n/a
55	n/a	n/a

Annuity Lifestyle

Time period	1 year (%) 31/03/2021-31/03/2022	5 years (% p.a) 31/03/2017-31/03/2022
Age of member at beginning of period (years)		
25	n/a	n/a
45	n/a	n/a
55	n/a	n/a

Self-select

Fund name	1 year (%) 31/03/2021-31/03/2022	5 years (% p.a) 31/03/2017-31/03/2022
Aegon BlackRock 30/70 Global Equity Index	n/a	n/a
Aegon BlackRock All Stocks UK Index Linked Gilt Index	4.79	3.00
Aegon BlackRock All Stocks UK Gilt Index	-5.16	0.47
Aegon BlackRock Corporate Bond All Stocks Index	-5.30	1.64
Aegon BlackRock Pre-Retirement	-5.62	1.29
Aegon BlackRock Cash	-0.03	0.27
Aegon BlackRock Emerging Markets Equity Index	-7.79	4.45
Aegon LGIM Ethical Global Equity	16.64	11.83
Aegon BlackRock Market Advantage	2.06	3.11
Aegon HSBC Islamic Global Equity Index	19.4	15.78
Aegon BNY Mellon Global Equity	9.95	10.58
Aegon BlackRock Property	21.31	6.50
Aegon BlackRock World Multifactor ESG Equity Tracker	14.08	n/a

Source: Aegon, Isio calculations

Notes:

- Returns calculated as the annual geometric average
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath
- We have shown all the information provided by Aegon, where data is missing we have shown "n/a".

4. Value for Members assessment

Regulation 25(1)(b) of the Administration Regulations requires the Group Trustee to assess charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

There is no legal definition of "good value" or the process of determining this for scheme members. Therefore, working in conjunction with their advisers, Aon and Isio, the Group Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether members receive good value from the Scheme relative to the costs and charges they pay.

The costs have been identified as the TER and transaction costs and are set out in section 3 of this Statement. The Group Trustee has considered the benefits of membership under the following five categories: Group governance, investments, administration and member experience, member communications and retirement support. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken and the total Group charges are well below the median average charge for similar sized DC pension arrangements.

The Group Trustee's beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

Scheme governance

The Group Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members interests are protected, increasing the likelihood of good outcomes for members

- In addition to the main Group Trustee board, there are four sub-committees responsible for oversight of the Group: DC sub-committee, investment sub-committee, administration sub-committee and audit and governance sub-committee. The sub-committees meet separately at least bi-annually and report back to the main board at quarterly trustee meetings.
- The audit and governance sub-committee is responsible for ensuring the Group is governed effectively and in line with relevant regulations. This includes an annual review of the governance and operational processes.
- The Group has a detailed risk register in place which is used to identify, quantify and mitigate potential risks relating to the Group, including specifically in relation to the DC section.

Investments

The Group Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes

- The Group offers two lifestyle strategies and a variety of freestyle funds covering a range of member risk profiles and asset classes. The investment funds available have been designed, following advice from the Group Trustee's investment adviser, with the specific needs of members in mind.

Administration

The Group Trustee believes that good administration and record keeping play a crucial role in ensuring that scheme members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.

- The Group Trustee obtains information to assess the member experience through quarterly administration reports from Railpen and member discussion groups.

- The DC sub-committee regularly reviews the performance of the administrator by reviewing the administration reports and gaining feedback from ENWL's in-house pensions team. The ENWL in-house pensions team meets with Railpen annually to review performance and discuss any appropriate action.
- As a result of COVID-19, the Group Trustee regularly communicated with Railpen to ensure that the essential processes continued to be undertaken, including processing core financial transactions such as investing member contributions and processing retirement requests.

Member communications

The Group Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.

- The Group Trustee has a communication strategy in place, works with communication experts and makes use of a variety of communication media, including access to online tools to support retirement planning and other materials that are posted on the member website: www.enwlpensions.co.uk
- The Group Trustee sends personalised pension videos to active members on an annual basis to show them the current value of their pension pot, an estimate of the value of their pension at normal retirement age, how much the Company contributes towards their pension and how they could improve their retirement outcome by increasing their contribution.

Retirement support

The Group Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

- The Group offers support to members through an agreement with an external provider, Hargreaves Lansdown. This support is reviewed regularly, at least on an annual basis to ensure it remains appropriate.

Taking all the above into account, the Group Trustee's assessment concluded that the charges and transaction costs borne by Scheme members represents good value for members relative to the benefits of Group membership.

In connection with the Group's AVC arrangements with Utmost Life and Pensions (previously Equitable Life) and Prudential, the Group Trustee has concluded that the costs and charges represent good value relative to similar arrangements. A more detailed review of these arrangements is due to take place to determine whether members could receive better value through the main DC Section.

5. Group Trustee Knowledge and Understanding ("TKU")

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Group Trustee directors to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Group as a whole and not solely the DC Section.

The Group Trustee directors have processes and procedure in place to meet the Pension Regulator's TKU requirements (as set out in their Code of Practice No 7), some of which are identified below:

- A structured training programme for newly appointed Group Trustee directors including completion of the Pension Regulator's Trustees toolkit, an online learning programme. New Trustee directors also receive structured on-boarding training sessions when they join the Trustee board; the sessions include pensions law and investment.

- Assessing training needs and identifying gaps in knowledge through annual assessments. The Group Trustee's 2021 TKU self-assessment identified that confidence remained low in understanding how to find information in the Group's documents, particularly the Group rules, and the Group Trustees legal advisers provided training sessions November 2021. Individual training has also been offered to any Group Trustee who feels this would benefit them.

- Undergoing regular training on key topics. For the Group year covered by this Statement, this included training on Environmental, Social and Governance investing, relevant legal hot topics, investment strategy, corporate responsibility framework, the Scheme's governing documentation, pensions tax legislation, insurance buy-in and buyout products, actuarial valuations.

- Each Group Trustee director must maintain a training log supporting the above, which is submitted to the ENWL in-house pensions team on a six-monthly basis.

- Group Trustee directors attended a range of conferences and seminars (mainly online/virtual events) which covered topics such as training from fund managers on pension investments, crisis resilience planning for pension schemes; 21st Century Trusteeship, member support at retirement and received additional training from advisers through main board meeting and sub-committee meetings – 15 meetings in total held during the Group year covered by this Statement.

- The Group Trustee has engaged with its professional advisers regularly throughout the year to ensure that it exercises its functions properly and takes professional advice where needed. In exercising its functions this has required knowledge of key Scheme documents such as the Trust Deed & Rules, Annual Report and Financial Statements and SIP. A few of the areas that support this statement are set out below:

    - Updates to the SIP for the latest regulatory requirements and production of an Implementation Statement
    - Signing of the Annual Report and Financial Statements
    - The law relating to pensions and trusts through updating the risk register
    - Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience
    - Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Group aim and objectives, as set out in the SIP
    - Maintaining a regime for proper governance - reviewing and updating the Group Trustee governance framework for the DC Section

The Group Trustee continued to monitor the impact of the COVID-19 pandemic on the Group Trustee board and whether measures put in place the previous two years to ensure that the board could continue to perform effectively during this time remained fit for purpose. The Group Trustee board has been pleased to see a number of restrictions being lifted over the year and a return to face-to-face meetings.

With regards to the conflict between Russia and Ukraine, the Group Trustee board has investigated the Scheme's direct exposure to the conflict. The Scheme does not hold any direct investments in either Russia or Ukraine, nor are any pensioners located in either country. The only investment manager holding Russian assets is Apollo with 0.25% stake in Gazprom and our investment advisors, Isio, have stated that this asset is currently illiquid, and Apollo will need to investigate what they do with the asset.

The Group Trustee board is made up of 8 Trustee directors, including a professional trustee, with varying skill sets. The Chair of the Group Trustee previously worked for the sponsoring employer as a senior member of the finance team and other trustee directors have varying backgrounds including investment and administration. The Group Trustee believes there is a good level of diversity in terms of skills and decision making.

The Group Trustee board aims to carry out ongoing evaluation which includes, amongst other things, the design, systems, security, administration, risk management, advisers and governance of the DC Section, along with the composition and effectiveness of the board.

During the Group year, the Group Trustee Board undertook a Trustee Effectiveness Workshop to actively assess the work undertaken. After careful consideration, the Trustees have reviewed the agenda process for each meeting along with the composition of advisors supporting documents. It is believed that these changes will allow the Trustees to review the information provided by the Scheme's advisors more efficiently and effectively. The Trustees have also reviewed the composition of the underlying sub-committees and these changes will be made with effect from the commencement of the new Group year.

The Group Trustee considers that it meets the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) and are confident that its combined knowledge and understanding, together with the support of its professional advisers, enables it to properly exercise its functions as the Group Trustee of the Group.

Signed on behalf of the Trustee of the DC Section of the Electricity North West Group of the Electricity Supply Pension Scheme by the Trustee Chair

Name	Malcolm G Sugden
Signature	*Malcolm G Sugden*
Date	19th August 2022

Electricity North West Group of the Electricity Supply Pension Scheme

May 2022 - Statement of Investment Principles

1. Purpose of this Statement

The Trustee of the Electricity North West Group of the Electricity Supply Pension Scheme ("the Group"), has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act") and subsequent legislation. This statement sets out the principles governing the Trustee's decisions to invest the assets of the Group.

The Group's investment strategy is derived from the Trustee investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

A separate document ("Summary of Investment Arrangements") detailing the specifics of the Group's investment arrangements is available upon request.

2. Governance

The Trustee of the Group makes all major strategic decisions including, but not limited to, the Group's asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustee take written advice. The Trustee's investment advisers, Isio Group Limited, are qualified by their ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers' remuneration will be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Group.

In preparing this Statement the Trustee has consulted the Sponsoring Company, Electricity North West Limited ("the Company"), to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Group's investment arrangements. The Trustee has also taken the Myner's Principles into account before making decisions about the Group's investment arrangements.

The Trustee has also established a Joint Working Group ("the JWG") with the Company. The JWG's responsibilities include formulating and monitoring an approach to reduce risk depending on both improvements to the funding level over time and also the Group's membership profile, aiming to achieve a long-term funding target.

3. Investment Objectives

The Trustee invests the assets of the Group with the aim of ensuring that all members' current and future benefits can be paid.

3.1 Defined Benefit Section

The Group's ongoing (technical provisions) position is evaluated regularly through the formal triennial valuation process and annual funding updates. The immediate objective is for the Group to be fully funded on a technical provisions basis. It is on this basis that the Group's Schedule of Contributions is agreed.

The agreed long-term objective is for the Group to aim to be fully funded on a "long term funding target" basis defined as gilts + 0.5%. The aim on this basis is for the Group to have sufficient assets to maintain a low-risk investment strategy and still be able to pay out pensioner cash flows as they become due. Once achieved, the Group should have a relatively low reliance on the Company for ongoing financial support.

3.2 Defined Contribution Section

The Trustee aims to offer a suitably wide choice of funds and lifestyle options from which members of the Group may select one or more in which to invest their contributions. The Trustee also offers a default investment option which is expected to be broadly appropriate for the circumstances of the majority of members.

4. Investment Strategy - Defined Benefit Section

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme's investment strategy. Given that the bulk annuity transaction is fixed to cover a set amount of liabilities, the Trustee will consider the benchmark allocation for the residual assets only but will incorporate the bulk annuity when considering cashflow, interest rate and inflation hedging decisions.

The Group's investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Group's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Group, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes.

The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The table overleaf shows the Group's target investment strategy that aims to provide returns consistent with the long-term funding target objective outlined in section 3.1 and to achieve this with the lowest possible volatility. Excluding the bulk annuity transaction, the strategy aims to hedge c.90% of interest rate and c.80% if inflation risk, which is primarily obtained through the LDI mandate. The buy and hold bonds and long lease property mandates also provide some liability hedging characteristics to supplement this.

Asset Class	Benchmark Allocation (excl. bulk annuity[1]) (%)
Distressed Debt[2]	0
Global Property[2]	0
Asset Backed Securities[3]	0
Semi-Liquid Credit	5
Absolute Return Bonds[4]	5
Global Equities	7
Infrastructure Equity[5]	10
Direct Lending	13
Long Lease Property	15
LDI	25
Buy and Hold Bonds	20
Total	100

[1]The benchmark above excludes the bulk annuity Policy with Scottish Widows due to an inability to rebalance these holdings to a target weight.

[2]These asset classes are current holdings and will continue to distribute the remaining capital within the Fund, however, they are not expected to remain as long-term holdings in the strategy and as such, are expected to roll out of the portfolio over time.

[3] *This mandate is not expected to be a long-term holding and therefore does not have a fixed benchmark allocation. This mandate is instead being used as a short-term deployment of cash ahead of drawdowns from other mandates.*

[4] *The Group's Absolute Return Bond mandate is held alongside the Group's LDI mandate to provide the first tier of collateral to meet any leverage rebalancing calls. This mandate's allocation is therefore expected to deviate with yield movements.*

[5] *This mandate will be drawn down over time and capital will be sourced from the Group's liquid holdings such as excess cash and the Group's Asset Backed Securities mandate.*

The continuing appropriateness of the current and target strategy in terms of investment risk and the Trustee's objectives will be considered on an ongoing basis and at least every three years in conjunction with the tri-annual actuarial valuation.

5. Investment Strategy - Defined Contribution Section

The Group Trustee offers a range of investment funds to allow members, if they wish, to choose funds that will suit their particular circumstances and risk tolerances. The benefit which members receive at retirement is dependent upon the accumulated value of their investments and the cost of purchasing an appropriate annuity, should they choose to purchase one. The risks and rewards of investment are therefore borne by the Group members.

For members who do not make an investment choice, and also for those who specifically choose, the Group Trustee invests their assets in the default lifestyle option, as detailed in the accompanying IID. The Group Trustee also offers an alternative lifestyle option, offering members a lifestyle that targets annuity purchase for members who wish to do so at retirement.

6. Investment Management Arrangements

The Trustee has appointed several investment managers to manage the assets of the Scheme as listed in the Investment Implementation Document ("IID")/SIP. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Group's investments and that they are carrying out their work competently. The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The Trustee regularly reviews the continuing suitability of the Group's investments, including the appointed managers and the balance between active and passive management, which may be adjusted from time to time. However, any such adjustments would be done taking into account the risk measures detailed in Appendix A.

Each of the appointed managers has a specific performance objective (to be achieved within acceptable risk tolerances). Performance of the managers is monitored in detail by the Trustee on a quarterly basis and the managers meet the Trustee to report on their performance at least once every three years.

Details of the appointed managers can be found in a separate document produced by the Trustee, the IID as referenced earlier, which is available to members upon request.

In the event of a change in investment manager(s), the Trustee will seek appropriate advice to facilitate the required asset transfer.

The Trustee has appointed a custodian to operate alongside the investment managers in place. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

7. Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Group's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee/ISC meeting. • The Group's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.	• There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. • Underperformance vs. the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	• The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustee's receive information from their investment advisers on the investment managers' approaches to engagement.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustee's policies in this area.

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

8. Additional Assets

Under the terms of the trust deed the Trustee is responsible for the Defined Contribution Section of the Group including the investment of Additional Voluntary Contributions ("AVCs") paid by members. The Trustee reviews the investment performance of the chosen providers on a regular basis and takes advice as to the providers' continued suitability.

9. Employer-related investments.

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Groups (Investment) Regulations 2005 except where the Group invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Group's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

10. Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from their investment advisers.

No direct investment in the following entities is permitted, nor any direct investments in the transferrable securities issued by those entities (ENW Finance plc, ENW Capital Finance plc, NWEN plc, NWEN Finance plc and infrastructure funds managed by any of Equitix, Kansai Electric Power Co. Inc., Mitsubishi UFJ Lease & Finance Co. Limited, Daiwa Energy & Infrastructure Co. Limited and CNIC).

It is recognised that an index tracking manager may invest in these stocks indirectly to the size of these stocks within the index and that the Trustee is unable to influence the size of the investment.

Similarly, it is recognised that the Group's other managers may invest in these prohibited stocks where the Group is investing in a pooled fund.

11. Additional Control Framework

The Trustee has adopted the following framework in structuring the Group's investments taking into account the risk measures detailed in Appendix A:

- Derivatives may only be used with the prior consent of the Trustee, except as otherwise specified in the separate document detailing the specifics of the Group's investment arrangements.
- No investment in securities without a readily realisable value without the prior consent of the Trustee.
- Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure) the Trustee will ensure that the assets of the Group are predominantly invested on regulated markets.
- Direct borrowing is not permitted except as to cover short term liquidity requirements.

12. Socially Responsible Investment and Corporate Governance

The Group is a large institutional investor, investing on behalf of its members as beneficiaries. As part of its fiduciary duty, the Trustee recognises the need for the Group to be a long-term responsible stakeholder.

The Group's group ESG beliefs have been agreed and are set out in a separate document: Environmental, Social and Governance Policy.

13. Compliance

The Trustee monitors compliance with this Statement annually and obtains written confirmation from the investment managers that they have given effect to the investment principles in this Statement so far as reasonably practicable and that in exercising any discretion the investment managers have done so in accordance with Section 4 of The Occupational Pension Groups (Investment) Regulations 2005.

14. Review of this Statement

The Trustee will review this Statement annually and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments. In addition, the Trustee will obtain written confirmation from the investment managers that they have complied with its requirements.

Signed on behalf of Electricity North West (ESPS) Pensions Trustees Limited, as Trustee of the Electricity North West Group of the Electricity Supply Pension Scheme

Signed: *M Sugden*

Name: Mr M Sugden, Chairman

Date: 13 May 2022

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated with this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Group's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Group's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets. •
Funding	The extent to which there are insufficient Group assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Group.	• When developing the Group's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Group is exposed to is at an appropriate level for the covenant to support.

The Group is exposed to a number of underlying risks relating to the Group's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Group assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.90% of the interest rate and c.80% of the inflation risks inherent in the Group's liabilities (excluding the bulk annuity transaction).
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values). Collateral for LDI purposes will be sourced by LGIM using cash within the segregated mandate in place.

Risk	Definition	Policy
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Group for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Group's investments.	• The Trustee has implemented its own ESG Policy which it uses in the selection and monitoring of its investment managers. • ESG is taken into account as part of Isio's standard due diligence and ongoing research and as such is a consideration in the selection and retention of the Group's investment managers.
Currency	The potential for adverse currency movements to have an impact on the Group's investments.	• Hedge currency risk to an appropriate level as determined by the Trustee with advice from their investment advisor. • The Trustee aim to invest in GBP share classes where possible to eliminate direct currency risk in underlying holdings, except where active currency positions are held.
Non-financial	Any factor that is not expected to have a financial impact on the Group's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustee has the following policies in relation to the investment management arrangements for the Group:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• Where the Group is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. • Where the Trustee has a bespoke or segregated arrangement with the investment managers, thereby allowing the investment managers to align their strategy with the Trustee's policies. This is reviewed on an ongoing basis. • The Group's mandates for Global Real Estate Secondaries, Distressed Debt and Direct Lending are subject to a performance related fee.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustee's monitor the investment managers' engagement and voting activity regularly as part of their ESG monitoring process.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews the performance of all of the Group's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective. • Investment manager fees are monitored on an on-going basis to make sure the correct amounts have been charged.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.

The duration of the Group's arrangements with the investment managers.	• The duration of the arrangements is considered in the context of the type of fund the Group invests in. • For closed ended funds or funds with a lock in period, the Trustee ensures the timeframe of the investment or lock-in is in line with the Trustee's objectives and Group's liquidity requirements. • For open ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue

Background and Implementation Statement

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and pension groups need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that pension groups detail their policies in their statement of investment principles ("SIP") and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Group updated its SIP in 2021 in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments
- an explanation of how the default strategy is in the best interest of members

The SIP and the Group's ESG policy can be found online at the web address www.enwlpensions.co.uk/about-the-scheme/scheme-documents.

Implementation Report

This implementation report provides evidence that the Group continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Group has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with Group's investment managers on managing ESG risks
- the extent to which the Group has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2022 for and on behalf of the Group including the most significant votes cast by the Group or on its behalf
- the policies in place to ensure the default strategy remains in the best interest of its members

Summary of key actions undertaken over the Group reporting year (DB)

Over the reporting period the Group completed its £35m commitment to a new semi-liquid credit mandate with Apollo, and also committed $100m to an infrastructure equity mandate with J.P. Morgan. The latter was awaiting drawdowns as at 31 March 2022.

Following the agreement of the Group's updated ESG Policy, the Trustee considered possible ways in which the Group's ESG policy could be incorporated into current investment policy. Subsequently, the Trustee decided to switch the Group's current passive equity holdings to the ESG Paris Aligned World Equity Fund at Legal and General Investment Management. The transition of the assets is due to be completed over Q2 2022.

The Trustee considered the benefits of investing its cash holdings and excess collateral within the liability driven investment ("LDI") mandate into a low-risk, high quality, liquid credit investment. Over Q1 2022, the Trustee agreed to the following asset class and investment manager appointments, which are due to be finalised in Q2 2022. The proposed investment amounts are based on modelling provided by LGIM regarding collateral efficiency and are subject to change based on market conditions.

- Investing £40m in an absolute return bonds mandate to be managed by Legal and General Investment Management
- Investing c.£65m in an asset backed securities mandate to be managed by Insight Investment.

Over Q2 2022, the Trustee agreed to re-allocate to direct lending to rebalance towards the strategic benchmark. The Trustee agreed to commit £125m in a new vintage of the Group's current direct lending manager, Permira.

The Group's SIP is being updated for the above decisions and will reflected in a revised version of the Group's SIP.

Summary of key actions undertaken over the Group reporting year (DC)

Over the reporting period the Group completed its asset transition, replacing the Aegon BlackRock 40/60 Global Equity Index with the Aegon BlackRock 30/70 Global Equity Index, in order to further reduce the home bias in the global equity fund. This change was implemented in the default strategy, alternative lifestyle strategy as well as the self-select fund range.

Implementation Statement

This report demonstrates that Electricity North West Group of the ESPS has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed *Malcolm Sugden*

Position Trustee Chair

Date 19^{th} August 2022

Managing risks and policy actions (DB & DC)

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Group assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.90% of interest rate and c.80% of inflation risks inherent in the Group's liabilities (excluding the insurance policy). The DC Section offers funds which are expected to outperform inflation, including the default.	The Group reviewed the level of hedging provided by the LDI mandate over Q3 2021 to reflect updated liability data and to account for market movements over the period. No changes were made to the LDI mandate post the review as the overall level of hedging remained broadly in line with targets.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values). Collateral for LDI purposes will initially be sourced by LGIM using cash within the segregated mandate in place, with other liquid bond holdings available if this is exhausted. Liquidity considerations are taken into account at the overall portfolio level when making strategic decisions The funds offered through the DC Section invest predominantly in assets which are readily redeemable in normal circumstances at reasonable prices.	The investment strategy and insurance policy distributes regular income to assist in paying benefits as they fall due. This Fund will be used as the first source of capital for the incumbent LDI mandate should monies be required in the event of leverage rebalancing reducing the value of the cash collateral within the LGIM account. The Group reviewed the efficiency of the collateral within the LDI mandate and agreed to invest some of the excess collateral in the Legal and General Absolute Return Bonds Fund ("ARB Fund") and the Insight High Grade Asset Backed Securities Fund ("High Grade ABS Fund"). The investments into both the ARB Fund and the High Grade ABS Fund will ensure sufficient liquidity within the Group's portfolio, while aiming to generate additional returns above cash.

Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Group reduces market risk by diversifying its assets across a range of asset classes and investment managers. Over the period, the Trustee funded investments into a semi-liquid credit mandate, agreed to invest in absolute return bond and asset backed securities mandates and agreed to top-up its direct lending holdings, further diversifying the Group's portfolio. The Group's allocations are monitored on a regular basis relative to the Strategic Asset Allocation (set out in the SIP) in the Investment Performance Report.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Group for the risk of default.	Over the period, the Group agreed to investments across a range of credit strategies which provide exposures to a range of sectors and geographies. These include the allocation to the Absolute Return Bond Fund at Legal & General, an allocation to the High-Grade Asset Backed Securities Fund at Insight Investment, a re-allocation to a new direct lending vintage with Permira and funding the semi-liquid credit mandate with Apollo. These positions are monitored on a quarterly basis relative to the Strategic Asset Allocation in the Investment Performance Report.

Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Group's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework (particularly around reducing their carbon footprint) 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitors the mangers on an ongoing basis.	Following an ESG beliefs session facilitated by the Group's investment advisors, the Group established its ESG beliefs and outlined these in a revised ESG Policy. This Policy is used in the selection and monitoring of its investment managers. The Trustee also monitors the Group's managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Group's investments.	e currency risk to an appropriate level as rmined by the Trustee with advice from their tment advisor. rustee aim to invest in GBP share classes e practical and the investment rationale orts doing so. This significantly reduces ncy risk in underlying holdings, except e active currency positions are held.	In line with this policy, and to manage indirect currency risk, new mandates added to the Group's portfolio that are contractual in nature have been in GBP share classes.
Non-financial	Any factor that is not expected to have a financial impact on the Group's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

Changes to the SIP

Over the 12-month period to 31 March 2022, there were no new policies included within the Group's SIP. However, the Group's SIP is due to be updated to include reference to newly appointed managers.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Group's policy with regards to ESG as a financially material risk. The Group has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG polices and help underpin investment decision making.

The rest of this statement details the Trustee's view of the managers, actions for engagement and an evaluation of the stewardship activity.

The Trustee's ESG beliefs

The Trustee has considered and discussed ESG issues to establish their own beliefs to help underpin investment decision making having regard to an appropriate time horizon for the Group.

The following statements summarise the ESG beliefs held by the Trustee:

1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee.
2. The Trustee believes that ESG integration leads to better risk adjusted outcomes and want a positive tilt to the investment strategy.
3. The Trustee will consider the ESG values and priority areas of the Company.
4. The Trustee will seek to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.
5. The Trustee believes that sectors which demonstrate particularly bad ESG characteristics may underperform. Where possible the investment strategy will seek to avoid these sectors.
6. ESG factors are relevant to all asset classes, whether equity or debt investments, and managers have the responsibility to engage with companies on ESG factors.
7. The Trustee will seek to understand the impact of voting and engagement activity within their investment mandates.
8. The Trustee believes that engaging with managers is more effective to initiate change than disinvesting and so will seek to communicate key ESG actions to the managers in the first instance.
9. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training to develop and maintain their knowledge.
10. The Trustee will seek to monitor key ESG metrics to understand the impact of their investments.
11. Investment managers should be actively engaging and collaborating with other market participants to raise the ESG investment standards and facilitate best practice as well as sign up and comply with common codes such as UN Principles for Responsible Investment ("PRI" – defined further below), Task Force on Climate-related Financial Disclosures ("TCFD") and the UK Stewardship Code.
12. The Trustee to consider signing up to a recognised ESG framework to collaborate with other investors on key issues.

Implementing the Group's Policy

The Trustee will implement the policy through the following steps:

1. The Trustee will continue to develop their understanding of ESG factors through annual training on ESG and keep themselves up to date on the latest sustainable investment opportunities.
2. The Trustee's ESG beliefs will be formally reviewed on an ongoing basis as required.
3. The Trustee will incorporate ESG criteria as part of new manager selection exercises, with explicit consideration of ESG factors for any segregated mandates.
4. The Trustee, with support from Isio, will carry out regular reviews of the investment managers' approaches to and effectiveness in integrating ESG factors.
5. Following the initial review, actions will be identified where investment managers are misaligned with the Trustee's ESG beliefs. Isio will engage with each manager on the Trustee's behalf to remedy these issues where possible.
6. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis and the Trustee will seek to understand the effectiveness of these activities.
7. With guidance from Isio, the Trustee will seek to obtain and incorporate climate change metrics from its investment managers as TCFD aligned disclosures are required.
8. The Trustee, with support from Isio, will publish an annual report which outlines the extent to which the Group has followed its engagement policies and voting behaviours in the form of an Implementation Statement.
9. The Trustee will regularly monitor the Isio defined ESG ratings of its investment managers and will carry out regular reviews of the investment managers approach to ESG through ESG impact assessment reports and progress reports prepared by Isio.
10. The Trustee to consider signing up to the UNPRI or the UK Stewardship Code.

ESG review and actions with the investment managers

The Trustee has carried out reviews of the Scheme's investment managers from an ESG perspective in 2022 with the assistance of the Scheme's investment adviser. The key findings of the review are summarised below:

- Most of the Group's investment managers have developed a firm-wide ESG policy. For managers with no specific ESG objectives, they have demonstrated that ESG factors are incorporated into their underwriting process.
- ESG reporting and obtaining ESG data is a particular challenge for certain asset class like direct lending due to the private nature of borrowers in the portfolio, however we have noted marked improvement in this area as managers are actively taking steps to overcome this issue going forward.

A summary of the individual investment managers' ESG policies and practices is outlined below, alongside proposed actions that have been communicated to the investment managers to further integrate ESG into the investment process.

Please note that the below summary does not include ESG summaries for some of the Group's illiquid investment managers, namely Carlyle, Morgan Stanley and Partners Group - as these are mature portfolios which have largely distributed their capital, as such ESG integration is difficult to enact retrospectively. These holdings are also not expected to remain as long-term holdings in the strategy as they will roll off the portfolio over time.

Manager and Fund	ESG Summary	Proposed Actions
L&G – Passive Equity	Legal & General has a clear and robust framework for scoring portfolio companies on ESG factors. The manager also prioritises engagement and industry-wide collaboration to further ESG improvements. These are key areas, particularly when considering a passive fund range.	– To further develop its risk management approach by breaking down portfolio level scores by E, S and G factors. – To develop reporting on ESG by providing ESG metrics in standard client reporting - noting that L&G are in the process of implementing this. L&G to provide Fund level voting should on a quarterly basis in line with implementation statement requirements.
Permira – Direct Lending	Permira have demonstrated that they consider ESG risks in their approach to investments and manage these risks appropriately. Over the last 12 months, Permira have improved on ESG reporting and going forward, aim to distribute annual ESG reports to clients. The monitoring process is also being further developed to track specific ESG KPIs going forward.	– To track ESG KPIs across the portfolio with the goal of highlighting key areas of development for portfolio companies. – To look to set out a process for filtering and scoring the private equity sponsors they work with to ensure sponsors are also actively engaging on ESG issues with the portfolio companies. – To offer relevant reporting to clients with the appetite to learn more about the ESG characteristics of the manager's portfolio companies. Permira could also offer another form of reporting which could focus on the extent of Permira's engagement with portfolio companies to improve ESG characteristics.
M&G – Long Lease Property	M&G have an established Responsible Property Investment framework, which governs ESG integration into the Fund. Extensive ESG analysis is carried out as part of their due diligence process and SPIF has a strong history of active engagement and collaboration on ESG related topics. We have seen particular improvement in ESG research, tenant engagement and data collection	– To ensure a fully diverse workforce, M&G could collect staff ethnicity data. – To look to provide more transparency around engagements, particularly how often engagements are initiated. M&G could also look to ensure provision is included in all new leases contracts to allow for suitable monitoring of ESG metrics. – To look to improve social initiatives with tenants and to align tenants' ESG initiatives with the Fund's.

Insight – Buy & Hold Bonds	Insight have a strong approach to ESG risk management and their portfolio reporting reflects good data collection and availability in the investment grade corporate bond space.	– Given the segregated mandate, Isio to work alongside Insight to set specific ESG policies for the portfolio. – To improve engagement activity, Insight could create a central team to oversee and drive engagement. – To improve client reporting through the inclusion of regular engagement in portfolio reports.
L&G – LDI	LGIM have evidenced their ability to integrate ESG factors in their LDI portfolio range through counterparty review and engagement. LGIM integrates ESG factors in their processes by using proprietary tools to quantify and monitor ESG risk. LGIM have shown that they are improving their reporting processes, with ESG LDI and Derivatives reports available on an ad hoc basis which include engagement summaries.	– To incorporate ESG scoring of counterparties in regular client reporting of the LDI portfolio.
Apollo – Semi Liquid	Apollo integrate ESG considerations into the Fund’s risk management framework, and in the due diligence process. Apollo can also evidence a variety of engagements on ESG issues. Reporting on ESG lags its peers, however we note that Apollo are actively working to improve reporting and Isio will monitor progress on this.	– To better outline the evidence of active management of ESG risks throughout the credit holding period – To outline engagement priority areas and evidence engagement activity linked to these – To enhance ESG reporting capabilities – To better collaborate with market participants and participate with ESG organisations

J.P. Morgan – Infrastructure Equity	J.P. Morgan have demonstrated that the Fund has clear ESG policies and priorities in place and that ESG is integrated through all stages of the investment process. The level of ESG integration and reporting by the Infrastructure Investments Fund ("IIF") that the Group is invested in is above peers in the market	– The Fund to set targets and dates for carbon emission and temperature reductions. – To continue to develop the Fund's ESG scorecard metrics for more rigorous risk management. – To include ESG metrics in quarterly reports, as well as the annual Sustainability Report.

Source: Investment Managers

Notes: (1) The $100m commitment into the Infrastructure Equity manager, J.P.Morgan was £0 drawn as of 31 March 2022.

Engagement (DB)

As the Group invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to the end of 31 March 2022.

Fund name	Engagement summary	Commentary
L&G – Passive Equity	L&G – Passive Equity Total engagements: 539 Environment & Social: 401 Environment: 214 Governance: 305 Other: 166	LGIM do not consider engagement on a fund-by-fund basis but do actively approach ESG at a firm level. As such, LGIM do not employ a formal framework for measuring the success of an engagement, as they believe success is difficult to measure, and is best reflected in the overall market value of an asset. An example of a significant engagement is: ExxonMobil Corporation – LGIM engaged with ExxonMobil on governance, its strategy on climate and capital allocation. LGIM opposed the re-election of the Company's chair/CEO as they believe the separation of roles provides a better balance of authority and responsibility. LGIM recommended an alternative pool of directors for this role to provide oversight and to improve board effectiveness. Subsequently, and post LGIM's engagement, three of the proposed alternative directors were appointed, the chair of the remuneration committee (whom LGIM voted last year) was not reappointed to the board, and majority of shareholders voted for a report on climate-related lobbying.
Permira – Direct Lending	Total engagements: 2 ESG: 1 (Sustainability strategy)	Permira engaged with Soho House & Cruise.co over the period, primarily focusing on the company's strategy in regard to sustainability. An example of the engagement is included below: Cruise.co – Permira engaged with Cruise.co on its sustainability strategy when compared to its competitors in cruise operations, highlighting the opportunity to strengthen the company's approach by formalising internal ESG strategy and providing examples of KPIs which companies in the sector collect and report. Permira continue to engage with and monitor Cruise.co for improvement.

M&G – Long Lease Property	Total engagements: 12 Environment & Social: 10 Environment: 2	Engaging with tenants with long leases to improve ESG measures has historically been difficult due to the long-term nature of the contracts. In most engagements, M&G have shared their ESG aspirations with the tenants, with most tenants happy to engage in discussions around opportunities. Further, 10 out of the 12 tenants that were engaged with shared energy data. Of the engagements, three large supermarkets, including Sainsburys, Tesco and Morrisons, discussed their net zero aspirations. An example of a significant engagement is: Sainsbury's – Following M&G sharing their ESG aspirations with Sainsbury's, Sainsbury's agreed with these targets and provided details of their Net Zero aspiration. These aspirations include outlining methods to decrease energy use in specific store areas. Sainsbury's have also developed their own internal benchmarking for energy best practice & policy. Sainsbury's are also considering implementing PV panels and are reviewing proposals for these which M&G may potentially fund.
Insight – Buy & Hold Bonds	Total Engagements: 101	Insight have shown they have sufficient resource and capability to assess the extent of ESG risks within portfolios. Insight's engagements over the year covered a wide range of topics including, governance issues, financial policy, environmental issues, refinancing and social issues. Insight proactively engage with companies to ensure accurate analysis and influence improvement in practices. Over 80% of engagements by their credit analysts included ESG issues. Going forward, Isio will work alongside Insight to set specific ESG policies for the Group's portfolio, which may include engagement priorities and practices.
Apollo – Semi Liquid Credit	Total engagements: 82 Environment & Social: 32 Environment: 14 Governance: 36	Apollo's engagement with companies typically covered a wide range of issues covering all aspects of ESG. An example of a significant engagement is: Adani Ports and Special Economic Zone Limited ("Adani Ports") – Apollo engaged with Adani Ports on a variety of issues which include the Company's strategy for ESG, its exposure to Coal, its investment in Myanmar and the appointment of a new CFO. Subsequently, and post Apollo's engagement, Adani Ports announced the Company's exit from Myanmar, provided Apollo with a trajectory of coal through it's put through its ports over

		the next 10 years, confirmed that no investments will be made into Carmichael mine and constituted a Corporate Responsibility Committee comprising of Independent Directors to provide assurance for all ESG commitments
Morgan Stanley – Global Real Estate Secondaries	Morgan Stanley currently do not provide details of their engagement activity for individual accounts.	As Morgan Stanley invests in Fund of Funds, there is no direct engagement with tenants or building contractors. As a result, Morgan Stanley is unable to provide details on engagements.
Partners Group– Global Real Estate Secondaries	Total engagements: 23 Governance:22 ESG: 1 Note the above engagement are with the underlying fund managers, not companies	Partners Group engage with a wide range of underlying funds in which it invests. Partners Group have a clear due diligence and engagement framework. The team continually engages with the underlying fund managers of portfolio companies through discussion with management, and these engagements have been a key driver to produce formal corporate sustainability reports. An example of significant engagement includes: Terra Firma Special Opportunities Fund I, L.P. - Engagement with Terra Firma, one of the portfolio underlying funds, regarding ESG matters as well as ongoing site review
Carlyle – Distressed Debt	Total engagements: 5 Environment & Social: 3 Environment: 1 Governance: 1	Carlyle has engaged with 5 issuers over the reporting period. A prominent theme is the reduction of pollution and reduced risk to people, along with engagement on code of conduct, labour management. An example of a significant engagement is: AFGlobal Corporation - Carlyle engage with AFGlobal on its development and marketing of products that address environmental and safety issues. AFGlobal continue to develop products and systems that help mitigate ESG issues such as a fuel management system which utilises deionized water to generate lower emissions while also providing lower fuel consumption. In addition, AFGlobal are in the process of launching a new offshore windfarm connector system, which facilitates the connection of numerous offshore turbines sub-sea

LGIM - LDI Funds	LGIM currently do not provide details of engagement activity within the LDI portfolio.	LGIM currently do not provide details of engagement activities but engage with counterparties, regulators, governments and other industry participants to address long-term structural issues. ESG is integrated into LGIM LDI funds by; (i) Embedding ESG within the counterparty review process (ii) Engaging for change with counterparties (iii) Engaging on governance and (iv) Ensuring ESG is fully incorporated within LGIM's Sterling Liquidity Fund ESG engagement with counterparties is through LGIM's Investment Stewardship team, analysts, portfolio managers and traders. Information from these engagements is used to identify ESG risks which is embedded within LGIM's counterparty review process.

Source: Investment Managers

Notes:

(1) The Infrastructure Equity manager, J.P. Morgan is not reflected in the above as this is a commitment with £0 drawn as of 31 March 2022. Engagement from this manager will be reflected in the next Implementation Statement.

Voting (Equity Funds Only) - DB

As the Group invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2022. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
L&G – Passive Equity	Votable Proposals: 36,675 Proposals Voted: 99.80% For votes: 80.18% Against votes: 18.97% Abstain votes: 0.85%	Intel Corporation - The resolution was for a report on global median gender/racial pay gap. LGIM voted against management and in favour of the resolution. LGIM believes gender diversity is a financially material issue for their clients, with implications for the assets they manage on their behalf. As part of LGIM's efforts to influence their investee companies on having greater gender balance, LGIM expect all companies in which they invest globally to have at least one female on their board with stronger requirements in the UK, North American, European and Japanese markets.	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM do not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

Engagement- DC

As the Plan invests via fund managers, Isio has requested from the managers details of their engagement actions including a summary of the engagements by category for the 12 month period to 31st March 2022. We were not able to obtain this data at the time of this report.

Fund name	Engagement summary	Commentary
Aegon BlackRock 30/70 Global Equity Index	No data available.	We are working with the manager to enable them to provide this in the future.
Aegon BlackRock Market Advantage	Total engagements: 1,386 Environmental: 906 Social: 564 Governance: 1,234	BlackRock has a firm-wide stewardship team, and their listed priorities include ESG factors such as climate transition and board diversity. BlackRock's ESG related engagements are centrally led by the BlackRock Investment Stewardship (BIS) team, the largest stewardship team in the asset management industry.
Aegon BlackRock Corporate Bond All-Stocks Index	Please see above	We are working with the manager to enable them to provide this in the future.
Aegon BlackRock All Stocks UK Gilt Index	Please see above	Please see above
Aegon BlackRock All Stocks UK Index-Linked Gilt Index	Please see above	Please see above
Aegon BlackRock Emerging Markets Equity Index	Total engagements: 444 Environmental: 348 Social: 196 Governance: 418	BlackRock has a firm-wide stewardship team, and their listed priorities include ESG factors such as climate transition and board diversity. BlackRock's ESG related engagements are centrally led by the BlackRock Investment Stewardship (BIS) team, the largest stewardship team in the asset management industry.
Aegon LGIM Ethical Global Equity Index	Please see above	We are working with the manager to enable them to provide this in the future.

Aegon BNY Mellon Global Equity	Please see above	We are working with the manager to enable them to provide this in the future.
Aegon HSBC Islamic Global Equity Index	Total engagements: 322 Environmental: 955 Social: 83 Governance: 102	HSBC expect companies and other issuers in which they invest to provide effective stewardship. HSBC engage with them for better understanding, to monitor their clients' investment, and to encourage them to be pro-active and transparent in the management of ESG and other risks.
Aegon BlackRock Pre-retirement	Please see above	We are working with the manager to enable them to provide this in the future.
Aegon Property	Please see above.	Please see above.
Aegon BlackRock World Multifactor ESG Equity Tracker	Total engagements: 313 Environmental: 212 Social: 143 Governance: 254	BlackRock has a firm-wide stewardship team, and their listed priorities include ESG factors such as climate transition and board diversity. BlackRock's ESG related engagements are centrally led by the BlackRock Investment Stewardship (BIS) team, the largest stewardship team in the asset management industry.
Aegon BlackRock Cash	Please see above.	We are working with the manager to enable them to provide this in the future.

Voting (DC)(for equity/multi asset funds only)

As the Plan invests via fund managers, the managers provide details on their voting actions including a summary of the activity for the 12 month period to the end of 31st March 2022.

Fund name	Voting summary	Examples of significant votes	Commentary
Aegon BlackRock 30/70 Global Equity Index	Meetings eligible to vote at: 59,139 Resolutions eligible to vote on: 55,986 Resolutions voted: 95% Votes with management: 87% Votes against management: 8% Abstained from voting: 2%	ABB Ltd. – Re-elect Lars Foerberg as Director BlackRock voted against this resolution. Vote against Nominating/Governance Committee member for failure to adequately account for diversity on the board.	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions. BlackRock's Investment Stewardship team engages with companies to provide feedback on their practices and inform their voting including, focussing on ESG considerations where there may be a long-term impact for these companies.
Aegon BlackRock Market Advantage	Meetings eligible to vote at: 5,305 Resolutions eligible to vote on: 52,301 Resolutions voted: 99% Votes with management: 91% Votes against management: 8% Abstained from voting: 1%	Dow Inc. - Provide Right to Act by Written Consent. BlackRock voted against this resolution. Shareholders should have the right to act without waiting for the company to call a shareholder meeting. At this company, shareholders already have the right to act by calling a special meeting.	Please see above.
Aegon BlackRock Emerging Markets Equity Index	Meetings eligible to vote at: 2,526 Resolutions eligible to vote on: 21,938 Resolutions voted: 100% Votes with management: 89% Votes against management: 10% Abstained from voting: 3%	JBS SA - Approve Remuneration of Company's Management and Fiscal Council. BlackRock voted for this resolution. The company has not provided justification for the proposed increase in remuneration cap.	Please see above.

Aegon LGIM Ethical Global Equity Index	Meetings eligible to vote at: 1,123 Resolutions eligible to vote on: 15,785 Resolutions voted: 99% Votes with management: 83% Votes against management: 17% Abstained from voting: 0%	Apple Inc. - Report on Civil Rights Audit LGIM voted for this resolution. A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as LGIM consider these issues to be a material risk to companies.	L&G's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness. L&G produce an annual Active Ownership report to summarise how they have worked towards creating sustainable value for clients.
Aegon BNY Mellon Global Equity	Meetings eligible to vote at: 58 Resolutions eligible to vote on: 963 Resolutions voted: 100% Votes with management: 81% Votes against management: 19% Abstained from voting: 0%	Citigroup Inc - Amend Proxy Access Right BNY Mellon voted against management proposals and for the shareholder proposal. A vote in favour was applied to one shareholder resolution that management recommended voting against. This was in relation to improving minority shareholder rights by way of providing shareholders with access to propose directors for election to the company's board.	The board of each fund in the BNY Mellon Family of Funds generally has delegated the authority to vote proxies of companies held in a fund's portfolio to either BNY Mellon Investment Adviser, Inc. or the fund's sub-investment adviser. In addition, for each fund, the board has adopted proxy voting procedures pursuant to which proxies of companies held in a fund's portfolio will be voted.
Aegon HSBC Islamic Global Equity Index	Meetings eligible to vote at: 109 Resolutions eligible to vote on: 1,642 Resolutions voted: 95% Votes with management: 89% Votes against management: 12% Abstained from voting: 0%	Exxon Mobil Corporation - Proxy contest; Management Proxy Vs Shareholder Proxy. HSBC voted the shareholder proxy card. This is due to HSBC being concerned by the lack of substantial improvement in Exxon's commitment and strategy with regards to climate change.	HSBC believe that exercising their voting rights is an important expression of their stewardship and broader responsible investment approach. HSBC's global voting guidelines encourage high standards of corporate governance. They also encourage transparency and accountability on environmental and social issues. HSBC apply their global voting guidelines to resolutions at company meetings.
Aegon BlackRock World Multifactor ESG Equity Tracker	Meetings eligible to vote at: 211 Resolutions eligible to vote on: 2,955 Resolutions voted: 100%	Rio Tinto Limited - Approve Climate-Related Lobbying. BlackRock voted for this resolution. BlackRock believe it is in the best interests of shareholders to	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions. BlackRock's Investment Stewardship team engages with companies to provide feedback on their practices and inform their voting

	Votes with management: 91% Votes against management: 8% Abstained from voting: 0%	have access to greater disclosure on this issue.	including, focussing on ESG considerations where there may be a long-term impact for these companies.

The Money and Pensions Service

The Money and Pensions Service (MaPS) provides support and guidance about money and pensions.

Telephone: 01159 659 570
Email: contact@maps.org.uk
Postal Address: The Money and Pensions Service, Holborn Centre, 120 Holborn, London, EC1N 2TD
Additional guidance can be obtained from:

Pension Wise Service - Provides free and impartial government advice about general pension matters
Telephone: 0800 138 3944
Email: contact@pensionwise.gov.uk
Website: www.pensionwise.gov.uk
Postal Address: Pension Wise, PO Box 10404, Ashby de la Zouch, Leicestershire, LE65 9EH

Pensions Ombudsman

An independent organisation set up by law to deal with pension complaints. The Pensions Ombudsman look at the facts without taking sides, their services is free and are available to the members, beneficiaries and prospective members of pension schemes.

Telephone: 0800 917 4487
E-mail: enquiries@pensions-ombudsman.org.uk
E-mail: helpline@pensions-ombudsman.org.uk (early resolution)
Website: www.pensions-ombudsman.org.uk
Postal Address: The Pensions Ombudsman, 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU

The Pensions Regulator – The public body that protects workplace pensions in the UK. TPR works with employers and those running pensions so that people can save safely for the retirement.
Telephone: 0345 600 0760
E-mail: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk
Postal Address: The Pensions Regulator, Napier House, Trafalgar Terrace, Brighton,
BN1 4DW

The Department for Work and Pensions (DWP) Pension Tracing Service -

A service for ex-members of schemes and their dependants trace their pension entitlements. The ESPS is registered with the DWP under Scheme reference number 10200656.

Telephone: 0800 731 0193
Website: www.thepensionservice.gov.uk
Postal Address: Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

The Pension Protection Fund – "It's our duty to protect people with defined benefit pension when an employer becomes insolvent".

Telephone: 0330 123 222
Email: ppfmembers@ppg.gsi.gov.uk
Website: www.pensionprotectionfund.org.uk
Postal Address: Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, CR0 2NA