

Registered number: 19002039

**ELECTRICITY NORTH WEST GROUP OF THE ELECTRICITY
SUPPLY PENSION SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

	Page
Report of the Group Trustee	
Introduction	1
Group Trustee Structure	1
Group Trustee	2
Statement of Group Trustee's Responsibilities	5
Group Trustee Knowledge and Understanding ("TKU")	7
Scheme Trustee – Electricity Pensions Trustee Limited (EPTL)	8
The General Data Protection Regulations (GDPR)	9
Advisers	9
Membership Statistics	11
Pension Increases	11
Transfers from the Group	12
Report on Actuarial Liabilities	13
Investment Report	16
Employer Related Investments	18
Socially Responsible Investment and Corporate Governance	18
Custody	18
Statement of Investment Principles	19
Change in administrator	19
Address for Enquiries	21
Independent Auditors' Report to the Group Trustee	22
Fund Account	25
Statement of Net Assets Available for Benefits	26
Notes to the Financial Statements	27
Independent Auditors' Statement about Contributions to the Group Trustee	42
Summary of Contributions to the Group Trustee	43
Schedule of contributions	44
Actuarial Certificate of Schedule of Contributions	49
Actuarial Certificate of Technical Provisions	50
Statement of Investment principles	51
Implementation Statement	62
Names and Addresses of External Bodies	77

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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 22 (2024: 23) separate actuarially 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 is a defined benefit pension scheme where benefits are based on a member’s salary and length of service. The Group is closed to new entrants.

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

The Financial Statements included in this Annual Report on pages 25 to 41 have been prepared and audited in compliance with Regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

The Group previously had a defined contribution membership, that was transferred to the LifeSight Master Trust in December 2023, the amount transferred out was £117.5m in respect of members of the DC section and £4.2m of the Aegon BlackRock AVC investments of the DB section. Further information regarding this section can be found in the Group’s Annual Report and Financial Statement for the year ended 31 March 2024.

Changes in the ultimate parent undertaking of the Principal Employer

On 22 October 2024, Scottish Power Energy Networks Holdings Limited (“Scottish Power”), part of the group headed by Iberdrola, S.A. (“Iberdrola”), acquired 88% of the shares of NWEN (Jersey) Limited (“NWEN (Jersey)”), the ultimate parent undertaking of the Company at that date, with the remaining 12% of the shares retained by KDM Power Limited.

The transaction was subject to review by the Competition and Markets Authority (“CMA”) pursuant to the regulations applicable to mergers of energy network companies in the United Kingdom; the CMA imposed an Initial Enforcement Order (“IEO”) preventing any integration until CMA approval was granted. CMA approval was granted, and the IEO lifted, on 20 March 2025.

In the period from 22 October 2024 to 20 March 2025, despite Scottish Power’s 88% equity ownership of NWEN (Jersey), Scottish Power did not control NWEN (Jersey), nor therefore the Company, due to the restrictions in the IEO. Scottish Power gained control of NWEN (Jersey) on 20 March 2025, when the CMA approval was granted and the IEO lifted.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

At 31 March 2025, the Company directors regard Iberdrola, S.A., a company incorporated and registered in Spain, as the ultimate parent undertaking and the ultimate controlling party of the Company.

The Group Trustee has had positive engagement with the Company and its new parent undertakings, Iberdrola and Scottish Power. A formal Employer Covenant assessment is under way. The transaction has had a positive impact on the Company's credit ratings by external rating agencies. In addition, the corporate structure relating to the support of the Scheme remains unchanged. Therefore, there is nothing to suggest a change in the current Employer Covenant which was assessed as strong at the last formal Scheme valuation.

The Pensions Regulator is aware of the transaction.

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.

During the year the Group Trustee structure provided for a total of eight Trustee Directors: four appointed by the Company and four elected by members. As of 21 May 2025, the Group Trustee structure provides for a total of six Trustee Directors; three appointed by the Company and three elected by members (see page 3).

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 (resigned 31 May 2025)
Joe Stone	Appointed
PAN Trustees UK LLP represented by Mike Roberts (Chair from 1 April 2023)	Appointed – Independent

Note:

* In receipt of pension from the Group

** Active member of the Group during the year

Appointment/Election of Trustee Directors

During the year, the Group Trustee structure allowed for four Appointed Trustee Directors who are appointed by, and can be removed by, the Company; there was one vacancy for an Appointed Trustee Director in the year.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Of the four Member Elected Trustee Directors (MEDs), one is a contributing member and three 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 2026. In 2024, Chris Dooley was re-elected.

As a result of the simplification of the Scheme with the DC section fully transitioned to Master Trust from 1 October 2023, the Group Trustee and the Company agreed to reduce the number of trustee directors to six: three appointed by the Company and three elected by members. As a result of this, only one active MED position was due for election in March 2025. As Ken Scott was a pensioner member, he resigned from the Board and was ineligible to stand for re-election.

Independent Trustee Directors

One of the three 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.

6 June 2024

20 September 2024

5 December 2024

13 March 2025

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: Administration Discretions; Audit; Communications and Member Engagement and Investment. The Group Trustee oversee the governance issues of the Group.

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

Audit	7 November 2024 16 January 2025
Administration Discretions	18 April 2024 24 October 2024
Communications and Member Engagement	None*

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Investment	6 June 2024** 20 September 2024** 5 December 2024** 13 March 2025**
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*No meetings were held as there were no agenda items to discuss.

**Investment meetings held as part of the Main Board.

Attendance at the meetings by Trustee Directors was as follows:

Trustee Director	Main Board	Admin Discretions SC	Comms & Member Engagement SC	Investment SC	Audit SC
Chris Dooley	4(4)	-	-	-	-
Mike Kay	4(4)	2(2)	-	4(4)*	-
Irina Krumova	3(4)	2(2)	-	-	2(2)
John Leigh	4(4)	-	-	4(4)*	-
Ken Scott	4(4)	2(2)	-	-	2(2)
Joe Stone	3(4)	-	-	-	-
PAN Trustees UK LLP (represented by Mike Roberts)	4(4)	-	-	4(4)*	2(2)

Note: The number in brackets indicates the number of meetings the Trustee Director was eligible to attend.

*Held as part of Main Board 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, 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.

Changes to Trust Deed and Rules

The following changes occurred to the Trust Deed and Rules:

- Scheme Wide Deed dated 17 February 2025 which: consolidated the Deeds of Amendment executed since the previous consolidation of the ESPS rules was executed on 26 August 2021; correcting formatting issue in Clause 41; updating the notice provisions for Annex 2; and making various tidy-up amendments (together with some minor typographical corrections and formatting improvements).

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Recent Events

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme under section 9 (2B) of the Pension Schemes Act 1993 which altered, both adversely or favourably, the section 9(2B) rights awarded to members.

This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court. The case has the potential to cause significant issues in the pensions industry. In June 2025 the Government announced that it will "introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Scheme obligations will otherwise be unaffected and the Government will continue to maintain its robust framework for the funding of defined benefit pension schemes in order to protect people's hard-earned pensions.

The Trustee will investigate the possible implications of the above with its advisers once further detail is provided by the Government on the proposed legislation but at present consider any potential impact on the Group to be remote.

Group Trustee's Statement on Investments

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 requires the Group Trustee to provide a statement of the Group Trustee's policy (if any) in relation to investments and the extent to which social, environmental and ethical considerations are taken into account in the selection, retention and realisation of investments. A similar Statement must also be documented in the Statement Of Investment Principles ("SIP").

The Group Trustee recognise that social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase, retention or sale. The managers have produced statements setting out their policy in this regard. The managers have been delegated by the Group Trustee to act accordingly.

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 is 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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

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

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

The Group Trustee is also responsible for the maintenance and integrity of the www.enwlpensions.co.uk website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Trustee's responsibilities in respect of contributions

The Group Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the 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 is 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 is 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 Group Trustee Directors must always act impartially and in the best interests of all the members of the Group.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

To assist them in their work the Group 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 9 and 10.

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 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 Group 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 2024 TKU self-assessment identified that the Trustee Board as a whole had no major gaps in their knowledge and understanding. However, individual training has been offered to any Group Trustee Director who feels this would benefit them, a reminder has been given on independent learning through the tPR Trustee Toolkit and guidance on where to find out more information.
- Undergoing regular training on key topics and attending a range of conferences and seminars. For the Group year covered by this Statement, this included training from fund managers and advisers on pension investments; relevant legal hot topics; legal refresher concerning key scheme documents, the rules structure and benefits, GMP conversion and discretions; and UK pension bodies.
- 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.
- Some of this additional training was provided by advisers through main board meetings and sub-committee meetings – 12 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 Group 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

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

The Group Trustee is currently made up of 7 Trustee directors, including a professional trustee, with varying skill sets. The Chair of the Group Trustee is a professional trustee. The Group Trustee believes there is a good level of diversity in terms of skills and decision making.

The Group Trustee board carries out ongoing evaluation of the composition and effectiveness of the board.

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.

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 2025 Mr Leigh and Mr Stone 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, Zedra Governance Ltd represented by Melanie Cusack.

As at 31 March 2025 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 2025 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 members and assets of the Npower Group were transferred into the E.ON Group and ceased to operate as a separate Group of the Scheme.
- The Scheme's AGM took place on 19 November 2024 and was held virtually by video conferencing. The 2025 Scheme AGM will take place on 18 November 2025.
- The Board continued to monitor risks through its Risk Register which is considered at each main meeting.
- The Scheme's Tax Advisor, KPMG, were re-engaged.
- The Scheme's Auditors were reviewed.
- The Capita administration contract was monitored.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

- The annual Task force and Climate-related Financial Disclosure (TCFD) was complied and the impact of the TPR Single Code of Practice and incoming legislation on Pension Dashboards were considered.
- Work on the development of the ESPS website (www.espspensions.co.uk) continued.
- Various governance matters were progressed.

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 members' 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.

Advisers

Group Administrator

Railpen (to 30th June 2025)

Broadstone Holdco Ltd (from 1st July 2025)

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

Rebecca McGowan of Aon Solutions UK 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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 (to 10th June 2025)

Rothsay Life (from 11th June 2025)

Insurance product that provides regular income to cover a significant proportion of the pensions in payment.

Group Appointed Investment Managers

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

Additional Voluntary Contributions (AVC) Providers

Utmost Life and Pensions (Policies transferred from Equitable Life Assurance Society)

Prudential Assurance Company

Bankers

HSBC Bank Limited

Royal Bank of Scotland

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Membership Statistics

Defined Benefit Section

	Contributors	Pensioners	Dependants and spouses	Deferred Pensioners	Total
As at 1 April 2024	409	3,818	1,240	531	5,998
Adjustments to opening balance	2	-	-	-	2
As at 1 April 2024 (revised)	411	3,818	1,240	531	6,000
New	8*	-	70	-	78
Retirements	(40)	73	-	(33)	-
Deaths	(1)	(176)	(120)	(1)	(298)
Transfers out	-	-	-	(5)	(5)
Leavers with deferred pensions	(11)	-	-	11	-
Child allowance cessation	-	-	(1)	-	(1)
As at 31 March 2025	367	3,715	1,189	503	5,774

*New contributors include 8 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.

The number of deferred pensioners and pensioners who are entitled to/receiving a benefit equivalent to the relevant State Graduated Pension Scheme benefit in respect of service prior to 31 March 1975 are included in the membership statistics above.

Included within pensioners and dependants and spouses above there are 3,248 (2024: 3,345) members who are paid by way of the Scottish Widows Buy-In.

Pension 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 2024 RPI figure was 2.7% (2023: 8.9%) and this was used for the pension increases applied from 1 April 2025. For members of the ex-United Utilities Pension Scheme (UUPS) section, the Group Trustee applied the December 2024 RPI figure of 3.5% (2024: 5.2%). A proportionate increase was applied to pensions which came into payment between 2 April 2024 and 1 March 2025.

Pension increases over the previous five years were:

	ESPS	UUPS
1 April 2024	5%	5.2%
1 April 2023	5%	13.4%
1 April 2022	4.9%	7.5%
1 April 2021	1.1%	1.2%
1 April 2020	2.4%	2.2%

**Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee**

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)

EPL may amend the provisions of the Scheme with the unanimous consent of all the participating Principal Employers. There were no Group deeds of amendments executed in the year.

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 2025.

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 21.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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 2022. Approximate updated valuations were performed on 31 March 2023 and 31 March 2024. The results of those valuations are summarised below.

	31 March 2022	31 March 2023	31 March 2024
Value of technical provisions	£1,398.0m	£988.5m	£900.2m
Value of assets available to meet technical provisions	£1,378.6m	£1,016.4m	£956.4m
As a percentage of technical provisions	99%	103%	106%

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 2022
Value of solvency liabilities	£1,494.8m
Value of assets available to meet solvency liabilities	£1,378.6m
As a percentage of solvency liabilities	92%

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 at the valuation date plus an addition of 2.4% per annum for pre 1 April 2022 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 2022 service.

Post retirement discount rate: Term dependent rates set by reference to the fixed interest gilt yield curve at the valuation date plus an addition of 0.5% per annum for members’ benefits not covered by the buy-in and plus an addition of 0.36% per annum for members’ benefits covered by the buy-in.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Future retail price inflation: Term dependent rates derived from 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 1.0% per annum pre-2030, and 0.1% per annum post-2030 at the valuation date.

The difference between the assumption for RPI and CPI inflation may vary over time to reflect changing views of 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 in 2022 and 2023. From 2024 onwards, general pay increases in line with the term dependent rates for future consumer price inflation (allowing for housing costs), together with an allowance for promotional increases.

GMP Equalisation: 0.5% loading to past service liabilities in respect of members whose benefits have not already been equalised.

PIE at retirement: 30% of members with pre 1997 benefits take the PIE option based on terms consistent with those offered for the 2021 bulk pensioner PIE exercise.

Mortality for the period in retirement: For non-pensioners, standard tables S3PMA_M with a scaling factor of 109% for male members; and S3PFA_M with a scaling factor of 107% for female members. For pensioners, S3PMA_M with a scaling factor of 99% for male members; and S3PFA_M with a scaling factor of 97% for female members.

Future improvements in mortality are subject to the standard table projected forward from 2013 in line with the 2021 CMI 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, Schemes are required to adjust benefits to remove the inequalities between the GMP benefits awarded to males and females.

During 2021 the Group completed a GMP Equalisation, Conversion and PIE project. For broadly all members who were pensioners or dependants as at 5 April 2021, their pensions were equalised as part of this exercise. For the remaining members who weren't in the scope of the exercise, the Group Actuary made an allowance for the impact of GMP equalisation at the 31 March 2022 triennial valuation by uplifting the technical provisions in respect of these members by 0.5%.

The 31 March 2024 IAS19 accounting standard Defined Benefit Obligation (DBO) was calculated based on a roll-forward of the 31 March 2022 triennial valuation results. Therefore, the Company has also implicitly made an allowance of 0.5% of the Defined Benefit Obligation (DBO) in relation to the impact of GMP equalisation for members whose benefits were not already equalised as part of the 2021 exercise. The Defined Benefit Obligation (DBO) is the term given by international accounting standards to a company's liability due to pension promises that have been accrued by current and past employees.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds Banking Group GMP 2018 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 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 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 was not considered to be material, the Group Trustee has 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 2023 based on the funding position at the 31 March 2022 valuation date. Under the recovery plan, it was agreed that the Company would pay the following deficit contributions:

- £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 2022 to March 2023 deficit payments were paid as agreed in the recovery plan. As per the plan, the deficit contributions ceased with effect from 31 March 2023 and no deficit contributions have been received during the year ended 31 March 2025.

In addition, the Group Trustee and the Employer agreed to adjust the Company's normal contributions to 38.2% of salaries with effect from 1 April 2023 to meet the cost of future service benefits for active DB members of the Group.

At the 2022 valuation date, a reserve of £13,000,000 was established to help meet future administration expenses of the Group with effect from 1 April 2023. The amount held in this reserve will be considered at least triennially at each actuarial valuation. 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 2023. A copy of this certificate is included on page 49 of this Annual Report.

Next actuarial valuation

The next triennial valuation is underway and is expected to be completed within the statutory deadline.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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 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 Trustee's Implementation Statement, which sets out further voting and engagement information undertaken by the Group's investment managers for the year ended 31 March 2025, is set out on pages 62 to 76, and forms part of the Group Trustee's Report.

The primary investment objective of the Group 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 Group's investment strategy reflects the Group Trustee's desire to de-risk the Group's investments given the strong funding level. Previously, the Group Trustee aimed to achieve full funding on both Technical provisions basis and a long-term funding target – defined as gilts +0.5%. Having successfully met both these objectives, the Group Trustee is now in the process of agreeing a new long-term objective in consultation with the Company.

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

Asset class	Year-end weighting (%)	Target weighting (%)
Return-seeking assets		
Distressed Debt	0.5	0.0
Global Property	2.5	0.0
Asset Backed Securities	8.8	10.0
Absolute Return Bonds	11.2	16.0
Infrastructure Equity	19.0	17.0
Direct Lending	21.2	17.0
Long Lease Property	9.6	10.0
Liability-driven assets		
Liability Driven Investments	24.2	30.0
Cash	3.0	0.0
TOTAL	100.0	100.0

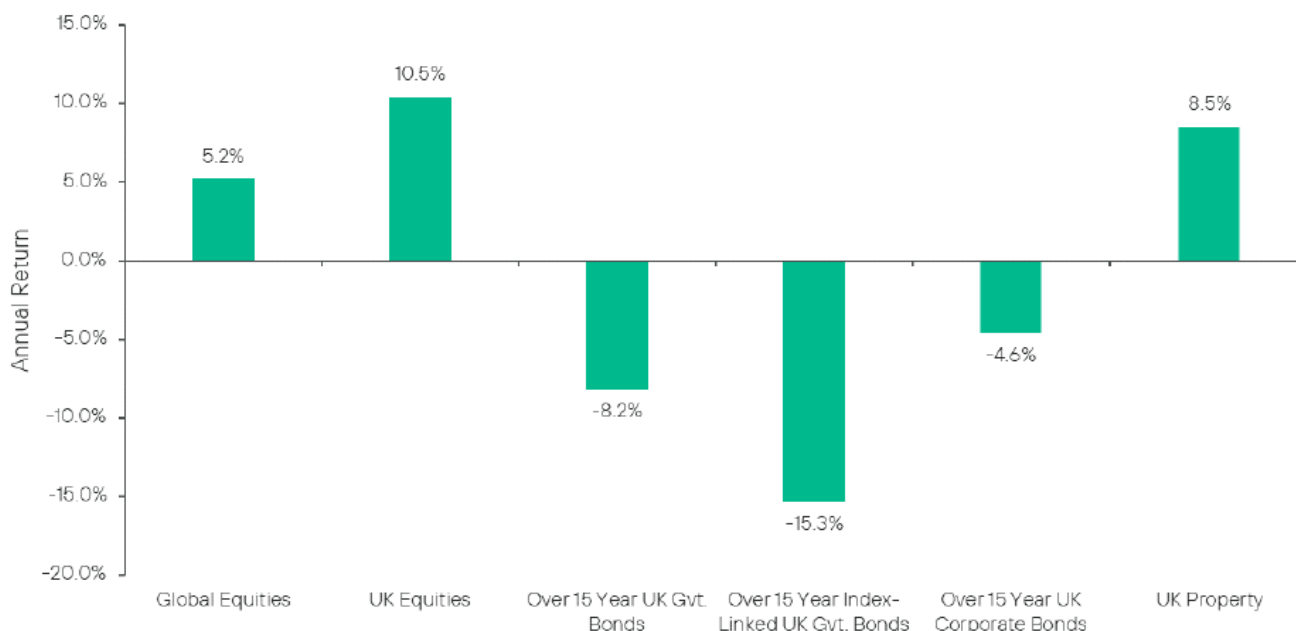
- The Distressed Debt and Global Property mandates are mature illiquid holdings that will continue to distribute their remaining capital; however, they are not expected to remain as long-term holdings in the strategy. As such, they have been allocated a 0% target weighting in the Group's strategic benchmark.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

- The benchmark allocation above excludes the bulk annuity Policy with Scottish Widows.
- 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 and receive any capital distributions. This allocation is therefore expected to deviate with yield movements.

The objective of the return-seeking assets is to achieve investment growth, within the constraints of the risk profile set by the Trustee. The objective of the liability driven assets is to secure fixed or inflation-adjusted cashflows in future; these investments are generally expected to be held to maturity.

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.



Source: DataStream, Isio calculations

Asset Class	Index
Global Equities	MSCI World (£)
UK Equities	FTSE All Share
Over 15 Year UK Government Bonds	FTSE Gilts (Over 15 Years)
Over 15 Year Index-Linked UK Government Bonds	FTSE ILG (Over 15 Years)
Over 15 Year UK Corporate Bonds	Sterling Non-Gilts 15+yr
UK Property	UK IPD Index

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

Performance of the Group's assets over the year and last three years to 31 March 2025 is outlined in the table below against the Group benchmark returns.

	Year to 31 March 2025 (%)	3 Years to 31 March 2025 (% p.a.)
Group Return	-4.7	-14.1
Group Benchmark Return	-4.2	-15.2

Source: investment managers, BNYM ISIO calculations

Note: The performance data reflect only the assets held by the managers / custodian and exclude the Group's buy-in policy. Data reflects lagged valuations and subject to change.

Employer Related Investments

As at 31 March 2025 there were no direct employer-related investments (2024: 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 (2024: nil).

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 Group 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

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 March 2025. A copy of the SIP can be found on pages 51 to 61.

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.

Change in administrator

On 20 May 2025, Railpen Limited ("Railpen") signed an agreement to sell its TPA ("Third Party Administrator") business (the "Business") to Broadstone Holdco Limited ("Broadstone"). The sale to Broadstone completed on 1 July 2025.

1. A transfer of the TPA business to a wholly owned Railpen subsidiary called RP TPA Limited ("RP TPA"), a private company limited by shares incorporated in England under registered number 16262678.
2. The transfer of the business to RP TPA came into effect at 11.59 p.m. (London time) on 30 June 2025 (the 'Effective Time').
3. All rights, obligations and liabilities under the Agreement with Railpen transferred by way of novation to RP TPA.
4. With effect from the Effective Time, RP TPA will:
 - a. perform all the obligations and liabilities of Railpen in place of Railpen; and
 - b. assume all the rights, obligations and liabilities of Railpen as if RP TPA were named in the Agreement as the original party to the Agreement in place of Railpen; and
 - c. be entitled to enforce the terms of the Agreement in place of Railpen.

Railpen and Broadstone are working closely to ensure a seamless transition for each client. A carefully managed transition – with a Transitional Services Agreement in place – will ensure that, from day one, there will be no change to the services delivered. The transition includes:

1. The migration of experienced Railpen colleagues, under a TUPE arrangement
2. Initial communications and engagement with clients, including the contract novation process
3. Data transfer and system migration

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee

- 4. Client and member onboarding
- 5. Full-service transition

**Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Report of the Group Trustee**

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
Linley House
Dickinson Street
Manchester
M1 4LF

Email: pensions@enwl.co.uk

Approved by and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts

Irina Krumova

.....

.....

NAME

M Roberts (Chair) on behalf of PAN Trustees UK LLP

Irina Krumova

.....

.....

**Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited**

**Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited**

DATE:

25 July 2025

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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 2025, 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 within the Annual Report and Financial Statements, which comprise: the Statement of Net Assets Available for Benefits as at 31 March 2025; 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's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the 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 of 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 is responsible for the other information.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2024
Report on the audit of the financial statements

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

In the preparation of the financial statements, the Group Trustee is 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 intends to wind up the Group, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the 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. 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.
- 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.

**Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2024
Report on the audit of the financial statements**

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
28 July 2025

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Fund Account for the year ended 31 March 2025

Fund Account for the year ended 31 March 2025

	Note	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Dealings with members							
Additions							
Employer contributions	5	11.0	-	11.0	11.1	7.3	18.4
Employee contributions	5	0.2	-	0.2	0.6	0.8	1.4
Total contributions		11.2	-	11.2	11.7	8.1	19.8
Transfers in	6	0.6	-	0.6	0.1	0.2	0.3
Other Income	7	0.1	0.1	0.2	-	-	-
		11.9	0.1	12.0	11.8	8.3	20.1
Withdrawals							
Benefits paid or payable	8	(54.5)	(0.1)	(54.6)	(54.3)	(0.2)	(54.5)
Group transfers out		-	-	-	(4.2)	(117.5)	(121.7)
Payments to and on account of leavers	9	(2.8)	0.1	(2.7)	(1.4)	(1.9)	(3.3)
Administrative expenses	10	(1.5)	-	(1.5)	(1.1)	(0.4)	(1.5)
		(58.8)	-	(58.8)	(61.0)	(120.0)	(181.0)
Net (withdrawals) / additions from dealings with members		(46.9)	0.1	(46.8)	(49.2)	(111.7)	(160.9)
Returns on investments							
Investment income	11	67.7	-	67.7	77.3	-	77.3
Change in market value of investments	12	(66.7)	-	(66.7)	(91.5)	(0.2)	(91.7)
Investment management expenses	14	(2.2)	-	(2.2)	(0.5)	(0.1)	(0.6)
Net returns on investments		(1.2)	-	(1.2)	(14.7)	(0.3)	(15.0)
Net (decrease)/increase in the fund		(48.1)	0.1	(48.0)	(63.9)	(112.0)	(175.9)
Opening net assets		956.4	-	956.4	1,020.3	112.0	1,132.3
Closing net assets		908.3	0.1	908.4	956.4	-	956.4

The notes on pages 27 to 41 form part of these Financial Statements.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Net Assets Available for Benefits as at 31 March 2025

Statement of Net Assets Available for Benefits as at 31 March 2025

	Note	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Investment assets							
Pooled investment vehicles	12	445.3	-	445.3	454.8	-	454.8
Insurance policies	12	447.2	-	447.2	480.7	-	480.7
Cash	13	14.0	-	14.0	17.3	-	17.3
Other investment balances	13	-	-	-	1.1	-	1.1
		906.5	-	906.5	953.9	-	953.9
Investment liabilities							
Other investment balances	13	-	-	-	(0.1)	-	(0.1)
		-	-	-	(0.1)	-	(0.1)
Total net investments		906.5	-	906.5	953.8	-	953.8
Current assets	19	2.3	0.1	2.4	2.7	0.3	3.0
Current liabilities	20	(0.5)	-	(0.5)	(0.1)	(0.3)	(0.4)
Total net assets available for benefits		908.3	0.1	908.4	956.4	-	956.4

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 13 to 15 of the Annual Report, and these Financial Statements should be read in conjunction with this report.

The Financial Statements on pages 27 to 41 were approved by the Group Trustee on

Approved and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts
.....

Irina Krumova
.....

NAME

M Roberts (Chair) on behalf of PAN Trustees UK LLP
.....

Irina Krumova
.....

Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited

Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

1. General information

The Group is a Defined Benefit (“DB”) occupational pension scheme which is no longer open to new members but existing members continue to accrue benefits.

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 Pension Solutions – ESPS Team, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL. The address for the Group is C/O Pensions Secretariat – ESPS, Electricity North West Limited, Borron Street, Portwood, Stockport, Cheshire, SK1 2JD.

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 C/O Pensions Secretariat – ESPS, Electricity North West Limited, Linley House, Dickinson Street, Manchester, M1 4LF.

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.

4. Accounting policies (continued)

Contributions (continued)

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.

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. No Employers' deficit contributions were due nor paid during the period.

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.

The PPF levy is shown as an expense in the Fund Account. If the Principal Employer chooses to pay the PPF levy on behalf of the Group, then an amount equal to the PPF levy is included in Other Income.

The Participating Employers will in addition reimburse the Group in respect of PPF and other levies collected by the Pensions Regulator

4. Accounting policies (continued)

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.

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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

4. Accounting policies (continued)

Valuation and classification of investments (continued)

- 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 estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 12, 15 and 16.

5. Contributions

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Employers:						
Normal*	11.0	-	11.0	10.9	7.0	17.9
Other contributions						
Expenses	-	-	-	0.2	-	0.2
Group life	-	-	-	-	0.3	0.3
Employees:						
Normal	0.2	-	0.2	0.2	0.1	0.3
AVC	-	-	-	0.4	0.7	1.1
	11.2	-	11.2	11.7	8.1	19.8

* Included within Normal Employers are contributions for the DB section of £1.1 million (2024: £1.1 million) that were met by the Employer rather than the employees under the salary sacrifice arrangement.

6. Transfers in

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Individual transfers in from other schemes	0.3	-	0.3	0.1	0.2	0.3
Individual AVC transfers in from LifeSight	0.3	-	0.3	-	-	-
	0.6	-	0.6	0.1	0.2	0.3

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

During the year, there has been a number of members who have transferred back AVC's from LifeSight to settle of PSS liabilities or to fund part of the DB tax free cash on retirement. These are in respect of members with pre Oct 23 AVC's.

7. Other Income

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Other Income	0.1	0.1	0.2	-	-	-

8. Benefits paid or payable

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Pensions	50.7	-	50.7	50.9	-	50.9
Commutations of pensions and lump sum retirement benefits	3.4	0.1	3.5	2.8	0.2	3.0
Purchase of annuities on retirement	-	-	-	0.1	-	0.1
Lump sum death benefits (in service)	0.4	-	0.4	-	-	-
Tax (annual allowance exceeded)	-	-	-	0.5	-	0.5
	54.5	0.1	54.6	54.3	0.2	54.5

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds Banking Group GMP 2018 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

9. Payments to and on account of leavers

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Individual transfers out to other schemes	2.8	(0.1)	2.7	1.4	1.9	3.3
	2.8	(0.1)	2.7	1.4	1.9	3.3

10. Administrative expenses

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Administration and processing	0.7	-	0.7	0.5	0.1	0.6
Actuarial fees	0.4	-	0.4	0.5	-	0.5
Trustee fees	0.1	-	0.1	0.1	-	0.1
Legal fees	0.2	-	0.2	-	-	-
Insurance	-	-	-	-	0.3	0.3
Audit fees	0.1	-	0.1	-	-	-
	1.5	-	1.5	1.1	0.4	1.5

For the period 1 April 2024 to 31 March 2025, expenses were met from the Group's expense reserve as agreed with the Employer.

11. Investment income

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Interest on cash deposit	1.7	-	1.7	2.0	-	2.0
Income from pooled investment vehicles	15.2	-	15.2	12.3	-	12.3
Income from insurance policies	50.8	-	50.8	63.0	-	63.0
	67.7	-	67.7	77.3	-	77.3

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.

12. Reconciliation of net investments

	Value at 1 April 2024 £million	Purchases £million	Sales £million	Change in market value £million	Value at 31 March 2025 £million
Pooled investment vehicles	454.8	71.8	(47.6)	(33.7)	445.3
Insurance policies	480.7	-	-	(33.5)	447.2
	935.5	71.8	(47.6)	(67.2)	892.5
Cash	17.3				14.0
Other investment balances	1.0				-
Total net investments	953.8				906.5

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

Summary of change in market value of investments:

Change in Market value	67.2
Other investment balances	(0.5)
	66.7

Investment transaction costs

No Transaction costs were incurred during the year on the sole investor fund held with Legal & General and the Pooled investment vehicles (2024: Nil). 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.

- Daily dealt funds: L&G (Absolute Return Bonds) and Insight (Asset Backed Securities)
- Weekly dealt funds: L&G (LDI)
- Semi-annually dealt funds: J.P. Morgan (Infrastructure Equity) – This is an illiquid open-ended fund with an initial lock-in period of 4 years, meaning the investment is not realisable without a penalty charge until the lock-in period expires. The Group's four year lock-in period is due to end in September 2026.
- Closed-ended funds*: Carlyle (Distressed Debt), Permira (Private Debt), Morgan Stanley and Partners Group (both Global Property)

*These are illiquid vehicles meaning 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 flow. 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. Please note that the Partners Group Real Estate Secondaries Fund entered into a formal liquidation process with final distributions expected to be paid out by the end of 2025.

Pooled investment vehicles

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Bonds	190.9	-	190.9	129.1	-	129.1
Property	55.5	-	55.5	96.3	-	96.3
Infrastructure funds	87.1	-	87.1	81.6	-	81.6
Liability driven investments	111.8	-	111.8	147.8	-	147.8
	445.3	-	445.3	454.8	-	454.8

At 31 March 2025 the Group held a bespoke Liability Driven Investment (LDI) portfolio. The portfolio has been included above in the pooled investment vehicles and is specifically tailored for the Group's individual requirements and there are no other investors. As at 31 March 2025 £111.8 million (2024: £147.8 million) was invested with Legal & General.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

12. Reconciliation of net investments (continued)

The LDI breakdown is as follows:

	DB	<i>DB</i>
	2025	<i>2024</i>
	£million	<i>£million</i>
Bonds – net	530.8	<i>317.1</i>
Swaps – net	(12.4)	<i>(11.3)</i>
Repurchase agreements – net	(425.2)	<i>(174.2)</i>
Cash and other liquid assets	18.6	<i>16.2</i>
	111.8	<i>147.8</i>

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 £447.2m (2024: £480.7m).

The significant actuarial assumptions underlying the current valuation calculation are in line with those set out in the Report on Actuarial Liabilities on pages 13 to 15.

As part of the original buy-in policy, the Group Trustee had the right to restructure the buy-in following a future Pension Increase Exchange (PIE) exercise, there were also terms around restructuring for the impact of GMP Equalisation and Conversion.

Following the Company decision to cap the April 2024 pension increases at 5%, the Trustee agreed to restructure the buy in policy held with Scottish Widows to reflect the capped increase (as the insurance is based on full RPI increases in payment). As a result a payment of £10.5m was received from Scottish Widows on 6th February 2025.

A reclaim of £458k was offset against July 2024 Scottish Widows receipt, this reclaim was in relation to an overpayment made.

AVC investments

The number of AVC accounts (including "frozen" accounts) as at 31 March 2025 was 4 (2024: 4).

13. Cash and other net investment balances

	DB	<i>DB</i>
	2025	<i>2024</i>
	£million	<i>£million</i>
Cash – sterling	14.0	<i>17.3</i>
Total cash	14.0	<i>17.3</i>
Accrued interest and dividends	-	<i>1.1</i>
Other investment liabilities	-	<i>(0.1)</i>
	14.0	<i>18.3</i>

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

14. Investment management expenses

	DB 2025 £million	DC 2025 £million	Total 2025 £million	DB 2024 £million	DC 2024 £million	Total 2024 £million
Administration and management fees	1.6	-	1.6	0.1	0.1	0.2
Other advisory fees	0.6	-	0.6	0.4	-	0.4
	2.2	-	2.2	0.5	0.1	0.6

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 2025 or 31 March 2024.

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	2025 Total £million
Investment assets				
Pooled investment vehicles	-	203.6	241.7	445.3
Insurance policies	-	-	447.2	447.2
Cash	-	14.0	-	14.0
Total investments	-	217.6	688.9	906.5

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

15. Fair value determination (continued)

	Level 1 £million	Level 2 £million	Level 3 £million	2024 Total £million
Investment assets				
Pooled investment vehicles	-	195.6	259.2	454.8
Insurance policies	-	-	480.7	480.7
AVC investments	-	-	-	-
Cash	-	17.3	-	17.3
Other Investment Assets	1.1	-	-	1.1
Investment liabilities				
Other investment balances	(0.1)	-	-	(0.1)
DB Section Total	1.0	212.9	739.9	953.8
DC Section				
Investment assets				
Pooled investment vehicles	-	-	-	-
DC Section Total	-	-	-	-
Total investments	1.0	212.9	739.9	953.8

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.

The Group Trustee determines the investment strategy after taking advice from a professional investment adviser. Following the Group Trustee agreement to implement the investment 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

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 Group's buy-in was funded by a combination of corporate bonds, government bonds and cash in October 2019 with no additional buy-in's instructed during the year ending 31 March 2025.

Direct risks – Credit

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

	Investment Grade £million	Non-Investment Grade £million	Unrated £million	2025 Subtotal £million
Pooled investment vehicles	-	-	445.3	445.3
Total	-	-	445.3	445.3

	Investment Grade £million	Non-Investment Grade £million	Unrated £million	2024 Subtotal £million
Pooled investment vehicles	-	-	454.8	454.8
Total	-	-	454.8	454.8

Source: investment managers, BNYM, Isio Calculations

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.

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:

	2025 £million	2024 £million
Unit-linked insurance contracts	51.4	47.8
Authorised unit trusts	84.3	82.9
Limited liability partnerships	2.1	4.4
Limited partnerships	108.6	90.3
Open-ended investment companies	87.1	81.6
Qualifying Investor Alternative Investment fund (QIAIF)	111.8	147.8
Total	445.3	454.8

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

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:

	2025	2024
	£million	£million
US Dollar	97.2	95.7
Euro	3.7	3.7

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

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.

2025	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Bond funds	●	○	○	○
Property funds	○	○	●	●
Liability-driven investment funds	●	○	●	○
Infrastructure funds	○	○	○	●

2024	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Bond funds	●	○	○	○
Property funds	○	○	●	●
Liability-driven investment funds	●	○	●	○
Infrastructure funds	○	○	○	●

Key to indirect risk exposures:

- Significant exposure
- Some exposure
- Negligible exposure

17. Employer related investments

As at 31 March 2025 there were no direct employer-related investments (2024: 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 (2024: nil).

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

18. Concentration of investments

Investments accounting for more than 5% of the net assets of the Group at 31 March 2025 or 31 March 2024 were:

	2025	2025	2024	2024
	£million	%	£million	%
Scottish Widows Insurance Policy	447.2	49.4	480.7	50.3
L&G Client Specific Fund	111.8	12.3	147.8	15.5
M&G Secured Property Income Fund	-	-	82.9	8.7
JP Morgan	87.1	9.6	81.2	8.5
Permira Credit Solutions V Fund	85.3	9.4	60.7	6.3

19. Current assets

	DB	DC	Total	DB	DC	Total
	2025	2025	2025	2024	2024	2024
	£million	£million	£million	£million	£million	£million
Contributions due in respect of:						
Employers	0.9	-	0.9	0.9	-	0.9
VAT recoverable	0.2	-	0.2	0.5	-	0.5
Cash balances	1.2	0.1	1.3	1.3	0.3	1.6
	2.3	0.1	2.4	2.7	0.3	3.0

All contributions due to the Group at 31 March 2025 and 31 March 2024 relate to March 2025 and March 2024 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	DC	Total	DB	DC	Total
	2025	2025	2025	2024	2024	2024
	£million	£million	£million	£million	£million	£million
Benefits payable	(0.3)	-	(0.3)	-	-	-
Administrative expenses	(0.2)	-	(0.2)	-	(0.3)	(0.3)
Other payments	-	-	-	(0.1)	-	(0.1)
	(0.5)	-	(0.5)	(0.1)	(0.3)	(0.4)

21. Related party transactions

Related party transactions and balances comprise:

Key Management personnel

Contributions and contributions receivable in respect of one Group Trustee Directors and pensions paid in respect of three Group 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Notes to the Financial Statements

In the year to 31 March 2025 fees and expenses of £125,415 (2024: £111,185) were paid to four Group Trustee Directors by the Scheme.

Employer and other related parties

Administrative services, including three of the Group Trustee Directors fees and expenses are provided by the Employer, without recharge to the Group. Group Trustee Directors fees and expenses provided by the employer without recharge to the Group amounted to £500 (2024: £500).

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.

As at 31 March 2025, the Group has contributed a total of c.£83.2m (2024: c£58.4m) in capital to the Permira PCS V Fund, which represents 66.6% (2024: c46.7%) of the Group's £125m commitment.

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 Schedule of Contributions for the Group year ended 31 March 2025 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 2023.

We have examined Electricity North West Group of the Electricity Supply Pension Scheme's summary of contributions for the Group year ended 31 March 2025 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's responsibilities, the Group's Group Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the 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

Leeds

28 July 2025

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
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 2025 were as follows:

Contribution Type	Employer £millions	Employee £millions	Total £millions
Required by the Schedule of Contributions			
Normal – DB	11.0	0.2	11.2
Expenses	-	-	-
Group life	-	-	-
Sub-total	11.0	0.2	11.2
Other Contributions Payable			
AVC	-	-	-
Total (as per Fund Account)	11.0	0.2	11.2

Approved by and signed on behalf of the Group Trustee:

SIGNATURE

Mike Roberts

Irina Krumova

.....

.....

NAME

M Roberts (Chair) on behalf of PAN Trustees UK LLP

Irina Krumova

.....

.....

Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited

Trustee Director
Electricity North West (ESPS) Pensions
Trustees Limited

DATE:

25 July 2025

.....

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Schedule of Contributions

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 2026. 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.	<p>Rates as set out in Appendix A:</p> <p>39.8% of Salaries or Pensionable Earnings up to 1 April 2023 and 38.2% of Salaries or Pensionable Earnings thereafter, paid monthly;</p> <p>Less a fixed reduction to future service contributions of £208,333 each month for the period 1 April 2022 to 31 March 2023; and</p> <p>£200,000 each quarter until 31 March 2023 for expenses then nil thereafter (subject to review at future actuarial valuations).</p> <p>The Participating Employers will in addition reimburse the Group in respect of PPF and other levies collected by the Pensions Regulator</p>
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	<p>£1,666,700 each month from April 2022 to March 2023 inclusive.</p> <p>Elements of the Shortfall contributions are also being treated as Expense contributions and Rule 29 contributions – see Appendix A for details.</p>

The Participating Employers will ensure that the Trustee receives these contributions by the 19th day (or the 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 the 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 the payment is requested from the Participating Employers by the Administrator.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Schedule of Contributions

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 set out in Appendix A which forms part of 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 Employers 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Schedule of Contributions

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.	<p>ESPS members The relevant % of Salaries (6%, 5%, 3% or nil) as required under the Group's provisions.</p> <p>UUPS members The relevant % of Pensionable Earnings (3% to 7.5%) as required under the Group's provisions.</p> <p>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.</p>

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:	<i>M Sugden</i>	Name:	M Sugden
Position:	Trustee Director	Date:	31 March 2023
Signature:	<i>C Dooley</i>	Name:	C Dooley
Position:	Trustee Director	Date:	31 March 2023

Signed on behalf of Electricity North West Limited

Signature:	<i>D Brocksom</i>	Name:	D Brocksom
Position:	Director	Date:	31 March 2023

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Schedule of Contributions

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)	£1,666,700 each month from April 2022 to March 2023 inclusive
Additional (Future Service)	Clause 13(1)(g)	<p>39.8% of Salaries/Pensionable Earnings up to 1 April 2023 and 38.2% of Salaries/Pensionable Earnings thereafter, less contributions made under Clause 13(1)(a) and Clause 13(1)(f) (arising from Rule 23A).</p> <p>Less a fixed reduction to future service contributions of £208,333 each month for the period 1 April 2022 to 31 March 2023.</p> <p>For the avoidance of doubt, in any month, the aggregate contributions payable under Clause 13(1)(g) shall not be less than £0.</p>
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	Clause 13(1)(c)	As required under the provisions of Clause 13(1)(c).

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Schedule of Contributions

Rule 14(3), Rule 20(5) and Part II of Appendix B		
Expenses of administration (including PPF and other levies)	Clause 13(1)(h)	<p>£200,000 each quarter until 31 March 2023 for expenses then nil thereafter (subject to review at future actuarial valuations).</p> <p>For the shortfall in contributions with respect to expenses up to the 31 March 2022 valuation date, the Participating Employers will meet the costs by instalments over the period to March 2023 with £125,000 each month of the shortfall contributions detailed above representing expense contributions</p> <p>Advanced further funding is also being made. The Participating Employers will meet the costs by instalments over the period to March 2023 with £1,083,333 each month of the shortfall contributions detailed above representing expense contributions.</p> <p>The Participating Employers will in addition reimburse the Section in respect of the PPF and other levies collected by the Pensions Regulator.</p>
Other	<p>Clause 13(1)(d)</p> <p>Clause 13(1)(f) (arising from Rule 23A)</p> <p>Clause 13(1)(f) (arising from Rule 32A)</p> <p>Clause 13(1)(ee) (arising from paragraph (1A) of Rule 14)</p>	<p>As required under the provisions of Clause 13(1)(d).</p> <p>As required under the provisions of Rule 23A.</p> <p>As required under the provisions of Rule 32A.</p> <p>As required under the provisions of paragraph (1A) of Rule 14.</p>

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 Principal Employer with the Trustee.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Actuarial Certificate of Technical Provisions

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 2022 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 2023.

Signature	<i>Chris Vaughan-Williams</i>	Date	31 March 2023
Name	Chris Vaughan-Williams	Name of employer	Aon Solutions UK Limited
Qualification	Fellow of the Institute and Faculty of Actuaries	Address	1 Redcliff Street Bristol BS1 6NP

Electricity North West Group of the Electricity Supply Pension Scheme

March 2025 - Statement of Investment Principles

1. Purpose of this Statement

The Group 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 Group Trustee's decisions to invest the assets of the Group.

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

Details on the specifics of the Group's investment arrangements are set out in the Investment Implementation Document ("IID") and is available upon request.

2. Governance

The Group Trustee makes all major strategic decisions including the Group's asset allocation and the appointment and termination of investment managers. When making such decisions, and when appropriate, the Trustee takes written advice. The Group 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 Group Trustee in the interests of obtaining best value for the Group.

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

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

3. Investment Objectives – Defined Benefit Section

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

The Group's ongoing (Technical Provisions) position is evaluated regularly through the formal triennial valuation process and annual funding updates. Previously, the Group Trustee aimed to achieve full funding on both a Technical Provisions basis and a long-term funding target - defined as gilts +0.5%. Having successfully met both of these objectives, the Group Trustee is now in the process of agreeing a new long-term objective in consultation with the Company.

4. Investment Strategy - Defined Benefit Section

The Group Trustee takes a holistic approach to considering and managing risks when formulating the Group's investment strategy. Given that the bulk annuity transaction is fixed to cover a set amount of liabilities, the Group 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 the strength of the Company's covenant. The Group Trustee considered the merits of a range of asset classes.

The Group 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 below shows the target investment strategy that aims to provide the Group with sufficient assets to maintain a low-risk investment strategy to limit reliance on the Company for ongoing financial support. Excluding the bulk annuity transaction, the strategy aims to hedge approximately 90% of both interest rate and inflation risk (on the Technical Provisions basis), which is primarily obtained through the LDI mandate with LGIM. The long lease property mandate also provides some liability hedging characteristics to supplement this, which has been considered as part of the hedge design process.

Asset Class	Benchmark Allocation (excl. bulk annuity ¹) (%)
Distressed Debt ²	0
Global Property ²	0
Asset Backed Securities	10
Absolute Return Bonds ³	16
Infrastructure Equity	17
Direct Lending	17
Long Lease Property	10
LDI	30
Total	100

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

²These asset classes are current mature illiquid holdings that will continue to distribute their remaining capital. 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 and have been allocated benchmark allocations of 0%.

³ *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 and receive any capital distributions. This mandate's allocation is therefore expected to deviate with yield movements. See Appendix C for further details.*

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 Management Arrangements

The Group Trustee has appointed several investment managers to manage the assets of the Group as listed in the Investment Implementation Document ("IID"). 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 Group 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 Group Trustee takes investment managers' policies into account when selecting and monitoring managers. The Group Trustee also considers 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 Group 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 considering 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 Group Trustee on a quarterly basis and the managers meet the Group 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 Group Trustee, the IID as referenced earlier, which is available to members upon request. In the event of a change in investment manager(s), the Group Trustee will seek appropriate advice to facilitate the required asset transfer.

The Bank of New York Mellon has been appointed as the Group's custodian by the Group Trustee of the Electricity Supply Pension Scheme, to operate alongside the investment managers the Group has in place. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

6. Investment Manager Monitoring and Engagement

The Group 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 Group 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	<p>The Group Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Group Trustee Board Meeting.</p> <p>The Group's investment managers are invited in person, from time to time, to present to the Group Trustee on their performance, strategy and risk exposures.</p>	<p>There are significant changes made to the investment strategy.</p> <p>The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Group Trustee's expectations.</p> <p>Underperformance vs. the performance objective over the period that this objective applies.</p>
Environmental, Social, Corporate Governance factors and the exercising of rights	<p>The Group Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.</p> <p>The Group Trustee receives information from their investment advisers on the investment managers' approaches to engagement.</p> <p>The Group Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Scheme's stewardship priorities) at least annually.</p>	<p>The manager has not acted in accordance with their stated ESG, climate and/or stewardship policies and frameworks.</p> <p>The manager's policies are not in line with the Group Trustee's policies in this area.</p>

7. Leverage and Collateral Management - Defined Benefit Section

The Group Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Group's liability hedging portfolios.

The Group Trustee has a stated collateral management framework. The Group Trustee has agreed a process for meeting collateral calls should these be made by the Group's LDI investment manager. The Group Trustee will review and stress test this framework on a regular basis.

Further details on this can be found in Appendix C.

8. Additional Assets

Under the terms of the trust deed the Group Trustee is responsible for the investment of Additional Voluntary Contributions (“AVCs”) paid by members in the Defined Benefit sections of the Group. The Group’s Defined Benefit section members hold AVCs with external providers. The Group Trustee does not influence the investment strategy of the third party AVC providers. The Group 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 Group 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 Group 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 Group 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 other significant shareholders.

It is recognised that the Group’s underlying investment managers may invest in these prohibited securities where the Group is investing in a pooled fund.

11. Additional Control Framework

The Group Trustee has adopted the following framework in structuring the Group’s investments considering the risk measures detailed in Appendix A:

- Derivatives may only be used with the prior consent of the Group Trustee, except as otherwise specified in the investment review documents sent to the Group Trustee ahead of any new investment made by the Group detailing the specifics of the Group’s investment arrangements.
- The Group’s investment managers may only invest in securities that do not have a readily realisable value with prior Group Trustee consent.
- Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure) the Group 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

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 Group Trustee recognises the need for the Group to be a long-term responsible stakeholder. The Group's ESG beliefs have been agreed and are set out in a separate document: Environmental, Social and Governance Policy.

13. Compliance

The Group 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 Group 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 Group 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 Group 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: Mike Roberts
Name: M Roberts (Chair) on behalf of PAN Trustees UK LLP
Date: 27 March 2025

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

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

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

The Group 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.	<ul style="list-style-type: none"> 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 cashflows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Group 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.	<ul style="list-style-type: none"> When developing the Group's investment and funding objectives, the Group 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 approximately 90% of the interest rate and inflation risks inherent in the Group's liabilities (on the Technical Provisions basis, excluding the bulk annuity transaction).
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the	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. The Group's

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

	investment.	LGIM Absolute Return Bond Fund holdings form part of a collateral waterfall structure that can be used in relation to leveraging and deleveraging events.
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.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>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.</p>
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.	<p>The Group Trustee has implemented its own ESG Policy which it uses in the selection and monitoring of its investment managers.</p> <p>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.</p> <p>The Group Trustee monitors the managers on an ongoing basis.</p>
Currency	The potential for adverse currency movements to have an impact on the Group's investments.	<p>Hedge currency risk to an appropriate level as determined by the Group Trustee with advice from their investment advisor.</p> <p>The Group Trustee aims to invest in Sterling share classes where possible to eliminate direct currency risk in underlying holdings, except where active currency positions are held.</p>
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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

Appendix B

The Group 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 Group Trustee's policies.	<ul style="list-style-type: none"> 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 Group Trustee's policies. However, the Group Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. Where the Group Trustee has a bespoke or segregated arrangement with the investment managers, thereby allowing the investment managers to align their strategy with the Group 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.	<ul style="list-style-type: none"> The Group Trustee reviews the investment managers' performances relative to medium and long-term objectives as documented in the investment management agreements. The Group Trustee monitors the investment managers' engagements and voting activities 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 Group Trustee's policies.	<ul style="list-style-type: none"> The Group 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 Group Trustee evaluates performance over the time period stated in the investment managers' performance objectives. 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	<ul style="list-style-type: none"> The Group 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.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

or turnover range.	
The duration of the Group's arrangements with the investment managers.	<ul style="list-style-type: none"> • 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 Group Trustee ensures the timeframe of the investment or lock-in is in line with the Group Trustee's objectives and Group's liquidity requirements. • For open ended funds, the duration is flexible and the Group Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
How the investment managers are incentivised to vote on the Group Trustee's behalf.	<ul style="list-style-type: none"> • The Group Trustee has acknowledged responsibility for the voting policies that are implemented by the Group's investment managers on their behalf. • The Group Trustee monitors the investment managers' engagements and voting activities regularly as part of their ESG monitoring process to engage with investment managers on alignment.
How the Group Trustee will engage with investment managers, direct assets and others about 'relevant matters'.	<ul style="list-style-type: none"> • The Group Trustee has acknowledged responsibility for the engagement policies that are implemented by the Group's investment managers on their behalf. • The Group Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Statement of Investment Principles

Appendix C – Collateral management policy

The Group Trustee has a defined collateral rebalancing framework in place with LGIM in regard to the Group's LDI mandate. In the event of capital calls, LGIM have permission to automatically source capital as required from the Group's other LGIM fund as outlined below.

The Group Trustee will review their collateral management policy no less frequently than annually, or as soon as possible in the event of significant market movements.

Trigger	Action	Responsibility
When LDI fund collateral falls below the predefined trigger level of 0.9x the optimal level.	Capital call is issued, funds are automatically sourced from the below collateral waterfall as required to restore the collateral buffer to 1.05x the optimal 350 bps headroom target.	LGIM are responsible for monitoring LDI fund collateral levels, communicating capital call requirements to Isio/the Group Trustee and sourcing the required funds.
All collateral funds are exhausted	Consider sourcing capital from other liquid mandates and/or reducing hedging exposure.	Isio to monitor collateral levels in the collateral fund and advise accordingly when manual top ups may be required.

The latest collateral waterfall is set out below. Assets held with the same manager as the LDI mandate are shown in bold, reflecting the lower governance burden on the Group Trustee.

Order	Manager	Fund	Dealing frequency	Notice period	Settlement period
1	LGIM	Absolute Return Bond Fund	Daily	6pm T - 1	T + 2
2	BNY Mellon	Group Cash Fund*	Daily	5pm T - 2	T + 1
3	Insight	Global Asset Backed Securities Fund*	Daily	12pm T-1	T + 3

**This fund is not part of the Group's collateral framework with LGIM but can be used as an extra source of capital for manual top ups as required.*

The Group also has an upper trigger mechanism in place with LGIM which outlines the collateral levels at which capital will be distributed. This states that when the LDI fund collateral rises above the redefined trigger level of 1.2x the optimal level, capital will automatically be distributed to the Absolute Return Bond Fund to restore the 1.05x optimal collateral position.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of the Group Trustee's fiduciary duty.

Implementation Statement

This implementation statement is to provide evidence that the Group continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

<https://www.enwlpensions.co.uk/db-members/scheme-documents> and changes to the SIP are detailed on page 6.

The Implementation Statement 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 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 2025 for and on behalf of the Group including the most significant votes cast by Group or on its behalf

Summary of key actions undertaken over the Group's reporting year

The Group Trustee monitors the Group's investments on an ongoing basis, including receiving regular reporting from the Group's investment adviser and the investment managers.

Reporting includes monitoring the Group's asset allocation versus the strategic allocation detailed in the SIP, reviewing the performance of the investment managers versus relevant benchmarks and their stated objectives, and monitoring investment risks.

During the year leading up to 31 March 2025, the Group Trustee implemented changes to the investment strategy, including updating the liability hedging benchmark to reflect changes in the Group's membership profile and market conditions. The target hedge was increased to 90% of the interest rate and inflation risks inherent in the Group uninsured liabilities, based on the Technical Provision basis.

The Group Trustee invested £40m in the Insight Global ABS Fund, sourced from a prior disinvestment from the M&G long lease property fund. This investment generates an ongoing yield for the Group and provides a secondary source of LDI collateral, after the L&G ARB Fund.

The Group Trustee conducts a comprehensive annual assessment of the investment managers' Environmental, Social, and Governance (ESG) strategies. The Group's investment managers are increasingly incorporating ESG factors into their decision-making processes and due diligence frameworks. To foster continued improvement, the Group Trustee,

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

via their investment adviser, has outlined specific actions for the managers to enhance their ESG approaches. The Group Trustee will maintain ongoing oversight to track progress against these agreed measures.

The Group Trustee also established a Climate Delegation Framework over the reporting period to formalise governance processes for managing climate-related risks and opportunities, building on existing SIP and ESG policies by clarifying roles and responsibilities. The framework and ESG Policy, updated to include a climate-specific risk register, will undergo triennial reviews, with periodic assessments of climate risks.

The SIP was updated after the reporting period to reflect the changes in the investment strategy outlined above. The Group Trustee keeps the Group's SIP under ongoing review.

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	Mike Roberts
Position	M Roberts (Chair) on behalf of PAN Trustees UK LLP
Date	25 July 2025

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

Managing risks and policy actions

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's assets and present value of its liabilities from changes in interest rates and inflation expectations.	To hedge c.90% of interest rate and c.90% of inflation risks inherent in the Group's liabilities on the Technical Provisions basis (excluding the bulk annuity transaction).	During the reporting year, the liability hedging benchmark was refreshed, with the target hedge levels maintained at 90% of interest rate and inflation risk of the Group's uninsured liabilities on the Technical Provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	<p>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).</p> <p>Collateral for LDI purposes will initially be sourced by L&G using cash within the bespoke pooled mandate in place.</p> <p>The Group's L&G Absolute Return Bond Fund forms part of a collateral waterfall structure that can be used in relation to re-leveraging and de-leveraging events.</p> <p>To help manage the Group's liquidity position, an automatic rebalancing framework with pre-agreed rebalancing triggers is in place with L&G to facilitate faster collateral rebalancing.</p>	<p>The investment strategy and insurance policy distribute regular income to assist in paying benefits as they fall due.</p> <p>The proceeds from the M&G redemption were received and reinvested in the Insight Global ABS Fund . Due to the fund being daily dealt, this provides an additional buffer to meet collateral calls should it be needed and provides further liquidity for the Group.</p> <p>Several of the Group's illiquid mandates are currently in their harvesting phase and are distributing cash back to the Group. These distributions have been earmarked as a source of capital for future drawdowns in relation to the Group's unfunded illiquid manager commitments.</p>
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	<p>The Group reduces market risk by diversifying its holdings across a range of asset classes and investment managers.</p> <p>Overall, market diversification increased over the reporting period with the introduction of a new asset-backed securities mandate. The Group Trustee is satisfied that the Group's assets remain sufficiently diversified to appropriately address market risk.</p>

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

			The Group's allocations are monitored on a regular basis relative to the Strategic Asset Allocation (set out in the SIP)
Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>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.</p>	<p>The Group invests across a range of credit strategies which provide exposure to several sectors and geographies.</p> <p>As noted above, a new asset-backed securities mandate was introduced over the reporting period. The mandate's investment-grade average credit rating ensures credit risk exposure remains limited.</p>
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.	<p>The Group Trustee has implemented its own ESG Policy which it uses in the selection and monitoring of its investment managers.</p> <p>ESG is taken into account as part of the Group's adviser's (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.</p> <p>The Group Trustee monitors the managers on an ongoing basis via the annual impact assessment, which provides further details and proposed actions for the Group's investment managers improvements in ESG integration. ESG ratings are also shared in the quarterly investment performance reports.</p>	<p>The Group Trustee conducts an annual in-depth review of the Group's investment managers' ESG policies and practices during the reporting period, while also exploring potential integration of the updated ESG policy into the Group's overall investment strategy.</p> <p>As the ESPS is covered by Taskforce for Climate related Financial Disclosures ('TCFD') regulations, the Group Trustee produced a governance and risk management report to feed into the ESPS Scheme-level TCFD submission,</p>
Currency	The potential for adverse currency movements to have an impact on the Group's investments.	<p>Hedge currency risk to an appropriate level as determined by the Group Trustee with advice from their investment advisor.</p> <p>The Group Trustee aims to invest in Sterling share classes where possible to eliminate</p>	No change to policy.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

		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.	No change to policy.

Changes to the SIP

Over the 12-month period to 31 March 2025, the Group's SIP was updated to reflect the strategy changes noted above. The Group Trustee also implemented an updated collateral management policy which details the events that should take place should the Group's LDI manager (L&G) issue a capital call. The additional policies added to the SIP are below.

Policies added to the SIP

Date updated: March 2025

Investment Strategy – Defined Benefit Section

The Group's Statement of Investment Principles (SIP) has been updated for the below strategic asset allocation table below shows the target investment strategy that aims to provide the Group with sufficient assets to maintain a low-risk investment strategy to limit reliance on the Company for ongoing financial support. Excluding the bulk annuity transaction, the strategy aims to hedge approximately 90% of both interest rate and inflation risk (on the Technical Provisions basis), which is primarily obtained through the LDI mandate with L&G. The long lease property mandate also provides some liability hedging characteristics to supplement this, which has been considered as part of the hedge design process.

Asset Class	Previous Benchmark Allocation ¹ (%) - November 2023	Updated Benchmark Allocation ¹ (%) - February 2025
Distressed Debt ²	0	0
Global Property ²	0	0
Asset Backed Securities	0	10

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

Absolute Return Bonds ³	16	16
Infrastructure Equity	17	17
Direct Lending	17	17
Long Lease Property	10	10
LDI	40	30
Total		100

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

²These asset classes are current mature illiquid holdings that will continue to distribute their remaining capital. 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 and have been allocated benchmark allocations of 0%.

³ 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 and receive any capital distributions. This mandate's allocation is therefore expected to deviate with yield movements.

Leverage and Collateral Management

After the Group invested in the Insight Global ABS Fund, the Trustee incorporated this daily-dealt fund into the Group's collateral waterfall to strengthen its liquidity. The Global ABS Fund now represents the third tier of collateral in the event of a capital call. Further details are provided in the table below.

Order	Manager	Fund	Dealing frequency	Notice period	Settlement period
1	L&G	Absolute Return Bond Fund	Daily	6pm T- 1	T + 2
2	BNY Mellon	Group Cash Fund*	Daily	5pm T – 2	T + 1
3	Insight	Global Asset Backed Securities Fund*	Daily	12pm T-1	T + 3

**These funds are not part of the Group's collateral framework with L&G but can be used as an extra source of capital for manual top ups as required.*

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

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. As outlined in the 'Investment Manager Arrangements' section of the SIP, 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 the:

- selection, retention, and realisation of investments including taking into account all financially material considerations, including Environmental, Social and Governance ('ESG') factors in making these decisions.
- exercise of rights (including voting rights) attaching to the investments.
- undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The 'Investment Manager Monitoring and Engagement' section of the SIP also outlines the framework the Trustee uses to monitor and engage with the investment managers on ESG matters.

The Group's Trustee has also established their own beliefs and implemented an ESG Policy to help underpin investment decisions. This Policy summarises the Trustee's beliefs and steps through which the Trustee will implement the policy. The Group's ESG Policy is detailed below.

The Trustee's ESG beliefs

The Group 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 Group Trustee, which were agreed in March 2024. The Group's ESG policy was updated following the development of the Climate Delegation framework, which formalises the Trustees' beliefs and policies on integrating ESG factors into investment decision-making. This includes codifying the Group Trustee's approach to addressing climate change :

Risk Management

- i. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Group Trustee.
- ii. The Group Trustee recognises that climate change risk poses significant investment risk that could become incrementally more severe over time.
- iii. The Group Trustee believes that ESG integration leads to better risk adjusted outcomes and want a positive tilt to the investment strategy.
- iv. The Group Trustee will consider the ESG values and priority areas of the Company.

Investment Approach/Framework

- i. The Group Trustee wants to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.
- ii. The Group Trustee believes that sectors which demonstrate particularly bad ESG characteristics may underperform. Where possible the investment strategy will seek to avoid these sectors.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

Voting & Engagement

- i. 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.
- ii. The Group Trustee will seek to understand the impact of voting and engagement activity within their investment mandates.
- iii. The Group 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.

Reporting & Monitoring

- i. ESG factors are dynamic and continually evolving; therefore, the Group Trustee will receive training to develop and maintain their knowledge of these factors.
- ii. The Group Trustee will seek to monitor key ESG metrics to understand the impact of their investments.

Collaboration

- i. 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.
- ii. The Group Trustee should sign up to a recognised ESG framework to collaborate with other investors on key issues.

The Principles of Responsible Investment (“PRI”) is a proponent of Responsible Investment and works to consider the investment implications of ESG factors on investment and ownership decisions. The Trustee will consider all six of the Responsible Investment principles from the PRI’s voluntary code when making investment decisions. These principles are outlined in the Appendix to this document.

Implementing the Group’s Policy

The Group Trustee will implement the policy through the following steps:

- 1. The Group 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 Group Trustee’s ESG beliefs will be formally reviewed on an ongoing basis as required.
- 3. The Group Trustee, with support from its investment consultant, will contribute to the Scheme-level Task Force on Climate-related Financial Disclosures (“TCFD”) report.
- 4. The Group Trustee will incorporate ESG criteria as part of new manager selection exercises, with explicit consideration of ESG factors for any segregated mandates.
- 5. The Group Trustee, with support from Isio, will carry out regular reviews of the investment managers’ approaches to and effectiveness in integrating ESG factors.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

6. The Group Trustee will receive any relevant climate-related updates from the investment consultant, potentially covering the investment managers' climate capabilities, progress on various climate workstreams and any relevant market or regulatory updates.
7. Following the initial review, actions will be identified where investment managers are misaligned with the Group Trustee's ESG beliefs. Isio will engage with each manager on the Group Trustee's behalf to remedy these issues where possible.
8. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis and the Group Trustee will seek to understand the effectiveness of these activities.
9. With guidance from Isio, the Group Trustee will seek to obtain and incorporate climate change metrics from its investment managers as TCFD aligned disclosures are required.
10. The Group 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.
11. The Group 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.
12. The Group Trustee to consider signing up to the UNPRI or the UK Stewardship Code.

ESG summary and actions with the investment managers

The Group Trustee carried out a review of the Group's investment managers from an ESG perspective over the reporting period with the assistance of the Group's investment adviser. As part of the review the Group Trustee communicated via the investment adviser several suggested actions for improvement in ESG integration. The Group Trustee agreed that the ESG integration of all of the investment managers was satisfactory and will continue to engage with the managers to seek improvement.

The key findings of the review are summarised below:

- Overall, Isio are satisfied that the Group's investment managers continue to be aligned with the Group's ESG policy with regards to ESG matters. Most of the Group's investment managers that were evaluated achieved ratings of 'meets traditional ESG criteria'.

Permira, for both Fund III and Fund V, remains rated as 'partially meeting' Isio's traditional ESG criteria. This rating reflects the private nature of underlying holdings that limits data availability. Permira provides loans to medium-sized companies that usually have less comprehensive governance structures, affecting data collection and climate modelling. However, improvements have been noticed over the year. For instance, Permira is now utilising third party data providers to incorporate ESG metrics and improve reporting.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

- The Insight Global ABS Fund is also rated as ‘partially meets criteria’. This is largely attributable to the challenges in accurately reporting carbon emissions for non-traditional credit assets like ABS, compared to more traditional asset classes like equities or corporate bonds.

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 and this Statement also does not include the ESG summaries 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.

Fund Name	ESG Summary	Proposed Actions
Permira – Direct Lending	The Permira ESG team has expanded to six members, including a dedicated ESG credit lead. To strengthen reporting and decision-making, Permira leverages third-party data providers to integrate environmental and social (ES) metrics into its processes. The firm has also expanded its ESG policy to incorporate a formal climate strategy. Additionally, mandatory ESG training is now required for all new hires, with annual refresher courses to ensure ongoing compliance and awareness.	<ul style="list-style-type: none"> • Explore setting firm-level net zero commitments, together with supporting decarbonisation targets or journey plan (and cascade this and/or other ESG objectives down to fund-level for more recent vintages). • Consider becoming a signatory to the UK Stewardship Code 2020 and signing up to other relevant collaborative engagement initiatives. • Review stewardship priorities and consider adding nature and biodiversity as firm-level stewardship priorities and evidence engagement in line with these priorities (i.e. provide specific case studies showcasing engagement on ESG issues with portfolio companies). • Work with portfolio companies to provide emissions metrics to improve fund-level data coverage. • Explore reporting on the ESG ratings/scores for the assets held in the fund and/or wider range of ESG metrics (including a temperature pathway alignment metric, for example ITR).
M&G – Long Lease Property	<p>M&G has established robust corporate ESG policies, including a firm-wide commitment to achieve net-zero emissions across all assets under management (AUM) by 2050. The company also demonstrates leadership in stewardship, with focused strategies addressing climate change and diversity initiatives.</p> <p>For the M&G Secured Property Income Fund, specific sustainability targets include achieving operational carbon neutrality by 2050. M&G further integrates social</p>	<ul style="list-style-type: none"> • Consider including nature as a stewardship priority. • Enhance collaboration with leading academic institutions to develop risk management frameworks. • Develop an approach to provide scope 1 and 2 emissions, as previously unable to do so due to lack of clarity of tenant activities. • Develop asset-level ESG goals.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

	<p>impact objectives into its strategy and systematically evaluates physical climate risks in its portfolio management.</p>	
LGIM – LDI	<p>Legal & General (L&G) maintains robust corporate-level ESG policies, including a commitment to achieve net-zero emissions across its portfolio by 2050. The firm adopts a proactive stewardship strategy and actively collaborates with industry peers through participation in over 50 ESG initiatives and partnerships.</p> <p>L&G embeds ESG within their counterparty review process for LDI funds via their Active ESG tool and engaging with counterparties.</p>	<ul style="list-style-type: none"> Consider expanding the approach to assessing green gilts to complement a relative value assessment to create positive externalities within the funds.
LGIM – Absolute Return Bonds	<p>Legal & General (L&G) maintains robust corporate-level ESG policies, including a commitment to achieve net-zero emissions across its portfolio by 2050. The firm adopts a proactive stewardship strategy and actively collaborates with industry peers through participation in over 50 ESG initiatives and partnerships.</p> <p>The fund has a specific, measurable ESG objective: a defined decarbonisation target aligned with the Net Zero Investment Framework. This ensures systematic progress toward reducing carbon intensity in line with global climate goals.</p>	<ul style="list-style-type: none"> Introduce a formal ESG training program with defined priorities. Consider developing connections with leading academic institutions to develop robust risk management frameworks. Engage with more issuers in the fund on an annual basis (currently <33% of issuers). Utilise third parties to independently verify ESG data reporting.
J.P Morgan – Infrastructure Equity	<p>JPMorgan Asset Management (JPMAM) maintains a proactive stewardship approach with comprehensive firm-level ESG reporting. A dedicated ESG team regularly reviews and updates the Sustainable Investment Statement to align with evolving best practices. For its Infrastructure Investments Fund, JPMAM employs an asset-specific performance scorecard for continuous ESG monitoring.</p>	<ul style="list-style-type: none"> Implement explicit fund-level ESG targets and develop exclusions policy. Carry out an annual review of the ESG scorecard / risk framework. Demonstrate how engagement could enhance nature/biodiversity factors for applicable infrastructure assets within the fund. Provide quarterly reporting of ESG metrics and GHG emissions data. Consider using ESG data sources from external providers during the due diligence process and ongoing monitoring.

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

	<p>The fund's proprietary <i>ESG in Action</i> framework is used to assess ESG potential during due diligence. Additionally, JPMAM actively engages with over 50% of the fund's portfolio companies to address material ESG issues, driving measurable improvements.</p>	
Insight – Global ABS	<p>Insight have a net zero commitment by 2050, including interim targets, in line with NZAMI. The firm also has a strong approach to firm-level stewardship and collaboration, including in its approach to escalation.</p> <p>At the fund level, Insight's process identifies ESG opportunities beyond just managing ESG risks. However, in-line with peers, reporting is a laggard due to data quality limitations in the ABS market.</p>	<ul style="list-style-type: none"> • Incorporate firm-level ESG objectives and priorities as part of the ESG/RI policy and filter this down to fund-level objectives. • Consider establishing a formal exclusions policy for the fund, including the exclusion of key UN Global Compact (UNGC) violators, thermal coal and tar/oil sands. • Provide evidence of engagement with relevant parties, in line with firm-level stewardship priorities, at the fund level. • Improve data reporting and coverage of GHG emissions data and/or establish an approach to estimating carbon reporting for Scope 1 and 2 emissions within the asset class.

Voting & Engagement

There were limited voting rights attached to the Group's investments at the end of the reporting year. The majority of the Group's assets are credit based where there are no voting rights attached.

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 31 March 2025.

Fund name	Engagement summary	Commentary
Permira – Direct Lending	<p>Total Engagements: PCS 3 – 7 PCS 5 - 39</p>	<p>Permira Credit uses three strategies for direct lending engagement: collective engagement through annual data collection and shared insights in ESG reports and webinars; more targeted one-to-one engagement with portfolio companies on certain ESG topics; and industry engagement involving interaction with peers and industry bodies.</p> <p>Examples of significant engagements include:</p> <p>YMU (PCS 3 Asset):</p> <p>Permira collaborated with YMU to develop their inaugural sustainability policy, action plan, and ESG website statement, ensuring alignment with best practices and stakeholder transparency. Through direct engagement with YMU's leadership (Group Operations, CFO, Board Members) via one-to-one meetings and iterative reviews of key</p>

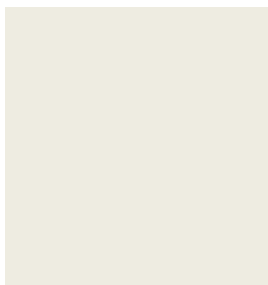
Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

		<p>documents, Permira facilitated board approval and publication of the materials. Permira highlights ongoing efforts to strengthen YMU's ESG governance, improve the disclosure of ESG performance metrics, and advance climate-related initiatives.</p> <p>ParaDIGMA (PCS 5 Asset):</p> <p>In 2024, Permira, with support from EcoVadis (a third-party company that helps businesses measure and baseline their sustainability performance and drive improvements and impact), engaged with ParaDIGMA to embed an ESG margin ratchet into their loan documentation. This tied a reduction in the interest margin with ParaDIGMA on the condition that it demonstrated commitment to improving its sustainability measures. An ESG margin ratchet was implemented in December 2024.</p> <p>Following a discussion with Permira, ParaDIGMA decided to undertake an external third party ESG rating with EcoVadis. In addition, ParaDIGMA joined as a speaker on the "ESG Margin Ratchets and EcoVadis ratings" webinar hosted by Permira in March 2025.</p>
M&G – Long Lease Property	M&G did not provide details of engagement activity with the Long Lease Portfolio	<p>SPIF, as a real estate equity fund, operates distinctly from conventional investment funds. M&G's engagement model differs from traditional shareholder or bondholder roles, as they do not participate in AGMs, company meetings, or hold voting rights. Instead, M&G engages directly with tenants at the asset level, collaborating with senior leadership (e.g., Head of Property, CFO, Head of Sustainability) during regular interactions. For example, quarterly tenant engagements focus on ESG initiatives, including setting net-zero emissions targets and improving the energy efficiency of the underlying properties.</p> <p>Examples of significant engagements include:</p> <p>WPP Southbank Office – M&G's engagement with WPP involved M&G engineering the build phase to minimise embedded carbon. The Fund has agreed to fund the additional costs to achieve a BREEAM New Construction 'Outstanding' Rating.</p> <p>David Lloyd - M&G supported David Lloyd in rolling out solar PV across its entire portfolio to assist in meeting the 2030 net zero carbon target. David Lloyd is funding the initiative given the energy cost saving benefit for them.</p>
LGIM – LDI	L&G currently do not provide details of engagement activity within the LDI portfolio.	We've requested this information from L&G, but due to the fund's characteristics, the manager is unable to generate this degree of reporting for this mandate.
LGIM – Absolute Return Bonds Fund	<p>Total Engagements: 392</p> <p>Environmental: 277</p> <p>Social: 89</p> <p>Governance: 92</p>	<p>L&G strives for effective stewardship through collaborations with companies, regulators, policymakers, peers, and other stakeholders. They integrate financially material sustainability criteria to create client value and drive positive change, focusing on six global stewardship themes: climate, nature, people, governance, health, and digitisation.</p> <p>An example of a significant engagement includes:</p>

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement

	Other: 168	JPMorgan Chase & Co ("JPM Chase") – L&G, recognising JPM Chase's pivotal role in financing the global net-zero transition due to its global reach, designated the bank for in-depth engagement under its Climate Impact Pledge. Throughout 2024, L&G advanced JPM Chase's sustainable finance strategy, securing disclosure of its energy supply ratio (a critical metric for net-zero alignment), while progressing discussions on executive remuneration and board diversity, with formal engagement continuing beyond the reporting period (31 December 2024).
J.P. Morgan Infrastructure Investment Fund ("IIF")	Total Engagements: Frequent with the fund's 18 portfolio companies	<p>As IIF holds 100% ownership or majority governance control over its portfolio companies, the IIF team directly oversees asset operations. This involves ongoing engagement with portfolio companies, including interactions with government entities, regulators, lenders, industry bodies, and other stakeholders. IIF's strategy prioritises operational management and the integration of financially material sustainability factors into business plans and strategic decision-making.</p> <p>Formal governance structures include quarterly Board meetings, an annual CEO/Chair summit, an annual Investor Committee Forum, and dedicated strategy sessions tailored to each portfolio company.</p> <p>An example of a significant engagement includes:</p> <p>Scope 3 Pilots across the portfolio – Throughout 2024, IIF successfully conducted Scope 3 emissions pilots with Nadara, Sonnedix, El Paso Electric, SJI, and Summit. These initiatives were led by ESG Leaders at each portfolio company alongside IIF's investor relations team. Key findings were shared through quarterly ESG cohort meetings, where participants gained insights into methodological approaches and materiality assessments for IIF's sectors. IIF played a key role in leading the pilot programs while also organising collaborative learning sessions to support peer-to-peer learning within these groups. The results were further presented to investors at IIF's Annual Investor Committee Meeting in Houston (October 2024). This program positions IIF's European portfolio companies to prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD), which takes effect in 2026.</p> <p>J.P. Morgan will continue collaborating with companies on emissions measurement, emphasising the inclusion of Scope 3 emissions in climate targets, in line with IIGCC industry standards.</p>
Insight – Global ABS	Total Engagements: 60	<p>Insight describe engagement as a form of collaboration in which investors work with each other in some way to achieve a common goal, of which can take various forms. Insight regularly meets with issuers to discuss ESG related and non-ESG related issues and follow a research-based approach to identify poor performers to enable targets engagements that encourage positive improvements across specific themes.</p> <p>An example of a significant engagement includes:</p>

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Implementation Statement



Pepper – Insight have a multi-year engagement history with Pepper. Pepper is a significant issuer in the Australian market.

Pepper agreed that ESG disclosures are needed to improve their operations and would be looking to build on several ESG metrics in their annual reports. The issuer is now showing borrowers the potential EPC improvements they can make to their properties and new product range.

Source: Investment Managers

Notes:

(1) Data provided by J.P. Morgan and Permira are up to 31 December 2024.

**Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Names and Addresses of External Bodies**

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, 128 Cauldwell Street, Bedford, MK42 9AB

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 0707

E-mail: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Postal Address: The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton, BN1 6AF

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 0175

Website: www.thepensionservice.gov.uk

Postal Address: Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Electricity North West Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2025
Names and Addresses of External Bodies

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