

**Electricity North West Group of the Electricity Supply Pension Scheme
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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,

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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

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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>

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			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.

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		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

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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%.

³The 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.*

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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.

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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 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.

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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.

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- 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.

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	<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.

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	<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>

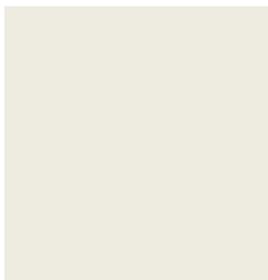
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		<p>documents, Permira facilitated board approval and publication of the materials. Permira highlights ongoing efforts to strengthen YMU’s ESG governance, improve the disclosure of ESG performance metrics, and advance climate-related initiatives.</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>

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	Other: 168	<p>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).</p>
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>

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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.